Winbond Electronics Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Occurrence of Sales Revenue

There is a significant risk on revenue recognition, and customers' line of credit and delivery of products are highly correlated to recognition of sales revenue. We therefore considered that the occurrence of sales revenue from the ten largest customers with changes in credit facilities and temporary increase in credit facilities in 2021 as a key audit matter for the year ended December 31, 2021. Refer to Note 4 to the consolidated financial statements for the Group's revenue recognition policies.

Our audit procedures in response to the validity of sales revenue included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items to verify that revenue transactions have indeed occurred.

Other Matter

We have also audited the stand alone financial statements of the Company for the years ended December 31, 2021 and 2020 on which we have issued an unqualified opinion.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 committees, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kenny Hong and Wen-Yea Shyu.

Wen-yea Shyu

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 11, 2022

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 30,914,427	20	$ 11,744,306	9
Current financial assets at fair value through profit or loss (Notes 4 and 7)	215,748	-	51,603	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	10,977,904	7	8,837,227	7
Notes and accounts receivable, net (Notes 4 and 9)	11,515,593	8	9,707,378	8
Accounts receivable due from related parties, net (Note 31)	639,262	-	77,760	-
Other receivables (Note 10)	1,267,026	1	1,973,584	2
Inventories (Notes 4 and 11)	15,940,688	10	14,141,414	11
Other current assets	1,036,085	1	997,529	1
Total current assets	72,506,733	47	47,530,801	38
NON-CURRENT ASSETS				
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	69,200	-	-	-
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	3,481,435	2	2,239,987	2
Investments accounted for using equity method (Notes 4 and 12)	8,286,463	5	6,241,789	5
Property, plant and equipment (Notes 4 and 13)	61,079,605	40	61,452,516	49
Right-of-use assets (Notes 4 and 14)	2,796,920	2	3,200,332	2
Investment properties (Notes 4 and 15)	2,005,598	1	2,466,667	2
Intangible assets (Notes 4 and 16)	1,072,985	1	891,380	-
Deferred income tax assets (Notes 4 and 25)	774,072	1	908,560	1
Other non-current assets (Note 6)	667,273	1	1,111,208	1
Total non-current assets	80,233,551	53	78,512,439	62
TOTAL	$ 152,740,284	100	$ 126,043,240	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 1,430,417	1	$ 1,821,210	2
Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	3,191	-
Notes and accounts payable	6,256,539	4	6,571,429	5
Accounts payable due to related parties (Note 31)	1,344,195	1	1,666,003	1
Payables on machinery and equipment	4,462,326	3	2,197,953	2
Other payables	9,946,855	6	6,123,460	5
Current tax liabilities (Notes 4 and 25)	2,704,871	2	252,309	-
Provisions - current (Notes 4 and 19)	532,948	-	928,719	1
Lease liabilities - current (Notes 4 and 14)	333,791	-	388,401	-
Long-term borrowings - current portion (Note 17)	785,000	1	5,000,000	4
Other current liabilities	847,989	1	522,331	-
Total current liabilities	28,644,931	19	25,475,006	20
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 18)	9,956,086	6	11,151,668	9
Long-term borrowings (Notes 17 and 27)	13,348,865	9	9,381,845	7
Provisions - non-current (Notes 4 and 19)	2,966,575	2	3,293,313	3
Lease liabilities - non-current (Notes 4 and 14)	2,682,609	2	3,119,221	3
Net defined benefit liabilities - non-current (Notes 4 and 20)	2,621,015	2	2,722,544	2
Other non-current liabilities	2,486,691	1	306,956	-
Total non-current liabilities	34,061,841	22	29,975,547	24
Total liabilities	62,706,772	41	55,450,553	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4 and 21)				
Share capital	39,800,002	26	39,800,002	32
Capital surplus	7,786,124	5	7,770,865	6
Retained earnings				
Legal reserve	2,074,570	1	1,913,317	2
Unappropriated earnings	20,733,450	14	8,094,753	6
Exchange differences on translation of foreign financial statements	(861,389)	(1)	(271,328)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	12,911,356	9	8,141,510	6
Total equity attributable to owners of the parent	82,444,113	54	65,449,119	52
NON-CONTROLLING INTERESTS	7,589,399	5	5,143,568	4
Total equity	90,033,512	59	70,592,687	56
TOTAL	$ 152,740,284	100	$ 126,043,240	100

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 22)	$ 99,569,924	100	$ 60,683,171	100
OPERATING COSTS (Note 11)	57,088,857	58	43,643,035	72
GROSS PROFIT	42,481,067	42	17,040,136	28
OPERATING EXPENSES				
Selling expenses	2,572,816	3	1,598,624	3
General and administrative expenses	6,044,264	6	3,170,173	5
Research and development expenses	15,379,855	15	10,506,230	17
Expected credit loss (Note 9)	56,210	-	137,818	-
Total operating expenses	24,053,145	24	15,412,845	25
INCOME FROM OPERATIONS	18,427,922	18	1,627,291	3
NON-OPERATING INCOME AND EXPENSES				
Interest income	58,948	-	47,015	-
Dividend income (Note 8)	404,585	-	227,534	-
Gain from bargain purchase (Note 28)	-	-	218,968	-
Other income (Notes 14 and 27)	477,608	1	254,482	-
Share of profit (loss) of associates	197,908	-	62,556	-
Gains (losses) on disposal of property, plant and equipment	174,642	-	44,334	-
Gains (losses) on disposal of intangible assets	(4,803)	-	-	-
Gains (losses) on disposal of investments	(436)	-	(16,146)	-
Gains (losses) on disposal of non-current held for sale assets	30,371	-	27,674	-
Gains (losses) on foreign exchange (Note 35)	(106,710)	-	(130,651)	-
Gains (losses) on financial instruments at fair value through profit or loss	64,345	-	110,312	-
Interest expense (Notes 14 and 27)	(205,883)	-	(296,470)	-
Other expenses	(512,458)	-	(251,686)	-
Impairment loss recognized on property, plant and equipment (Note 13)	(782,949)	(1)	-	-
Impairment loss recognized on intangible assets (Note 16)	-	-	(112,805)	-
Total non-operating income and expenses	(204,832)	-	185,117	-

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WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX	$ 18,223,090	18	$ 1,812,408	3
INCOME TAX EXPENSE (Notes 4 and 25)	3,222,968	3	293,365	-
NET INCOME	15,000,122	15	1,519,043	3
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains (losses) on remeasurement of defined benefit plans (Note 20)	(116,564)	-	(18,697)	-
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	3,417,063	3	1,819,583	3
Share of other comprehensive income (loss) of associates accounted for using the equity method	1,901,619	2	1,692,465	3
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	(1,015,187)	(1)	(202,100)	(1)
Other comprehensive income (loss)	4,186,931	4	3,291,251	5
TOTAL COMPREHENSIVE INCOME	$ 19,187,053	19	$ 4,810,294	8
NET INCOME ATTRIBUTABLE TO:				
Owners of the parent	$ 13,594,643	14	$ 1,304,019	2
Non-controlling interests	1,405,479	1	215,024	-
	$ 15,000,122	15	$ 1,519,043	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	$ 17,775,735	18	$ 4,592,028	8
Non-controlling interests	1,411,318	1	218,266	-
	$ 19,187,053	19	$ 4,810,294	8
EARNINGS PER SHARE (Note 26)				
Basic	$ 3.42		$ 0.33	
Diluted	$ 3.41		$ 0.33	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent								
			Retained Earnings		Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$ 39,800,002	$ 7,536,396	$ 1,798,091	$ 6,995,451	$ (119,246)	$ 5,009,928	$ 61,020,622	$ 2,836,565	$ 63,857,187
Appropriation of 2019 earnings (Note 21)									
Legal reserve appropriated	-	-	115,226	(115,226)	-	-	-	-	-
Cash dividends	-	-	-	(398,000)	-	-	(398,000)	-	(398,000)
Total appropriations	-	-	115,226	(513,226)	-	-	(398,000)	-	(398,000)
Net income for the year ended December 31, 2020	-	-	-	1,304,019	-	-	1,304,019	215,024	1,519,043
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(5,710)	(152,082)	3,445,801	3,288,009	3,242	3,291,251
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	1,298,309	(152,082)	3,445,801	4,592,028	218,266	4,810,294
Changes in ownership interests in subsidiaries	-	234,469	-	-	-	-	234,469	2,221,402	2,455,871
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 21)	-	-	-	314,219	-	(314,219)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	(132,665)	(132,665)
BALANCE AT DECEMBER 31, 2020	39,800,002	7,770,865	1,913,317	8,094,753	(271,328)	8,141,510	65,449,119	5,143,568	70,592,687
Appropriation of 2020 earnings (Note 21)									
Legal reserve appropriated	-	-	161,253	(161,253)	-	-	-	-	-
Cash dividends	-	-	-	(796,000)	-	-	(796,000)	-	(796,000)
Total appropriations	-	-	161,253	(957,253)	-	-	(796,000)	-	(796,000)
Net income for the year ended December 31, 2021	-	-	-	13,594,643	-	-	13,594,643	1,405,479	15,000,122
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(92,951)	(590,061)	4,864,104	4,181,092	5,839	4,186,931
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	13,501,692	(590,061)	4,864,104	17,775,735	1,411,318	19,187,053
Changes in ownership interests in subsidiaries	-	15,259	-	-	-	-	15,259	1,183,301	1,198,560
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 21)	-	-	-	94,258	-	(94,258)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	(148,788)	(148,788)
BALANCE AT DECEMBER 31, 2021	$ 39,800,002	$ 7,786,124	$ 2,074,570	$ 20,733,450	$ (861,389)	$ 12,911,356	$ 82,444,113	$ 7,589,399	$ 90,033,512

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 18,223,090	$ 1,812,408
Adjustments for:		
Depreciation expense	11,361,984	9,240,589
Amortization expense	293,856	222,008
Expected credit loss recognized on accounts receivable	56,210	137,818
Interest expense	205,883	296,470
Interest income	(58,948)	(47,015)
Dividend income	(404,585)	(227,534)
Gain from bargain purchase	-	(218,968)
Share of (profit) loss of associates	(197,908)	(62,556)
(Gains) losses on disposal of property, plant and equipment	(174,642)	(44,334)
(Gains) losses on disposal of intangible assets	4,803	-
(Gains) losses on financial assets or liabilities at fair value through profit or loss	1,058	-
(Gains) losses on disposal of non-current held for sale assets	(30,371)	(27,674)
Impairment loss on property, plant and equipment	782,949	-
(Gains) losses on disposal of investments	436	16,146
Impairment loss on intangible assets	-	112,805
Compensation costs of employee share options	-	62,240
(Gains) losses on other items	(15)	(5)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	(19,867)	27,474
(Increase) decrease in notes and accounts receivable	(1,845,248)	(512,580)
(Increase) decrease in accounts receivable due from related parties	(561,502)	(5,651)
(Increase) decrease in other receivables	294,673	379,008
(Increase) decrease in inventories	(1,799,274)	803,830
(Increase) decrease in other current assets	(297,781)	277,230
(Increase) decrease in other non-current assets	(774)	8,532
Increase (decrease) in notes and accounts payable	(314,890)	(33,869)
Increase (decrease) in accounts payable due to related parties	(321,808)	(775,789)
Increase (decrease) in other payables	3,818,970	(73,968)
Increase (decrease) in other current liabilities	325,658	293,960
Increase (decrease) in other non-current liabilities	1,678,380	10,063
Cash flows generated by (used in) operations	31,020,337	11,670,638
Interest received	53,059	52,120
Dividends received	459,437	318,955
Interest paid	(436,963)	(443,367)
Income taxes paid	(720,486)	(159,264)
Net cash flows generated by (used in) operating activities	30,375,384	11,439,082

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WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	$ (178,957)	$ -
Acquisition of financial assets at fair value through other comprehensive income	(219,676)	(719,218)
Proceeds from disposal of financial assets at fair value through other comprehensive income	310,667	1,074,374
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,500	14,119
Acquisition of investments accounted for using the equity method	-	(29,250)
Net cash flow from acquisition of subsidiaries	(77,934)	(6,928,207)
Proceeds from disposal of non-current held for sale assets	279,897	542,845
Acquisition of property, plant and equipment	(9,819,828)	(8,356,007)
Proceeds from disposal of property, plant and equipment	959,954	70,027
Acquisition of intangible assets	(314,310)	(506,222)
Proceeds from disposal of intangible assets	-	735
(Increase) decrease in refundable deposits	442,799	(571,431)
(Increase) decrease in other receivables - time deposits	13,008	250,236
Acquisition of right-of-use assets	-	(6,971)
Net cash flows generated by (used in) investing activities	(8,599,880)	(15,164,970)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(390,793)	821,210
Proceeds from issuing bonds	-	1,998,428
Proceeds from long-term borrowings	4,931,600	6,600,000
Repayments of long-term borrowings	(5,000,000)	(6,047,040)
Cash dividends paid	(796,000)	(398,000)
Change in non-controlling interests	(148,788)	1,456,227
Repayments of lease liabilities	(381,264)	(278,553)
Net cash flows generated by (used in) financing activities	(1,785,245)	4,152,272
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(820,138)	(149,985)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,170,121	276,399
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	11,744,306	11,467,907
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 30,914,427	$ 11,744,306

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Winbond Electronics Corporation (the "Company") was incorporated in the Republic of China (ROC) on September 29, 1987 and is engaged in the design, development, manufacture and marketing of Very Large Scale Integration (VLSI) integrated circuits (ICs) used in a variety of microelectronic applications.

The Company's shares have been listed on the Taiwan Stock Exchange Corporation since October 18, 1995. Walsin Lihwa Corporation is a major shareholder of the Company and held approximately 22% ownership interest in the Company as of December 31, 2021 and 2020.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 11, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	**Effective Date Announced by IASB (Note 1)**
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 9 and IFRS 17 - 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 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 and attributed to the owners of the Company.

b. Subsidiaries included in consolidated financial statements

			% of Ownership	
			December 31	
Investor	Investee	Main Business	2021	2020
The Company	Winbond International Corporation ("WIC")	Investment holding	100.00	100.00
WIC	Winbond Electronics Corporation America ("WECA")	Design, sales and service of semiconductor	100.00	100.00
The Company	Landmark Group Holdings Ltd. ("Landmark")	Investment holding	100.00	100.00
Landmark	Winbond Electronics Corporation Japan ("WECJ")	Research, development, sales and after-sales service of semiconductor	100.00	100.00
The Company	Winbond Electronics (HK) Limited ("WEHK")	Sales of semiconductor and investment holding	100.00	100.00
WEHK	Winbond Electronics (Suzhou) Limited ("WECN")	Design, development and marketing of VLSI integrated ICs	100.00	100.00

(Continued)

Investor	Investee	Main Business	% of Ownership December 31 2021	2020
The Company	Pine Capital Investment Limited ("PCI")	Investment holding	100.00	100.00
The Company	Winbond Technology LTD ("WTL")	Design and service of semiconductor	100.00	100.00
The Company	Callisto Holdings Limited ("Callisto")	Electronic commerce and investment holding	100.00	100.00
Callisto	Callisto Technology Limited ("CTL")	Electronic commerce and investment holding	100.00	100.00
The Company	Winbond Electronics Germany GmbH ("WEG")	Marketing service of semiconductor	100.00	100.00
The Company	Great Target Development Ltd. ("GTD")	Investment holding	100.00	100.00
GTD	GLMTD Technology Private Limited ("GLMTD")	Sales and service of semiconductor	99.99	99.99
The Company	Miraxia Edge Technology Corporation ("METC", former "PIDST") (Note 3)	Software and hardware integration design of semiconductor	100.00	-
The Company	Nuvoton Technology Corporation ("NTC") (Note 1)	Research, design, development, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	51.00	55.00
NTC	Marketplace Management Limited ("MML")	Investment holding	100.00	100.00
MML	Goldbond LLC ("GLLC")	Investment holding	100.00	100.00
GLLC	Nuvoton Electronics Technology (Shanghai) Limited ("NTSH")	Provide project of sale in China and repairing, testing and consulting of software and leasing business	100.00	100.00
GLLC	Winbond Electronics (Nanjing) Ltd. ("WENJ")	Computer software service (except I.C. design)	100.00	100.00
NTSH	Song Zhi Electronics Technology (Suzhou) ("Song Zhi Suzhou")	Provide development, consult and equipment lease of semiconductor	100.00	-
NTC	Nuvoton Technology Corporation America ("NTCA")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Investment Holding Ltd. ("NIH")	Investment holding	100.00	100.00
NIH	Nuvoton Technology Israel Ltd. ("NTIL")	Design and service of semiconductor	100.00	100.00
NTC	Nuvoton Electronics Technology (H.K.) Limited ("NTHK")	Sales of semiconductor	100.00	100.00
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited ("NTSZ")	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100.00	100.00
NTC	Song Yong Investment Corporation ("SYI")	Investment holding	100.00	100.00
NTC	Nuvoton Technology India Private Limited ("NTIPL")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Singapore Pte. Ltd. ("NTSPL")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Korea Limited ("NTKR")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Holdings Japan ("NTHJ") (Note 2)	Investment holding	100.00	100.00
NTHJ	Nuvoton Technology Corporation Japan ("NTCJ", former "PSCS") (Note 2)	Design, sales and service of semiconductor	100.00	100.00
NTCJ	Atfields Manufacturing Technology Corporation ("AMTC", former "PIDE") (Note 2)	Design and service of semiconductor	100.00	100.00
NTCJ	Miraxia Edge Technology Corporation ("METC", former "PIDST") (Notes 2 and 3)	Design and service of semiconductor	-	100.00

(Concluded)

Note 1: In May 2020, NTC issued 20 thousand units of unsecured convertible bonds. During 2021, due to the conversion of all unsecured convertible bonds by the bondholders, the ownership directly held by the Company dropped to 51% as of December 31, 2021.

Note 2: NTC purchased the semiconductor business of Panasonic Corporation on September 1, 2020 and held NTHJ, NTCJ (former "PSCS"), AMTC (former "PIDE"), and METC (former "PIDST") with 100% ownership. Refer to Note 28 to the consolidated financial statements.

Note 3: The company acquired 100% of ownership interest of METC (former "PIDST") from its sub-subsidiary, NTCJ, on November 1, 2021. The reorganization transaction was under common control. Refer to Note 28 to the consolidated financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized, sold or consumed within twelve months after the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Except as otherwise mentioned, assets and liabilities that are not classified as current are classified as non-current.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity and included in capital surplus - options is not remeasured at the end of the subsequent reporting period and its subsequent settlement is accounted for within equity and transferred to capital surplus - share premiums. Other contingent consideration is remeasured at fair value at the end of subsequent reporting period with any gain or loss recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The group did not adopt the acquisition method for business combination involving reorganization under common control. The carrying amount method is used instead.

Foreign Currencies

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

Exchange differences arising on the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, and exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

Cash Equivalents

Cash equivalents include time deposits and investments, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities other than financial assets and financial liabilities at FVTPL are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets measurement category

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, except derivative financial assets which are recognized and derecognized on settlement date basis.

   Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

   1) Financial asset at FVTPL

      Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 30 to the consolidated financial statements.

2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

3) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable selection to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable).

The Group always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. On all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

d. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

e. Financial liabilities

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses

Other financial liabilities are measured at amortized cost using the effective interest method.

f. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

g. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

h. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

i. Information about fair value of financial instruments

The Group determined the fair value of financial assets and liabilities as follows:

1) The fair values of financial assets and liabilities which have standard terms and conditions and traded in active market are determined by reference to quoted market price. If there is no quoted market price in active market, valuation techniques are applied.

2) The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts use individual maturity rate to calculate the fair value of each contract.

3) The fair values of other financial assets and financial liabilities are determined by discounted cash flow analysis in accordance with generally accepted pricing models.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The Group uses equity method to recognize investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The Group's property, plant and equipment with residual values were depreciated straight-line basis over the estimated useful life of the asset:

Buildings	8-50 years
Machinery and equipment	3-7 years
Other equipment	5 years

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss, and depreciated over 20 years useful lives after considered residual values, using the straight-line method. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of Property, Plant and Equipment, Right-of-use Asset, Investment Properties, Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset and cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Non-current Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event and at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

a. Warranties

   For potential product risk, the Group accrues reserve for products guarantee based on commitment to specific customers.

b. Contingent liabilities acquired in a business combination

   Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date, when the fair value of the present obligation resulting from past events can be reliably measured. At the end of subsequent reporting periods, such contingent liabilities are measured at their amortized amount. However, if the present obligation amount is assessed to have a probable outflow of resources, the contingent liabilities shall be measured at the higher of the present obligation amount and the amortized amount.

Revenue Recognition

The Group identifies the performance obligations in the contract with customers, allocates the transaction price to the performance obligations in the contracts and recognizes revenue when the Group satisfies a performance obligation.

Revenue from the sale of goods is mainly recognized when a customer obtains control of promised goods, at which time the goods are delivered to the customer’s specific location and performance obligation is satisfied.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience and on the consideration of varying contractual terms affecting the recognition of a provision, which is classified under other non-current liabilities.

Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

   Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

   Under operating lease, lease payments (less any lease incentives payable) are recognized as income on a straight-line basis over the terms of the relevant lease. Initial direct costs incurred in obtaining operating lease are added to the carrying amount of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b. The Group as lessee

   The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

   Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

   Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

   Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

   Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale.

Other than state above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

Government grants that take the form of a transfer of a non-monetary asset for the use of the entity are recognized and measured at the fair value of the non-monetary asset.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the period adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings. Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit and it is remeasured at the end of each reporting period and recognized to the extent that it has become probable that there will be future taxable profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group’s critical accounting judgments and key sources of estimation uncertainty is below:

a. Valuation of inventory

   Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

b. Impairment of financial assets

   The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 9 to the consolidated financial statements. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash and deposits in banks	$ 27,374,370	$ 9,311,306
Repurchase agreements collateralized by bonds	3,540,057	2,433,000
	$ 30,914,427	$ 11,744,306

a. The Group has time deposits pledged to secure land and building leases, customs tariff obligations, borrowings and sales deposits which are reclassified to “other non-current assets”. Time deposits pledged as security at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Time deposits	$ 234,269	$ 773,119

b. The Group has partial time deposits which were not held for the purpose of meeting short-term cash commitments and are reclassified to "other receivables". These partial time deposits at the end of the reporting period were as follows (refer to Note 10 to the consolidated financial statements):

	December 31	
	2021	2020
Time deposits	$ 184,481	$ 197,489

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets at FVTPL - current		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	$ 51,688	$ 33,531
Foreign exchange swap contracts	-	8,977
Right of redemption of convertible bonds (Note 18)	-	9,095
Non-derivative financial assets		
Overseas unlisted stocks	55,360	-
Mutual funds	108,700	-
	$ 215,748	$ 51,603
Financial assets at FVTPL - non-current		
Mandatorily measured at FVTPL		
Foreign Warrants	$ 69,200	$ -
Financial liabilities at FVTPL - current		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	$ -	$ 3,191

a. At the date of balance sheet, the outstanding derivative foreign exchange contracts not under hedge accounting were as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
December 31, 2021			
Sell forward exchange contracts	USD to NTD	2022.01.06-2022.03.04	USD286,000/NTD7,949,136
Sell forward exchange contracts	RMB to NTD	2022.01.14-2022.01.21	RMB75,000/NTD325,655
Buy forward exchange contracts	NTD to USD	2022.02.17-2022.02.25	NTD965,550/USD35,000
December 31, 2020			
Sell forward exchange contracts	USD to NTD	2021.01.08-2021.03.26	USD187,000/NTD5,307,824
Sell forward exchange contracts	RMB to NTD	2021.01.08-2021.02.19	RMB54,000/NTD232,017
Buy forward exchange contracts	NTD to USD	2021.01.27-2021.03.17	NTD1,361,320/USD49,000
Foreign exchange swap contracts	USD to NTD	2021.01.15-2021.03.19	USD65,000/NTD1,847,107

b. The redemption right of convertible bonds was the result of the issuance of unsecured bonds by NTC in the second quarter of 2020, refer to Note 18 to the consolidated financial statements.

c. The Group entered into derivative financial instruments contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative financial instruments contracts entered into by the Group did not meet the criteria of hedge accounting; therefore, the Group did not apply hedge accounting treatment.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity instruments at FVTOCI:

	December 31	
	2021	**2020**
Domestic listed and emerging stocks		
Walsin Lihwa Corporation	$ 5,883,000	$ 4,284,600
Hannstar Display Corporation	2,715,004	1,845,003
Walsin Technology Corporation	1,436,219	1,982,327
Walton Advanced Engineering Inc.	943,681	690,864
Nyquest Technology Co., Ltd.	255,750	80,685
Brightek Optoelectronic Co., Ltd.	1,933	894
Domestic unlisted stocks		
United Industrial Gases Co., Ltd.	598,400	396,000
Yu-Ji Venture Capital Co., Ltd.	10,840	14,479
Intellectual Property Innovation Corporation	7,963	-
Harbinger III Venture Capital Corp.	113	107
Others	21,010	17,970
Overseas listed stocks		
Tower Semiconductor LTD.	-	232,110
Everspin Technologies, Inc.	-	34,433
Overseas unlisted stocks		
Tower Partners Semiconductor Co., Ltd. (“TPSCo.”)	1,255,651	512,812
Autotalks Ltd. - Preferred E. shares	553,600	569,600
JVP VIII, L.P.	494,048	239,869
JVP X Funds	270,963	106,800
TEGNA Electronics Private Limited	11,164	11,701
Kneron Holding Company	-	56,960
Symetrix Corporation - preferred A shares	-	-
	$ 14,459,339	$ 11,077,214
Current	$ 10,977,904	$ 8,837,227
Non-current	3,481,435	2,239,987
	$ 14,459,339	$ 11,077,214

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management decided to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes.

For the years ended December 31, 2021 and 2020, the Group disposed the shares for the adjustment of the investment position. The unrealized gains on financial assets at fair value through other comprehensive income of NT$94,258 thousand and NT$314,219 thousand were transferred to retained earnings, respectively.

For the years ended December 31, 2021 and 2020, the dividend income were NT$404,585 thousand and NT$227,534 thousand, respectively. The dividend income were all related to investments held at December 31, 2021 and 2020.

NTC acquired the Preferred A Shares of the Symetrix Corporation through the combination of Panasonic semiconductor business on September 2020. The entitled rights of the Preferred A Shares were as follows:

a. Each Preferred A Share grants its holder a number of votes equal to the number of votes per ordinary share.

b. In the event of liquidation, the Preferred A Shares shall be prior to ordinary shares.

c. The investor shall have the right to nominate board directors.

d. The conversion rights (Each Preferred A Share converts ten ordinary shares).

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2021	**2020**
Notes receivable	$ -	$ 262
Accounts receivable		
At amortized cost		
Gross carrying amount	11,819,385	9,973,875
Less: Allowance for impairment loss	(303,792)	(266,759)
	$ 11,515,593	$ 9,707,378

The average credit period of sales of goods was 30 to 60 days. No interest was charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group estimates expected credit losses based on past due days. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2021

	Not Overdue	**Overdue under 30 Days**	**Overdue 31-90 Days**	**Overdue 91-180 Days**	**Over 180 Days**	**Total**
Expected credit loss rate	0.1-2%	2%	10%	20%	50-100%	
Gross carrying amount	$ 11,396,793	$ 303,344	$ 10,282	$ 13	$ 108,953	$ 11,819,385
Loss allowance (lifetime ECL)	(187,741)	(6,067)	(1,028)	(3)	(108,953)	(303,792)
Amortized cost	$ 11,209,052	$ 297,277	$ 9,254	$ 10	$ -	$ 11,515,593

December 31, 2020

	Not Overdue	**Overdue under 30 Days**	**Overdue 31-90 Days**	**Overdue 91-180 Days**	**Over 180 Days**	**Total**
Expected credit loss rate	0.1-2%	2%	10%	20%	50-100%	
Gross carrying amount	$ 9,663,403	$ 143,331	$ 41,969	$ -	$ 125,172	$ 9,973,875
Loss allowance (lifetime ECL)	(134,523)	(2,867)	(4,197)	-	(125,172)	(266,759)
Amortized cost	$ 9,528,880	$ 140,464	$ 37,772	$ -	$ -	$ 9,707,116

The movements of loss allowance of accounts receivable were as follows:

	2021	**2020**
Balance at January 1	$ 266,759	$ 148,353
Add: Acquisitions through business combinations	-	806
Add: Recognized impairment loss	56,210	137,818
Less: Amounts written off	-	(18,844)
Effect of exchange rate changes	(19,177)	(1,374)
Balance at December 31	$ 303,792	$ 266,759

Refer to Note 30 to the consolidated financial statements for details of NTC's factoring agreements for accounts receivable.

10. OTHER RECEIVABLES

	December 31 2021	December 31 2020
Royalty receivable	$ 370,327	$ 425,453
Business tax refund receivable	291,030	367,130
Time deposits (Note 6)	184,481	197,489
Technical service receivables	136,345	175,667
Tax refund receivables (Note 25)	121,337	16,173
Receivables for acquisition price adjustment	-	520,890
Others	163,506	270,782
	$ 1,267,026	$ 1,973,584

11. INVENTORIES

	December 31 2021	December 31 2020
Finished goods	$ 2,034,079	$ 3,214,933
Work-in-process	11,238,945	9,988,731
Raw materials and supplies	2,652,854	931,989
Inventories in transit	14,810	5,761
	$ 15,940,688	$ 14,141,414

a. Operating costs for the years ended December 31, 2021 and 2020 included inventory reversal of for the decline in market value, obsolescence and scrap of inventories for NT$635,590 thousand and NT$117,786 thousand, respectively.

b. Unallocated fixed manufacturing costs recognized as cost of sales in the years ended December 31, 2021 and 2020 were NT$543,075 thousand and NT$724,920 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31 2021	December 31 2020
Associates that are not individually material		
Chin Xin Investment Co., Ltd.	$ 8,257,867	$ 6,211,869
Hwa Bao Botanic Conservation Corp.	28,596	29,920
	$ 8,286,463	$ 6,241,789

On September 24, 2020, the board of directors of Hwa Bao Botanic Conservation Corp. ("Hwa Bao") resolved to additionally issue 19,500 thousand ordinary shares. The Company subscribed 2,925 thousand shares of the ordinary shares with a par value of NT$10. As of December 31, 2021, the Company held 3,000 thousand shares of Hwa Bao and owned 15% of directly ownership interest; because the main shareholders of Hwa Bao is Chin Xin Investment Co., Ltd., and its ownership interest were 70%. The Company accounted for the equity investment in Hwa Bao using equity method for its 41% consolidated ownership interest of Hwa Bao.

As of December 31, 2021, the Company held 182,841 thousand shares of Chin Xin Investment Co., Ltd. with a 38% ownership interest.

The investments accounted for using equity method and the shares of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the associates' financial statements audited by independent auditors.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Land	$ 3,069,658	$ 3,322,387
Buildings	11,783,125	13,339,927
Machinery and equipment	28,397,574	34,238,232
Other equipment	1,030,036	947,273
Construction in progress and prepayments for purchase of equipment	16,799,212	9,604,697
	$ 61,079,605	$ 61,452,516

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
Cost						
Balance at January 1, 2021	$ 3,322,387	$ 50,113,861	$ 182,256,279	$ 7,750,795	$ 9,639,168	$ 253,082,490
Additions	34,760	284,825	3,980,466	506,331	7,530,487	12,336,869
Business combinations - subsequent adjustment of fair values	-	-	437,628	-	-	437,628
Disposals	-	(13,698)	(2,351,827)	(231,965)	-	(2,597,490)
Reclassified	-	119,784	217,133	13,950	(350,867)	-
Effect of exchange rate changes	(287,489)	(2,564,905)	(6,630,203)	(452,693)	(19,576)	(9,954,866)
Balance at December 31, 2021	$ 3,069,658	$ 47,939,867	$ 177,909,476	$ 7,586,418	$ 16,799,212	$ 253,304,631
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$ 36,773,934	$ 148,018,047	$ 6,803,522	$ 34,471	$ 191,629,974
Depreciation expense	-	1,687,364	8,797,435	389,589	-	10,874,388
Disposals	-	(13,650)	(1,585,530)	(212,998)	-	(1,812,178)
Impairment loss	-	-	782,949	-	-	782,949
Reclassified	-	79	31,168	428	(31,675)	-
Effect of exchange rate changes	-	(2,290,985)	(6,532,167)	(424,159)	(2,796)	(9,250,107)
Balance at December 31, 2021	$ -	$ 36,156,742	$ 149,511,902	$ 6,556,382	$ -	$ 192,225,026
Cost						
Balance at January 1, 2020	$ 1,122,431	$ 29,554,461	$ 126,895,051	$ 4,101,447	$ 7,573,498	$ 169,246,888
Acquisitions through business combinations	2,223,578	19,911,591	52,834,858	3,543,897	110,089	78,624,013
Additions	-	629,036	4,283,207	325,093	3,568,677	8,806,013
Disposals	-	(17,019)	(1,520,025)	(188,869)	-	(1,725,913)
Reclassified	-	227,690	218,391	1,494	(1,611,820)	(1,164,245)
Effect of exchange rate changes	(23,622)	(191,898)	(455,203)	(32,267)	(1,276)	(704,266)
Balance at December 31, 2020	$ 3,322,387	$ 50,113,861	$ 182,256,279	$ 7,750,795	$ 9,639,168	$ 253,082,490
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ -	$ 17,948,607	$ 90,955,957	$ 3,365,210	$ -	$ 112,269,774
Acquisitions through business combinations	-	17,667,303	51,732,718	3,384,282	36,176	72,820,479
Depreciation expense	-	1,340,692	7,299,810	263,709	-	8,904,211
Disposals	-	(14,508)	(1,505,681)	(180,031)	-	(1,700,220)
Reclassified	-	-	1,388	-	(1,388)	-
Effect of exchange rate changes	-	(168,160)	(466,145)	(29,648)	(317)	(664,270)
Balance at December 31, 2020	$ -	$ 36,773,934	$ 148,018,047	$ 6,803,522	$ 34,471	$ 191,629,974

a. As of December 31, 2021 and 2020, the carrying amounts of NT$11,619,296 thousand and NT$22,133,327 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

	For the Year Ended December 31	
	2021	2020
Capitalized interest amounts	$ 252,668	$ 175,838
Capitalized interest rates	1.79%-1.89%	1.79%-1.81%

c. For the year ended December 31, 2021, the Group recognized an impairment loss of NT$782,949 thousand for certain machinery and equipment which will not be used in the future after evaluation.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land	$ 1,717,843	$ 1,825,502
Buildings	289,439	382,761
Machinery and equipment	754,180	940,670
Other equipment	35,458	51,399
	$ 2,796,920	$ 3,200,332

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets		
Additions	$ 55,596	$ 201,501
Acquisitions through business combinations	-	997,787
	$ 55,596	$ 1,199,288
Depreciation charge for right-of-use assets		
Land	$ 107,378	$ 107,534
Buildings	122,394	108,705
Machinery and equipment	68,557	24,792
Other equipment	32,167	34,189
	$ 330,496	$ 275,220
Income from the subleasing of right-of-use assets (recorded as “other income”)	$ 2,080	$ 1,762

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 333,791	$ 388,401
Non-current	$ 2,682,609	$ 3,119,221

Range of discount rate for lease liabilities are as follows:

	December 31	
	2021	2020
Land	1.76%-2.47%	1.76%-2.47%
Buildings	0.33%-3.75%	0.33%-3.75%
Machinery and equipment	0.26%-0.80%	0.33%-0.80%
Other equipment	0.44%-2.97%	0.26%-3.61%

For the years ended December 31, 2021 and 2020, the interest expense under lease liabilities amounted to NT$57,188 thousand and NT$56,235 thousand, respectively.

c. Material lease-in activities and terms

NTC leased low-voltage protection equipments in Japan, and the lease terms will expire in 2022 to 2035.

The Company and NTC leased lands from Science Park Bureau, and the lease term will expire in 2023, 2027 and 2037, respectively, which can be extended after the expiration of the lease periods.

NTC leased a land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which can be extended after expiration of the lease periods. The chairman of NTC is a joint guarantor of such lease, refer to Note 31 to the consolidated financial statements.

The Group leased some of the offices in the United States, China, Hong Kong, Japan, Israel, India, Korea and part in Taiwan, and the lease terms will expire between 2022 and 2029 which can be extended after the expiration of the lease periods.

d. Subleases

NTC subleases its right-of-use assets for buildings under operating leases with lease terms of 5 years.

The maturity analysis of lease payments receivable under operating subleases is as follows:

	December 31	
	2021	2020
Year 1	$ 2,080	$ 1,632
Year 2	2,080	1,632
Year 3	-	1,223
	$ 4,160	$ 4,487

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between NTC and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

e. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 241,852	$ 143,609
Expenses relating to low-value asset leases	$ 677	$ 828
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 17,567	$ 21,109
Total cash outflow for leases	$ 699,413	$ 504,459

The Group leases certain building, machinery and equipment, transportation equipment qualify as short-term leases and certain other equipment qualify as low-value lease. The Group has selected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

Lease-out arrangements under operating leases for investment properties are set out in Note 15 to the consolidated financial statements.

15. INVESTMENT PROPERTIES

	December 31	
	2021	2020
Investment properties, net	$ 2,005,598	$ 2,466,667

NTC acquired investment properties in Niigata and Toyama, Japan through business combinations on September 1, 2020. The fair value of such investment properties were NT$2,503,591 thousand based on the purchase price allocation report. As of December 31, 2021 and 2020, NTC's management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly.

NTC's other investment properties is in Shen-Zhen, China. As of December 31, 2021 and 2020, the fair value of such investment properties were both approximately NT$200,000 thousand, which was referred by the neighborhood transactions.

	December 31	
	2021	2020
Cost		
Balance at January 1	$ 9,090,968	$ 98,511
Acquisitions through business combinations	-	9,072,159
Disposals	(1,176)	-
Effect of exchange rate changes	(1,165,596)	(79,702)
Balance at December 31	7,924,196	9,090,968

(Continued)

	December 31	
	2021	2020
Accumulated depreciation and impairment		
Balance at January 1	$ 6,624,301	$ 54,304
Acquisitions through business combinations	-	6,568,568
Depreciation expense	155,190	59,248
Disposals	(1,176)	-
Effect of exchange rate changes	(859,717)	(57,819)
Balance at December 31	5,918,598	6,624,301
Investment properties, net	$ 2,005,598	$ 2,466,667

(Concluded)

The investment properties were leased out for 3 to 12 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

As of December 31, 2021, the carrying amounts of NT$425,606 thousand of investment properties of NTC were pledged to secure long-term borrowings.

The maturity analysis of NTC's lease payments receivable under operating leases of investment properties is as follows:

	December 31	
	2021	2020
Year 1	$ 178,142	$ 265,390
Year 2	155,123	203,485
Year 3	155,123	178,214
Year 4	155,123	159,218
Year 5	155,123	102,231
More than five years	814,391	741,175
	$ 1,613,025	$ 1,649,713

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between NTC and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

16. INTANGIBLE ASSETS

	December 31	
	2021	2020
Deferred technical assets, net	$ 616,861	$ 561,869
Other intangible assets, net	456,124	329,511
	$ 1,072,985	$ 891,380

	Deferred Technical Assets	Other Intangible Assets	Total
Cost			
Balance at January 1, 2021	$ 19,550,666	$ 1,452,139	$ 21,002,805
Additions	259,590	216,296	475,886
Disposals	(5,592)	(111)	(5,703)
Effect of exchange rate changes	(3,026)	(172,529)	(175,555)
Balance at December 31, 2021	$ 19,801,638	$ 1,495,795	$ 21,297,433
Accumulated amortization and impairment			
Balance at January 1, 2021	$ 18,988,797	$ 1,122,628	$ 20,111,425
Amortization expenses	198,298	61,481	259,779
Disposals	(789)	(111)	(900)
Effect of exchange rate changes	(1,529)	(144,327)	(145,856)
Balance at December 31, 2021	$ 19,184,777	$ 1,039,671	$ 20,224,448
Cost			
Balance at January 1, 2020	$ 19,088,675	$ 58,896	$ 19,147,571
Additions	462,472	238,771	701,243
Acquisitions through business combinations	-	1,200,865	1,200,865
Disposals	-	(35,704)	(35,704)
Effect of exchange rate changes	(481)	(10,689)	(11,170)
Balance at December 31, 2020	$ 19,550,666	$ 1,452,139	$ 21,002,805
Accumulated amortization and impairment			
Balance at January 1, 2020	$ 18,717,601	$ 22,248	$ 18,739,849
Amortization expense	159,673	27,615	187,288
Impairment loss	112,805	-	112,805
Acquisitions through business combinations	-	1,117,819	1,117,819
Disposals	-	(34,969)	(34,969)
Effect of exchange rate changes	(1,282)	(10,085)	(11,367)
Balance at December 31, 2020	$ 18,988,797	$ 1,122,628	$ 20,111,425

The amounts of deferred technical assets were the technical transfer fees in connection with certain technical transfer agreements. The above technical assets pertained to different products or process technology. The assets were depreciated on a straight-line basis from the commencement of production or over the estimated useful life of the assets. The estimated useful lives of technical assets were based on the economic benefits generated from the assets or the terms of the technical asset contracts.

For the year ended December 31, 2020, the Group recognized an impairment loss of NT$112,805 thousand for certain deferred technical assets which will have no future economic benefits.

17. BORROWINGS

a. Short-term borrowings

	December 31			
	2021		2020	
	Interest Rate %	Amount	Interest Rate %	Amount
Secured borrowings				
Bank of Taiwan (Note 6)	-	$ -	4.35	$ 1,544,910
CTBC Bank Co., Ltd.	-	-	1.29	276,300
		$ -		$ 1,821,210
Unsecured borrowings				
Bank lines of credit	0.30-0.48	$ 1,430,417	-	$ -

The secured borrowings of CTBC Bank Co., Ltd. are secured and guaranteed by the Company to NTCJ. According to the contract, the Company is required to maintain specific financial covenants, including current ratio, debt ratio and total equity shall not be less than a specific amount every half year. Additionally, the principal and interest coverage ratio should be also maintained every half year. The computations of financial ratios mentioned above will be based on the audited (reviewed) consolidated financial statements.

b. Long-term borrowings

	Period	Interest Rate	December 31 2021	December 31 2020
Secured borrowings				
Bank of Taiwan syndicated loan (IV)	2016.08.15-2021.12.29	1.79%-1.81%	$ -	$ 5,000,000
Bank of Taiwan syndicated loan (V)	2019.01.14-2026.09.19	1.89%	7,850,000	7,050,000
Unsecured borrowings				
The Export - Import Bank of ROC	2019.09.20-2026.09.21	0.92%	500,000	500,000
The Export - Import Bank of ROC	2020.08.25-2027.08.25	0.92%	1,000,000	1,000,000
Government grants (Note 27)	2020.12.28-2028.11.15	0.50%-0.70%	5,131,600	1,000,000
			14,481,600	14,550,000
Less: Current portion			(785,000)	(5,000,000)
Less: Syndication agreement management fee			(74,250)	(108,327)
Less: Government loan discount (Note 27)			(273,485)	(59,828)
			$ 13,348,865	$ 9,381,845

1) Bank of Taiwan Syndicated Loan (IV)

a) On August 15, 2016, the Company entered into a syndicated loan, with a group of financial institutions, to procure equipment for 12-inch fab, repay bank loans and augment medium-term working capital. The credit line was divided into part A and B, which amounted to NT$10 billion and NT$2 billion, respectively; and the total line of credit amounted to NT$12 billion.

b) Part A will be repaid every six months from December 29, 2019 until maturity, and part B will be repaid every six months from December 29, 2018 until maturity. On October 25, 2021, the loan had been repaid in advance.

c) Refer to Note 13 to the consolidated financial statements for collateral on bank borrowings.

d) The Company is required to maintain certain financial covenants, including current ratio, debt ratio and tangible net equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on June 30 and December 31 during the tenors of the loans. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.

2) Bank of Taiwan Syndicated Loan (V)

a) On January 14, 2019, the Company entered into a syndicated loan, with a group of financial institutions, to procure equipment for fab. The credit line amounted to NT$42 billion. The principal will be repaid every six months from September 19, 2022 until maturity.

b) Refer to Note 13 to the consolidated financial statements for collateral on bank borrowings.

c) The Company is required to maintain certain financial covenants, including current ratio, debt ratio and total equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on June 30 and December 31 during the tenors of the loans. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.

3) The proceeds of the unsecured borrowings from the Export-Import Bank of ROC were provided NTC for investing in Autotalks Ltd. and acquiring Panasonic Semiconductor Solutions., Co., Ltd.

4) On May 17, 2021, NTCJ signed a syndicated loan with CTBC and a group of financial institutions to pay outstanding debt and enrich operating capital, and the line of credit amounted to JPY30 billion. This syndicated loan have the Company as a joint guarantor and promise to maintain a certain operational control as stated in the agreement. Additionally, NTCJ and the Company is required to maintain certain financial covenants. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements. As of December 31, 2021, the syndicated loan was undrawn.

18. BONDS PAYABLE

	December 31	
	2021	2020
Domestic secured bonds	$ 9,956,086	$ 9,943,848
Domestic unsecured bonds	-	1,207,820
	$ 9,956,086	$ 11,151,668

a. On July 10, 2018, the Company was approved by the FSC to offer and issue the first secured corporate bonds of 2018, with an aggregate principal amount of NT$10 billion. The terms of issuance, amounts and interest rate as follows:

Issuance Date	Period	Amount	Coupon Rate	Repayment and Interest Payment
2018.07.17	7 years	$10 billion	1%	The principal will be repaid upon maturity. The interest is payable once a year at the coupon rate accrued annually on a simple basis starting from the issue date.

Refer to Note 13 to the consolidated financial statements for collateral of 12-inch Fab Manufacturing facilities on corporate bonds.

b. In May 2020, NTC issued 20 thousand units, NT$100 thousand per unit, 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of NT$2 billion. The terms of issuance, amounts and interest rate as follows:

Issuance Date	**Period**	**Amount**	**Coupon Rate**	**Repayment and Interest Payment**
2020.05.20	7 years	$2 billion	0%	The principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

1) The conversion price was set at NT$39.9 per share at the time of issuance. When meeting certain criteria, adjustments on the conversion price are made in accordance with the terms and conditions. Since NTC distributed cash dividends in August 2021, the conversion price should be adjusted according to the issuance and conversion measures, so the conversion price has been adjusted to NT$38 since August 22, 2021. As of December 31, 2021, all convertible bonds were converted into ordinary shares.

2) After the first three months of the issuance and forty days before the maturity date, if the closing price of NTC's common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price or the outstanding balance of the bonds is less than 10% in principal amount of the bonds originally outstanding for thirty consecutive business days, NTC may redeem the bonds in cash at the principal amount.

3) After the bonds has been issued for over five years, the bondholders may request NTC to redeem the bonds at 106.41% of the principal amount (annual rate of return 1.25%). The right of the redemption was recognized as financial instruments at fair value through profit or loss - current. The fair value was NT$9,095 thousand on December 31, 2020. Refer to Note 7 to the consolidated financial statements.

4) Except for the bonds that have been redeemed, sold back, converted, or bought back by NTC in the market, the principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

   The effective interest rate of the liability component of the convertible bond was 1.22% per annum on the initial recognition.

Proceeds from issuance (less transaction costs of NT$6,426 thousand)	$ 1,998,428
Redemption	5,200
Liability component at the date of issue	2,003,628
Convertible bonds converted into ordinary shares	(2,024,656)
Interest charged at an effective interest rate of 1.22%	21,028
Liability component at December 31, 2021	$ -

19. PROVISION

	December 31	
	2021	2020
Current		
Decommissioning liabilities	$ 532,948	$ 612,281
Employee benefits	-	316,438
	$ 532,948	$ 928,719
Non-current		
Employee benefits	$ 1,537,035	$ 1,765,833
Warranties	775,861	776,497
Decommissioning liabilities	653,679	750,983
	$ 2,966,575	$ 3,293,313

	Decommissioning Liabilities	Employee Benefits	Warranties	Total
Balance at January 1, 2021	$ 1,363,264	$ 2,082,271	$ 776,497	$ 4,222,032
Additional provisions recognized	-	-	63,000	63,000
Amounts paid	-	(316,438)	-	(316,438)
Effects of foreign currency exchange differences	(176,637)	(228,798)	(63,636)	(469,071)
Balance at December 31, 2021	$ 1,186,627	$ 1,537,035	$ 775,861	$ 3,499,523

NTC purchased the semiconductor business of Panasonic Corporation in September 2020. The expected decommissioning costs and personnel costs from shutting down some fabs were recognized as the decommissioning liabilities and employee benefits provisions.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company, NTC, and SYI adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in the United States, Japan, Hong Kong, Germany, Israel, Korea, Singapore and China are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plan

The defined benefit plans adopted by the Company and NTC in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. The Company contributed amounts equal to 2% of total monthly salaries and wages; NTC contributed amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee of the Company. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The payables for employee turnover of WTL and NTIL are calculated on the basis of the length of service and the last month's salary under a defined benefit plan.

The amount included in the consolidated balance sheet in respect of the Group's obligation to its defined benefit plan was as follows:

	December 31	
	2021	**2020**
Present value of the defined benefit obligation	$ 4,500,536	$ 4,578,390
Fair value of the plan assets	(1,879,521)	(1,855,846)
Net defined benefit liabilities, non-current	$ 2,621,015	$ 2,722,544

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2021	$ 4,578,390	$ (1,855,846)	$ 2,722,544
Service cost			
Current service cost	81,614	-	81,614
Net interest expense (income)	24,851	(15,026)	9,825
Others	4,069	(777)	3,292
Recognized in profit or loss	110,534	(15,803)	94,731
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(18,019)	(18,019)
- changes in demographic assumptions	58,672	-	58,672
- changes in financial assumptions	(426)	(9,264)	(9,690)
- experience adjustments	111,751	(26,150)	85,601
Recognized in other comprehensive income	169,997	(53,433)	116,564
Contributions from the employer	-	(94,450)	(94,450)
Benefits paid	(142,879)	141,969	(910)
Settlements	(28,909)	-	(28,909)
Effect of exchange rate changes	(186,597)	(1,958)	(188,555)
Balance at December 31, 2021	$ 4,500,536	$ (1,879,521)	$ 2,621,015

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	$ 3,064,210	$ (1,812,341)	$ 1,251,869
Service cost			
Current service cost	79,258	-	79,258
Net interest expense (income)	32,839	(18,536)	14,303
Others	(59)	82	23
Recognized in profit or loss	112,038	(18,454)	93,584
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(41,941)	(41,941)
- changes in financial assumptions	78,467	(2,995)	75,472
- experience adjustments	(29,952)	15,118	(14,834)
Recognized in other comprehensive income	48,515	(29,818)	18,697
Contributions from the employer	-	(75,862)	(75,862)
Benefits paid	(94,125)	94,125	-
Acquisitions through business combinations	1,473,458	-	1,473,458
Settlements	(27,298)	-	(27,298)
Effect of exchange rate changes	1,592	(13,496)	(11,904)
Balance at December 31, 2020	$ 4,578,390	$ (1,855,846)	$ 2,722,544

(Concluded)

Amounts recognized in profit or loss in respect of these defined benefit plans analyzed by function were as follows:

	For the Year Ended December 31	
	2021	2020
Operating cost	$ 17,522	$ 21,389
Selling expenses	2,003	2,580
General and administrative expenses	6,007	21,743
Research and development expenses	69,199	47,872
	$ 94,731	$ 93,584

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	**2020**
Discount rates	0.70%-2.80%	0.40%-2.50%
Expected rates of salary increase	1.00%-6.02%	1.00%-3.36%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	**2020**
Discount rates		
0.25%-0.50% increase	$ (110,912)	$ (112,244)
0.25%-0.50% decrease	$ 121,286	$ 122,541
Expected rates of salary		
0.25%-0.50% increase	$ 115,435	$ 117,629
0.25%-0.50% decrease	$ (104,760)	$ (107,581)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	**2020**
The expected contribution to the plan for the next year	$ 144,478	$ 91,413
The average duration of defined benefit obligation	8.04-12.15 years	7.51-12.21 years

21. EQUITY

a. Share capital

Common stock

	December 31	
	2021	**2020**
Number of shares authorized (in thousands)	6,700,000	6,700,000
Shares authorized	$ 67,000,000	$ 67,000,000
Number of shares issued and fully paid (in thousands)	3,980,000	3,980,000
Shares issued	$ 39,800,002	$ 39,800,002

As of December 31, 2021 and 2020, the balance of the Company’s capital account amounted to NT$39,800,002 thousand, divided into 3,980,000 thousand common shares with a par value of NT$10.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from issuance of share capital	$ 4,787,673	$ 4,787,673
Arising from treasury share transactions	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352
May only be used to offset a deficit		
Arising from changes in percentage of ownership interest in subsidiaries	251,726	236,467
Arising from share of changes in capital surplus of associates	29,137	29,137
Cash capital increase reserved for employee share options	208,451	208,451
Others	30,749	30,749
	$ 7,786,124	$ 7,770,865

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers and convertible bonds) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital. The capital surplus from share of changes in equities of subsidiaries and associates may be used to offset a deficit; however, when generated from issuance of restricted shares for employees, such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

The shareholders held their regular meeting on August 12, 2021 and resolved the amendments to the Company's Articles of Incorporation. The amendments of the Company's dividend distribution policy as follows:

From the pre-tax net profit of the current year, before deducting remuneration of employees and remuneration of directors, no more than 1% shall be allocated as remuneration of directors and no less than 1% as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the board of directors and may be distributed to the employees of subsidiaries of the Company meeting certain criteria.

However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses and then allocate remuneration of employees and remuneration of directors according to the percentage set forth in the preceding paragraph.

The Company purchases its stock for transferring such treasury shares, issues employee options, provides pre-emptive right for employees' subscription upon issuing new shares, issues new restricted employee shares, and distributes employee remuneration, to employees of the Company's controlling or subordinated companies who meet certain criteria, which shall be determined and resolved by the board of directors.

If the Company has pre-tax profits at the end of the current fiscal year, after paying all taxes and covering all accumulated losses, the Company shall set aside 10% of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. After setting aside or reversing special reserve pursuant to applicable laws and regulations and orders of competent authorities or based on the business needs of the Company, if there is any balance, the board of directors may submit a proposal for allocation of the remaining balance and the accumulated undistributed earnings to the shareholders meeting for resolution of distributing bonuses and dividends to shareholders.

The board of directors shall be authorized to distribute the profit, the legal reserve and the capital reserve mentioned in the preceding paragraph in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting.

The Company's dividend distribution policy is made in accordance with the Company Act and the Articles of Incorporation in consideration of factors including capital and financial structure, operating status, retained earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner. With respect to distribution of dividends, in consideration of future operation scale and cash flow needs, no less than 30% of the remaining amount of the net profit after tax of the current year, after covering the accumulative losses and setting aside the legal reserve and the special reserve, shall be distributed to shareholders as dividends (the Company shall not issue dividends if the dividend is less than NT$0.1), which may be distributed in stock dividend or cash dividend, and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.

The Company may distribute its profit or make up its losses at the end of each half of a fiscal year. The business report, the financial statements, and the proposal for distribution of earnings or making up loss shall be prepared by and then resolved by the board of directors.

The Company, in distributing its profit according to the preceding paragraph, shall estimate and reserve employee and director remuneration and any taxes payable as well as cover any losses and set aside the legal reserve in accordance with the law; however, provided that the legal reserve amounts to the total paid-in capital, the legal reserve need not be set aside. Where the Company distributes the profit in cash, such distribution shall be resolved by the board of directors, but where the profit is distributed in the form of newly issued shares, such distribution shall be resolved by the shareholders' meeting.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of shareholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain (loss) from available-for-sale financial assets, net amount of fair value below the cost of the Company's ordinary shares held by subsidiaries, etc. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

As of the date of the Company's board meeting (February 11, 2022), the appropriation of earnings for 2021 are not subjected.

The appropriations of earnings and the dividends per share for 2020 and 2019 were approved in the shareholders' meeting on August 12, 2021 and June 12, 2020, respectively, as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Year 2020	For Year 2019	For Year 2020	For Year 2019
Legal reserve appropriated	$ 161,253	$ 115,226		
Cash dividends	796,000	398,000	$ 0.2	$ 0.1
	$ 957,253	$ 513,226		

For information about the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, refer to Note 23 to the consolidated financial statements on employee benefits expenses.

d. Other equity items

1) Exchange differences on translation of foreign financial statements

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (271,328)	$ (119,246)
Exchange differences arising on translating the financial statements of foreign operations	(590,061)	(152,082)
Balance at December 31	$ (861,389)	$ (271,328)

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Group's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

2) Unrealized gains (losses) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 8,141,510	$ 5,009,928
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	2,962,485	1,753,336
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method	1,901,619	1,692,465
Disposal of investments in equity instruments designated at FVTOCI	(94,258)	(314,219)
Balance at December 31	$ 12,911,356	$ 8,141,510

Unrealized gains (losses) on financial assets at FVTOCI represents the cumulative gains or losses arising from the fair value measurement on financial assets at FVTOCI that are recognized in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 5,143,568	$ 2,836,565
Share attributable to non-controlling interests		
Profit for the year	1,405,479	215,024
Exchange differences on translation of foreign financial statements	(425,126)	(50,018)
Remeasurement of defined benefit plans	(23,613)	(12,987)
Unrealized gains (losses) on financial assets measured at FVTOCI	454,578	66,247
Cash dividends issued by subsidiaries to non-controlling interests	(148,788)	(132,665)
Changes in ownership interests in subsidiaries	1,183,301	2,221,402
Balance at December 31	$ 7,589,399	$ 5,143,568

22. REVENUE

Refer to Note 37 to the consolidated financial statements for the Group's revenue.

23. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	For the Year Ended December 31, 2021			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 4,502,850	$ 12,088,668	$ -	$ 16,591,518
Post-employment benefits	$ 138,514	$ 595,279	$ -	$ 733,793
Depreciation	$ 9,789,579	$ 1,411,539	$ 160,866	$ 11,361,984
Amortization	$ 23,131	$ 236,648	$ 34,077	$ 293,856

	For the Year Ended December 31, 2020			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 2,847,782	$ 7,198,169	$ -	$ 10,045,951
Post-employment benefits	$ 137,317	$ 354,382	$ -	$ 491,699
Compensation costs of employee share options	$ 16,945	$ 45,295	$ -	$ 62,240
Depreciation	$ 8,051,980	$ 1,123,552	$ 65,057	$ 9,240,589
Amortization	$ 34,330	$ 152,958	$ 34,720	$ 222,008

The remuneration policies of the Company were as follows:

a. Directors

In accordance with the Article 22 of the Company's Articles of Incorporation, the distribution of the remuneration of directors shall be appropriated at the rates no more than 1% of net profit before income tax before deducting remuneration to employees and directors. The Remuneration Committee will recommend remuneration to directors in accordance with the Company's Articles of Incorporation, the internal Rules for Remuneration of Directors and Performance Assessment of The Board of Directors, board members' self-assessment results, and annual profit deduct the accumulative losses. The remuneration was resolved by the board of directors and reported to the shareholders' meeting.

b. Managers

The remuneration of the managers, which depends on responsibilities and performance of individuals to encourage managers to take responsibilities and achieve performance, shall be competitive to attract external talent and stabilize internal talent. The managers have the responsibilities for operating performance, the encouragement shall be taken both short-term and long-term performance into account.

c. Employees

Employees' compensation, including fixed and variable compensation, was taken both internal fairness and external competitiveness into consideration. The Company gives bonus immediately and shares operating performance with the employees to attract, encourage and retain the talent. In accordance with the Articles of Incorporation, it stipulates distribution of the compensation of employees at the rates no less than 1% of net profit before income tax before deducting remuneration to employees and directors. The remuneration of employees may be distributed in stock or cash upon resolution of the board of directors and reported to the shareholders' meeting. Personal salary is determined by responsibilities and professional skills. Bonus and compensation are in relation to individual's performance and contribution.

For the years ended December 31, 2021 and 2020, the employees' compensation and remuneration of directors were as follows:

	For the Year Ended December 31			
	2021		**2020**	
	Amounts	**Accrual Rate**	**Amounts**	**Accrual Rate**
Employees' compensation	$ 330,737	2%	$ 27,831	2%
Remuneration of directors	$ 165,369	1%	$ 13,916	1%

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The compensation to employees and remuneration to the directors of 2020 and 2019 were approved by the Company's board of directors on March 16, 2021 and April 30, 2020, respectively, were as below:

	For the Year Ended December 31	
	2020	**2019**
Employees' compensation	$ 27,831	$ 28,038
Remuneration of directors	$ 13,916	$ 14,019

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation to employees and remuneration to the directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

24. SHARE-BASED PAYMENT ARRANGEMENTS

NTC's board of directors resolved to reserve 10% of the shares from the issuance of 80,000 thousand shares approved by the FSC on September 25, 2020 to be subscribed for by its employees. The number of shares subscribed for by the employees was affirmed on October 21 2020. The fair value of such share options subscribed for by NTC's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT$62,240 thousand which was recorded as compensation costs.

a. For the year ended December 31, 2020, NTC's Share-based payments agreements was as follows:

Agreement	Grant Date	Number of Shares Grant	Vesting Conditions
Cash capital increase reserved for employee share options	2020.10.21	8,000 thousand shares	Vested immediately

b. The fair value of share options acquired by employees on grant day, October 21, 2020, was measured by using Black-Scholes Option Pricing Model. Relevant information was as follows:

Share Price (NT$)	Exercise Price (NT$)	Expected Price Volatility	Expected Vesting Period	Expected Dividend Yield Rate	Risk-free Interest Rate	Fair Value Per Share (NT$)
$45.6	$38.0	34.80%	48 days	0.00%	0.18%	$7.78

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current income tax expense		
Current tax expense	$ 3,088,867	$ 282,699
Adjustment for prior years	15,163	(93,740)
Deferred income tax		
Current tax expense	118,938	104,406
Income tax expense recognized in profit or loss	$ 3,222,968	$ 293,365

Reconciliation of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Income tax expense from continuing operations at the statutory rate	$ 4,405,341	$ 524,136
Tax effect of adjustment item		
Permanent differences	(533,465)	(36,002)
Others	(180,071)	(30,029)
Current income tax	3,691,805	458,105
Unrecognized loss carryforwards, investment credits and deductible temporary differences	(484,000)	(71,000)
Adjustment for prior years' income tax expense	15,163	(93,740)
Tax expense recognized in profit or loss	$ 3,222,968	$ 293,365

Based on the Income Tax Act in the ROC, the corporate income tax rate is 20%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivables (Note 10)	$ 121,337	$ 16,173
Current tax liabilities		
Income tax payables	$ 2,704,871	$ 252,309

c. Deferred tax assets

As of December 31, 2021 and 2020, deferred income tax assets of NT$774,072 thousand and NT$908,560 thousand, respectively, were mainly generated from inventory write-downs for the decline in market value, obsolescence and scrap of inventories.

d. Deferred tax liabilities

As of December 31, 2021 and 2020, deferred income tax liabilities of NT$36,583 thousand and NT$52,132 thousand, respectively, were mainly generated from unrealized valuation gains or losses on financial assets at FVTOCI.

e. Information about investment credits

The Company apply the Statute for Industrial Innovation Article 10, up to ten percent of the R&D expenses may be credited against the profit-seeking enterprise income tax payable by it in each of the three years following the then current year.

f. Tax return assessments

The Company's tax returns through 2019 have been assessed and approved by the tax authorities.

26. EARNINGS PER SHARE

	For the Year Ended December 31					
	2021			2020		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Parent)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Parent)
Basic earnings per share						
Net income attributed to common shareholders	$ 13,594,643	3,980,000	$ 3.42	$ 1,304,019	3,980,000	$ 0.33
Effect of dilutive potential common share						
Employees' compensation	-	9,728		-	958	
Diluted earnings per share						
Net income attributed to common shareholders	$ 13,594,643	3,989,728	$ 3.41	$ 1,304,019	3,980,958	$ 0.33

If the Company offered to settle the compensation or bonuses paid to employees by cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share (EPS), if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

27. GOVERNMENT GRANTS

As of December 31, 2021, the Company received government loan of NT$5,131,600 thousand at a below-market rate of interest, which is 0.5%-0.7%. It will be used in purchase of machinery and equipments and turnovers of operating capital. The loan is repayable over a seven-year period. Using prevailing market interest rates for an equivalent loan of 1.79%-1.89%, the fair value of the loan was estimated at NT$4,837,630 thousand on initial recognition. The difference of NT$293,970 thousand between the proceeds and the fair value of the loan is the benefit derived from the below-market rate of interest which has been recognized as deferred revenue. The deferred revenue will be recognized as other income during the loan period accordingly. For the year ended December 31, 2021, the other income under government grants were amounts of NT$20,485 thousand, and the interest expense under loans were amounts of NT$30,607 thousand.

28. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Panasonic Semiconductor Solutions Co., Ltd.	Semiconductor business	September 1, 2020	100	$ 8,432,481
Miraxia Edge Technology Corporation ("METC", former "PIDST")	Software and hardware integration design of semiconductor	November 1, 2021	100	$ 357,898

NTC acquired the semiconductor business of Panasonic Corporation on September 1, 2020, including the acquisition of 100% equity in NTHJ, NTCJ (formerly PSCS), AMTC (formerly PIDE) and METC (formerly PIDST), Panasonic Semiconductor (Suzhou) Co., Ltd. (referred to as PSCSZ) related semiconductor business equipment and inventory, and Panasonic Industrial Devices Semiconductor Asia (referred to as PIDSCA) assets and liabilities projects and contracts and other specific operating assets.

The Company acquired 100% ownership interest of METC (formerly PIDST) from the sub-subsidiary NTCJ, on November 1, 2021. The reorganization transaction was under common control, and is recognized as an equity transaction.

b. Consideration transferred

	Panasonic Semiconductor Solutions Co., Ltd.	Miraxia Edge Technology Corporation
Cash	$ 8,358,041	$ 357,898
Contingent consideration agreement (Note)	74,440	-
	$ 8,432,481	$ 357,898

Note: Under the contingent consideration arrangement, if TPSCo., which NTCJ held approximately 49% ownership interest, turns net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, NTCJ is required to pay Panasonic Corporation the net profit based on ownership ratio.

c. Assets acquired and liabilities assumed at the date of acquisition

	Panasonic Semiconductor Solutions Co., Ltd.	Miraxia Edge Technology Corporation
Current assets		
Cash and cash equivalents	$ 1,102,882	$ 298,304
Accounts receivable and other receivables	4,469,464	101,201
Inventories	4,613,102	39,835
Prepayments	216,082	6,147
Non-current assets		
Financial assets at fair value through other comprehensive income	960,800	-
Property, plant and equipment	6,241,162	6,146
Investment properties	2,503,591	-
Right-of-use assets	997,787	-
Intangible assets	83,046	14,728
Deferred income tax assets	103,259	65,349
Other non-current assets	4,639	-
Total assets	$ 21,295,814	$ 531,710

(Continued)

	Panasonic Semiconductor Solutions Co., Ltd.	Miraxia Edge Technology Corporation
Current liabilities		
Accounts payable and other payables	$ 5,999,366	$ 291,280
Current tax liabilities	86,320	17,717
Provisions - current	617,821	-
Lease liabilities - current	176,138	-
Other current liabilities	57,635	55,053
Non-current liabilities		
Provisions - non-current	2,539,589	-
Net defined benefit liabilities - non-current	1,473,458	-
Deferred income tax liabilities	89,169	-
Warranties	506,301	-
Lease liabilities - non-current	1,156,925	-
Total liabilities	$ 12,702,722	$ 364,050
Net assets	$ 8,593,092	$ 167,660

(Concluded)

d. Non-controlling interests

The non-controlling interest recognized at the acquisition date of Panasonic Semiconductor Solutions Co., Ltd. and its subsidiaries was measured by reference to the fair value of the non-controlling interest.

e. Bargain purchase gain recognized on acquisition and Equity transaction difference

	Panasonic Semiconductor Solutions Co., Ltd.
Fair value of identifiable net assets acquired	$ 8,593,092
Less: Consideration transferred	(8,432,481)
Gain on the bargain purchase	$ 160,611

	Miraxia Edge Technology Corporation
Fair value of identifiable net assets acquired	$ 167,660
Less: Consideration transferred	(357,898)
Equity transaction difference	$ (190,238)

Equity transaction difference adjustment account

Investments accounted for using equity method - NTC	$ 97,887
Capital surplus - changes in ownership interests in subsidiaries	92,351
Equity transaction difference	$ 190,238

NTC has completed to measure and allocate aforementioned assets and liabilities at fair value for the acquisition of Panasonic semiconductor business on June 16, 2021, NT$58,357 thousand was recognized in non-operating income and expenses to decrease gain on the bargain purchase in 2021.

The company has completed to measure and allocate aforementioned assets and liabilities at carrying amount of METC held by the sub-subsidiary NTCJ on November 1, 2021, which was NT$167,660 thousand. The equity transaction difference was recorded in the related accounts.

f. Net cash outflow on the acquisition of subsidiaries

	Panasonic Semiconductor Solutions Co., Ltd.
Consideration paid in cash	$ 8,432,481
Less: Cash and cash equivalent balances acquired	(1,102,882)
	7,329,599
Acquisition price adjustment	
Investment payable	(74,440)
Business tax refund receivable	133,101
Other payable for contract (presented in provisions)	(316,438)
Effect of foreign currency exchange difference	(7,324)
	$ 7,064,498

	Miraxia Edge Technology Corporation
Consideration paid in cash	$ 357,898

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees from the acquisition date (September 1, 2020) to December 31, 2020, which are included in the consolidated statements of comprehensive income, are as follows:

	Panasonic Semiconductor Solutions Co., Ltd.
Revenue	$ 8,993,175
Net loss	$ (460,607)

Because of NTC's acquisition on September 1, 2020 includes equipment and inventory related to semiconductor business of PSCSZ and assets and liabilities of PIDSCA, rather than a stand-alone entity, it is impractical to disclose the pro-forma revenue and the pro-forma profit.

29. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, research and development activities, debt repayments and dividends payments.

30. FINANCIAL INSTRUMENT

a. Fair value of financial instruments

1) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stock and mutual funds).

- The fair values of derivative foreign exchange contracts are measured using quoted middle and discount rates of foreign exchange contracts matching the foreign exchange rate on the maturity date of the contracts.

- Domestic and overseas unlisted equity instrument at FVTPL and FVTOCI were all measured based on Level 3. Fair values of the above equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, refer to strike price of similar business at active market, implied value multiple of the price and relevant information. Significant unobservable inputs included PE ratio, value multiple and market liquidity discount.

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3) Fair value of financial instruments that are not measured at fair value

<u>Fair value hierarchy as at December 31, 2021</u>

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable (secured)	$ -	$ 9,956,086	$ -	$ 9,956,086

Fair value hierarchy as at December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortized cost				
Bonds payable (secured)	$ -	$ 9,943,848	$ -	$ 9,943,848
Bonds payable (unsecured)	1,483,908		-	1,483,908
	$ 1,483,908	$ 9,943,848	$ -	$ 11,427,756

4) Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy as at December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Derivative financial assets (not under hedge accounting)	$ -	$ 51,688	$ 69,200	$ 120,888
Non-derivative financial assets	108,700	-	55,360	164,060
	$ 108,700	$ 51,688	$ 124,560	$ 284,948
Financial assets at FVTOCI				
Equity securities				
Domestic listed and emerging securities	$ 11,235,587	$ -	$ -	$ 11,235,587
Domestic and overseas unlisted securities	-	21,010	3,202,742	3,223,752
	$ 11,235,587	$ 21,010	$ 3,202,742	$ 14,459,339

Fair value hierarchy as at December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Derivative financial assets (not under hedge accounting)	$ -	$ 51,603	$ -	$ 51,603
Financial assets at FVTOCI				
Equity securities				
Domestic listed and emerging securities	$ 8,884,373	$ -	$ -	$ 8,884,373
Overseas listed securities	266,543	-	-	266,543
Domestic and overseas unlisted securities	-	17,970	1,908,328	1,926,298
	$ 9,150,916	$ 17,970	$ 1,908,328	$ 11,077,214

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial liabilities (not under hedge accounting)	$ -	$ 3,191	$ -	$ 3,191

(Concluded)

5) Reconciliation of Level 3 fair value measurements of financial instruments

The financial assets measured at Level 3 fair value were non-derivative financial assets classified as financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the year ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 1,908,328	$ 1,423,311
Acquisitions through business combinations	-	456,711
Additions	289,439	262,016
Disposals	-	(209,321)
Proceeds from capital reduction of investment	(4,500)	(14,119)
Recognized in other comprehensive income	1,146,473	(2,224)
Recognized in profit or loss	(563)	-
Effect of exchange rate changes	(11,875)	(7,452)
Balance at December 31	$ 3,327,302	$ 1,908,328

b. Categories of financial instruments

Fair values of financial assets and liabilities were summarized as follows:

	December 31			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Measured at amortized cost				
Cash and cash equivalents	$ 30,914,427	$ 30,914,427	$ 11,744,306	$ 11,744,306
Notes and accounts receivable (included related parties)	12,154,855	12,154,855	9,785,138	9,785,138
Other receivables	1,267,026	1,267,026	1,973,584	1,973,584
Refundable deposits (recorded in other non-current assets)	529,290	529,290	972,089	972,089
Financial assets at fair value through profit or loss (current and non-current)	284,948	284,948	51,603	51,603
Financial assets at fair value through other comprehensive income (current and non-current)	14,459,339	14,459,339	11,077,214	11,077,214

(Continued)

	December 31			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Measured at amortized cost				
Short-term borrowings	$ 1,430,317	$ 1,430,317	$ 1,821,210	$ 1,821,210
Notes and accounts payable (included related parties)	7,600,734	7,600,734	8,237,432	8,237,432
Payable on equipment and other payables	14,409,181	14,409,181	8,321,413	8,321,413
Bonds payable	9,956,086	9,956,086	11,151,668	11,427,756
Long-term borrowings (included current portion)	14,481,600	14,481,600	14,550,000	14,550,000
Guarantee deposits (recorded in other non-current liabilities)	2,072,448	2,072,448	90,248	90,248
Financial liabilities at fair value through profit or loss	-	-	3,191	3,191

(Concluded)

c. Financial risk management objectives and policies

The Group’s Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The use of financial derivatives was governed by the Group’s policies approved by the board of directors, which provide written principles on foreign exchange risk, and use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses forward foreign exchange contracts to hedge the foreign currency risk on export.

There had been no change to the Group’s exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group uses forward foreign exchange contracts to hedge the exchange rate risk within approved policy parameters utilizing forward foreign exchange contracts.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against U.S. dollars, there would be impact on net income increase in the amounts of NT$65,082 thousand and NT$44,645 thousand for the years ended December 31, 2021 and 2020, respectively. For a 1% weakening of New Taiwan dollars against EURO, there would be impact on net income decrease in the amounts of NT$15,043 thousand and NT$283 thousand for the years ended December 31, 2021 and 2020, respectively.

b) Interest rate risk

The Group’s interest rate risk arises primarily from floating rate borrowings.

The carrying amount of the Group’s financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Cash flow interest rate risk		
Financial assets	$ 8,413	$ 7,749
Financial liabilities	15,699,041	16,371,210

The sensitivity analyses below were determined based on the Group’s exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by one percentage point, the Group’s cash flows would have increased by NT$156,906 thousand and NT$145,423 thousand for the years ended December 31, 2021 and 2020, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual accounts receivables at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors of the Group consider that the Group’s credit risk was significantly reduced.

3) Liquidity risk

The Group has enough operating capital to comply with loan covenants; liquidity risk is low.

The Group’s non-derivative financial liabilities and their agreed repayment period were as follows:

	December 31, 2021			
	Within 1 Year	**1-2 Years**	**Over 2 Years**	**Total**
Non-interest bearing	$ 22,009,915	$ 2,072,448	$ -	$ 24,082,363
Lease liabilities	371,754	315,888	2,724,737	3,412,379
Variable interest rate liabilities	2,002,441	1,570,000	12,126,600	15,699,041
Fixed interest rate liabilities	212,976	-	10,000,000	10,212,976
	$ 24,597,086	$ 3,958,336	$ 24,851,337	$ 53,406,759

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years
Lease liabilities	$ 687,642	$ 703,017	$ 2,021,720

	December 31, 2020			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	$ 16,558,845	$ 90,248	$ -	$ 16,649,093
Lease liabilities	443,531	388,324	3,186,034	4,017,889
Variable interest rate liabilities	6,821,210	705,000	8,845,000	16,371,210
Fixed interest rate liabilities	-	-	11,305,480	11,305,480
	$ 23,823,586	$ 1,183,572	$ 23,336,514	$ 48,343,672

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years
Lease liabilities	$ 831,855	$ 859,929	$ 2,326,105

4) Transfers of financial assets

NTC's factored accounts receivables that are not yet overdue at the end of the period were as follows:

December 31, 2021

Counterparty	Receivables Factoring Proceeds	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Sumitomo Mitsui Banking Corporation	$ 98,885	$ -	$ 98,885	0.9

December 31, 2020

Counterparty	Receivables Factoring Proceeds	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Sumitomo Mitsui Banking Corporation	$ 230,449	$ -	$ 230,449	0.9

Pursuant to the NTC's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by NTC, while losses from credit risk are borne by the banks.

31. RELATED PARTY TRANSACTIONS

a. The names and relationships of related parties are as follows:

Related Party	Relationship with the Group
Walsin Lihwa Corporation	Investor that exercises significant influence over the Group
Hwa Bao Botanic Conservation Corp.	Associate
Chin Xin Investment Co., Ltd.	Associate
Tower Partners Semiconductor Co., Ltd. (“TPSCo.”)	Related party in substance
Nyquest Technology Co., Ltd.	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Walton Advanced Engineering Ltd. (Suzhou)	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance
Walsin Technology Corporation	Related party in substance
United Industrial Gases Co., Ltd.	Related party in substance
Hannstar Display Corporation	Related party in substance
Harbinger III Venture Capital Corp.	Related party in substance
Glorystone Inc.	Related party in substance
Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance
TDC	Subsidiary (June 10, 2019 as the date of liquidation and completed the liquidation and legal procedures on April 1, 2021)

b. Operating activities

	For the Year Ended December 31	
	2021	2020
1) Operating revenue		
Related party in substance	$ 4,040,351	$ 300,890
2) Purchases of goods		
Related party in substance		
TPSCo.	$ 6,319,062	$ 2,101,947
Others	111,089	-
	$ 6,430,151	$ 2,101,947
3) Manufacturing expenses		
Related party in substance		
Walton Advanced Engineering Inc.	$ 3,256,561	$ 3,223,498
Others	2,970,167	1,269,220
	$ 6,226,728	$ 4,492,718
4) Operating expenses		
Related party in substance	$ 407,834	$ 201,521
Investor that exercises significant influence over the Group	13,788	12,146
	$ 421,622	$ 213,667

(Continued)

	For the Year Ended December 31	
	2021	**2020**
5) Dividend income		
Investor that exercises significant influence over the Group		
Walsin Lihwa Corporation	$ 199,800	$ 112,351
Related party in substance		
HannStar Display Corporation	75,000	-
United Industrial Gases Co., Ltd.	62,000	64,394
Walsin Technology Corporation	51,707	47,301
Others	15,788	3,436
	$ 404,295	$ 227,482
6) Other income		
Related party in substance	$ 1,097	$ 2,345
Associate	64	72
	$ 1,161	$ 2,417

(Concluded)

	December 31	
	2021	**2020**
7) Accounts receivable due from related parties		
Related party in substance	$ 639,262	$ 77,760
8) Accounts payable due to related parties		
Related party in substance		
Walton Advanced Engineering Inc.	$ 814,340	$ 782,278
Others	529,855	883,725
	$ 1,344,195	$ 1,666,003
9) Other receivables and other current assets		
Related party in substance		
TPSCo.	$ 262,957	$ 255,453
Others	4,396	-
Subsidiary	-	16,552
	$ 267,353	$ 272,005
10) Other payables		
Related party in substance	$ 217,462	$ 77,738
Investor that exercises significant influence over the Group	4	-
	$ 217,466	$ 77,738

(Continued)

	December 31	
	2021	2020
11) Refundable deposits (recorded as "other non-current assets")		
Related party in substance	$ 1,722	$ 1,722
Investor that exercises significant influence over the Group	203	203
	$ 1,925	$ 1,925
12) Guarantee deposits (recorded as "other non-current liabilities")		
Related party in substance		
Nyquest Technology Co., Ltd.	$ 225,869	$ -

(Concluded)

The Group's transactions with the related party were conducted under normal terms.

c. Acquisition of property, plant and equipment

	Purchase Price For the Year Ended December 31	
	2021	2020
Related party in substance	$ -	$ 8,352

d. Disposal of property, plant and equipment

	Disposal Price For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
	2021	2020	2021	2020
Related party in substance				
Waltech Advanced Engineering (Suzhou) Ltd.	$ 886,862	$ -	$ 144,679	$ -
Others	628	-	595	-
	$ 887,490	$ -	$ 145,274	$ -

The price of above transaction were determined based on the acquisition cost of the equipment and reference to the recent quoted market price.

e. Lease arrangements

	December 31	
	2021	2020
1) Acquisition of right-of-use assets		
Related party in substance	$ 1,350	$ -
2) Lease liabilities		
Related party in substance	$ 11,993	$ 22,450
Investor that exercises significant influence over the Group	-	2,642
	$ 11,993	$ 25,092

	For the Year Ended December 31	
	2021	2020
3) Interest expense		
Related party in substance	$ 273	$ 438
Investor that exercises significant influence over the Group	20	59
	$ 293	$ 497

f. Sublease arrangements

Lease arrangements - sublease arrangement under operating leases

On September 1, 2020, NTC subleased its right-of-use asset to TPSCo. under operating lease with lease term of 12 years, and the rental is based on similar asset's market rental rates and fixed lease payments are received monthly.

	December 31	
	2021	2020
1) Operating lease receivables		
Related party in substance		
TPSCo.	$ 20,459	$ 23,504
2) Future lease payment receivables		
Related party in substance		
TPSCo.	$ 1,607,021	$ 1,635,005

	For the Year Ended December 31	
	2021	2020
3) Lease income		
Related party in substance		
TPSCo.	$ 237,011	$ 85,353

g. Guarantee

The chairman of NTC is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 14 to the consolidated financial statements.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employment benefits	$ 619,221	$ 281,462
Post-employment benefits	25,570	47,590
Compensation costs of employee share options	-	2,957
	$ 644,791	$ 332,009

The remuneration of directors and key management personnel was suggested by the remuneration committee having regard to the performance of individuals and market trends. And the remuneration was resolved by the board of directors.

32. PLEDGED AND COLLATERALIZED ASSETS

Refer to Notes 6, 13 and 15 to the consolidated financial statements.

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Group as of the end of the reporting period, excluding those disclosed in other notes, were as follows:

a. Amounts available under unused letters of credit as of December 31, 2021 and 2020 were approximately US$75,493 thousand and US$5,535 thousand, JPY310,190 thousand and JPY246,613 thousand and EUR550 thousand and EUR0 thousand, respectively.

b. Signed construction contract

	Total Contract Price	Payment as of December 31, 2021
TASA Construction Corporation	$ 8,829,621	$ 8,263,896

c. L Company filed a complaint in the U.S. District Court for the District of Delaware on April 29, 2021. The plaintiff alleged that NTCA (and NTCA only) infringes one of its patents. On June 22, 2021, NTCA signed the authorization and settlement agreement. According to the agreement, L Company then withdrew the complaint in the U.S. District Court for the District of Delaware on June 30, 2021.

d. NTC and NTCA received a complaint served by the court on June 29, 2020. The plaintiff charged in the California High Court that the gasoline generator produced by HD POWER SYSTEMS INC., exploded during use and caused damage to it. At the same time, NTC, NTCA and other related companies shall bear the relevant compensation liabilities. The plaintiff applied to withdraw the complaint against NTC in the Court on June 29, 2021, and applied to withdraw the complaint against NTCA in the Court on July 7, 2021. The court has accepted the apply and issued a Dismissal Order.

e. N Company filed a complaint in the U.S. District Court for the District of Delaware on November 24, 2021. The plaintiff alleged that NTCA (and NTCA only) infringes one of its patents. NTC has evaluated that there is no significant impact of this case on its business and finances, and will conduct related litigation matters in accordance with the procedures established by the court.

34. OTHER ITEMS

The novel viral pneumonia (Covid-19 pandemic) spread all over the world, causing subsidiaries, customers and suppliers in some regions to implement quarantine and travel restrictions. The Group has evaluated that there is no significant impact on the overall business operation and financial position of the Group. There are no concerns about the ability of the Group to going concern, assets impairment and fund-raising risks.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed.

The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2021			2020		
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)
Financial assets						
Monetary items						
USD	$ 449,183	27.68	$12,433,390	$ 269,426	28.48	$ 7,673,245
USD	35,252	115.09 (Note 2)	975,769	24,365	103.08 (Note 2)	693,912
EUR	1,424	31.32	44,594	2,342	35.02	82,028
JPY	2,165,741	0.2405	520,861	1,570,680	0.2763	433,979
RMB	126,013	4.344	547,400	82,515	4.377	361,168
ILS	9,584	8.8912	85,210	23,042	8.8712	204,409
Financial liabilities						
Monetary items						
USD	214,994	27.68	5,951,028	110,623	28.48	3,150,531
USD	30,482	115.09 (Note 2)	843,735	14,973	103.08 (Note 2)	426,430
EUR	49,260	31.32	1,542,839	2,803	35.02	98,166
JPY	3,844,180	0.2405	924,525	1,444,374	0.2763	399,080
ILS	22,798	8.8912	202,702	21,479	8.8712	190,547

Note 1: Except as otherwise noted, exchange rate represents the number of New Taiwan dollars for which one unit of foreign currency could be exchanged.

Note 2: The exchange rate represents the number of JPY for which one U.S. dollar could be exchanged.

Refer to the consolidated statements of comprehensive income for the total of realized and unrealized net foreign exchange gains (losses) for the years ended December 31, 2021 and 2020, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

36. ADDITIONAL DISCLOSURE

a. Following are the additional disclosures for material transactions:

1)	Financings provided	None
2)	Endorsements/guarantees provided	Table 1
3)	Marketable securities held (excluding investments in subsidiaries and associates)	Table 2
4)	Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital	Table 3
5)	Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital	Table 4
6)	Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital	None
7)	Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital	Table 5
8)	Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital	Table 6
9)	Information about the derivative financial instruments transaction	Note 7
10)	Intercompany relationships and Significant intercompany transactions	Table 9

b. Information on investments: Refer to Table 7 attached.

c. Information on investment in mainland China

1)	The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee.	Table 8
2)	Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports. a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. c) The amount of property transactions and the amount of the resultant gains or losses. d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.	Table 8

d. Information on major shareholders: Refer to Table 10 attached.

37. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 "Operating Segments" was as follows:

a) Segment of DRAM IC product

The DRAM IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Mobile RAM and Specialty DRAM.

b) Segment of Flash Memory product

The Flash Memory product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Flash Memory product.

c) Segment of Logic IC product

The Logic IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Logic IC product.

2) Principles of measuring reportable segments, profit, assets and liabilities

The significant accounting principles of each operating segment are the same as those stated in Note 4 to the consolidated financial statements. The Group's operating segment profit or loss represents the profit or loss earned by each segment. The profit or loss is controllable by segment managers and is the basis for assessment of segment performance. Individual segment assets are disclosed as zero since those measures are not reviewed by the chief operating decision maker. Major liabilities are arranged based on the capital cost and deployment of the whole company, which are not controlled by individual segment managers.

b. Segment revenues and operating results

The following was an analysis of the Group's revenue from continuing operations by reportable segments.

	Segment Revenue		Segment Profit and Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
DRAM IC product	$ 26,386,578	$ 17,458,114	$ 8,143,308	$ (602,590)
Flash Memory product	31,895,039	22,747,656	13,516,475	5,421,058
Logic IC product	41,086,910	20,477,170	7,647,126	2,372,378
Total of segment revenue	99,368,527	60,682,940	29,306,909	7,190,846
Other revenue	201,397	231	201,397	231
Operating revenue	$ 99,569,924	$ 60,683,171		
Unallocated expenditure				
Administrative and supporting expenses			(6,044,264)	(3,170,173)
Sales and other common expenses			(5,036,120)	(2,393,613)
Income from operations			18,427,922	1,627,291

(Continued)

	Segment Profit and Loss For the Year Ended December 31	
	2021	2020
Non-operating income and expenses		
Interest income	$ 58,948	$ 47,015
Dividend income	404,585	227,534
Gain from bargain purchase	-	218,968
Other income	477,608	254,482
Share of profit (loss) of associates	197,908	62,556
Gains (losses) on disposal of property, plant and equipment	174,642	44,334
Gains (losses) on disposal of intangible assets	(4,803)	-
Gains (losses) on disposal of investments	(436)	(16,146)
Gains (losses) on disposal of non-current held for sale assets	30,371	27,674
Gains (losses) on foreign exchange	(106,710)	(130,651)
Gains (losses) on financial instruments at fair value through profit or loss	64,345	110,312
Interest expense	(205,883)	(296,470)
Other expenses	(512,458)	(251,686)
Impairment loss recognized on property, plant and equipment	(782,949)	-
Impairment loss recognized on intangible assets	-	(112,805)
Income before income tax	$ 18,223,090	$ 1,812,408

(Concluded)

c. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets (non-current assets exclude financial instruments, deferred income tax assets and post-employment benefit assets) by location of assets are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2021	2020	2021	2020
Asia	$ 92,987,128	$ 56,770,463	$ 66,879,643	$ 67,882,414
Americas	3,779,368	2,203,356	189,773	243,925
Europe	2,545,900	1,594,040	-	-
Others	257,528	115,312	-	-
	$ 99,569,924	$ 60,683,171	$ 67,069,416	$ 68,126,339

d. Major customer information

For the years ended December 31, 2021 and 2020, the Group's operating revenue were NT$99,569,924 thousand and NT$60,683,171 thousand and single customer contacting 10% or more to the Group's operating revenue were NT$13,524,520 thousand and NT$5,842,435 thousand, respectively. For the years ended December 31, 2021 and 2020, there was no other individual customer exceeded 10% of the Group's operating revenue.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Winbond Electronics Corporation (“WEC”)	NTCJ	NTC’s indirect subsidiary with 100% ownership	$ 16,442,318 (Note 1)	$ 11,080,076 (JPY 46,071,000) (Note 3)	$ 11,080,076 (JPY 46,071,000) (Note 3)	$ - (JPY -)	$ -	13.44	$ 41,222,057 (Note 5)	Y	N	N	
1	NTC	NTCJ	Subsidiary	15,554,690 (Note 2)	2,411,350 (JPY 8,300,000) and (USD 15,000) (Note 4)	1,413,275 (JPY 4,150,000) and (USD 15,000) (Note 4)	159,306 (JPY 662,000) and (USD 3) (Note 4)	-	9.09	15,554,690 (Note 6)	Y	N	N	
1	NTC	NTSH	Subsidiary	15,554,690 (Note 2)	2,302,320 (RMB 530,000) (Note 4)	- - (Note 4)	-	-	-	15,554,690 (Note 6)	Y	N	Y	

Note 1: WEC’s maximum amount endorsed are limited to 30% of the net equity in latest financial statements of WEC or 150% of the net value of the endorsee company, whichever is lower. WEC’s limitation of maximum endorse amount as described are not limited to subsidiaries that directly or indirectly hold 100% of voting shares.

Note 2: NTC’s maximum amount endorsed are limited to 20% of the net equity in latest financial statements of NTC or the net value of the endorsee company, whichever is lower. NTC’s limitation of maximum endorse amount as described are not limited to subsidiaries that directly or indirectly hold more than 50% of voting shares.

Note 3: The ending balance is approved by the boards of directors of WEC.

Note 4: The ending balance is approved by the boards of directors of NTC.

Note 5: WEC’s total maximum amount endorsed are limited to 50% of the net equity in latest financial statements of WEC.

Note 6: NTC’s maximum amount endorsed are based on the net equity in the latest financial statements of NTC.

TABLE 2

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WEC	Shares							
	Walsin Lihwa Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 22% ownership interest in WEC	Current financial assets at fair value through other comprehensive income	222,000,000	$ 5,883,000	6	$ 5,883,000	
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	〃	150,000,210	2,715,004	5	2,715,004	
	Walsin Technology Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	〃	8,600,117	1,436,219	2	1,436,219	
	Walton Advanced Engineering Inc.	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. WEC as the investee's director.	〃	50,062,641	943,681	10	943,681	
	Shares							
	His Chu Golf Country Club	None	Non-current financial assets at fair value through other comprehensive income	3	11,910	-	11,910	
	Linkou Golf Course	〃	〃	1	9,100	-	9,100	
	Intellectual Property Innovation Corporation	〃	〃	1,000,000	7,963	10	7,963	
	Harbinger III Venture Capital Corp.	WEC as the investee's supervisor	〃	5,440	113	5	113	
	Smart Catch International Co., Ltd.	None	〃	4,000,000	-	16	-	
WECA	Shares							
	Kneron Holding Company	None	Current financial assets at fair value through profit or loss	377,808	USD 2,000	1	USD 2,000	
	Funds							
	Vanguard Short-Term Corporate Bond ETF (VCSH)	None	Current financial assets at fair value through profit or loss	24,000	USD 1,950	-	USD 1,950	
	iShares National Muni Bond ETF (MUB)	〃	〃	17,000	USD 1,977	-	USD 1,977	
	JVP VIII, L.P.	〃	Non-current financial assets at fair value through other comprehensive income	-	USD 17,849	7	USD 17,849	
	JVP X Funds	〃	〃	-	USD 9,789	4	USD 9,789	
WECJ	Shares							
	Nihon Computer Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	10	JPY -	1	JPY -	

(Continued)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
GLMTD	Shares							
	TEGNA Electronics Private Limited	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	3,001,000	INR 30,010	10	INR 30,010	
NTC	Shares							
	Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	675,000	10,840	5	10,840	
	Brightek Optoelectronic Co., Ltd.	None	〃	34,680	1,933	-	1,933	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	〃	8,800,000	598,400	4	598,400	
	Autotalks Ltd. - Preferred E. Share	None	〃	3,932,816	553,600	9	553,600	
	Warrants							
	Autotalks Ltd.	None	Non-current financial assets at fair value through profit or loss	-	69,200	-	69,200	
SYI	Shares							
	Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	1,650,000	255,750	5	255,750	
NTCJ	Shares							
	Symetrix Corporation	None	Non-current financial assets at fair value through other comprehensive income	50,268	-	1	-	
	Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	Related party in substance	〃	14,700	1,255,651	49	1,255,651	Note 1

Note 1: Under the business combination arrangement, if TPSCo. turns net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, NTCJ is required to pay Panasonic Corporation the net profit based on ownership share. Thus, NTCJ has no significant influence over TPSCo. during the period of the effective date of the acquisition to March 31, 2022. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income.

Note 2: Refer to Tables 7 and 8 for information of investment in subsidiaries, investments in associates and investment in Mainland China.

(Concluded)

TABLE 3

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount (Note 3)	Gain (Loss) on Disposal	Shares	Amount
WEC	Miraxia Edge Technology Corporation	Investments accounted for using equity method	NTCJ	Sub-subsidiary	-	$ -	4,000	$ 357,898 (Note 1) Investments accounted for using equity method - NTC (97,887) Capital surplus - changes in ownership interests in subsidiaries (92,351) Investment income or loss 3,837 Cumulative translation adjustments (2,979)	-	$ -	$ -	$ -	4,000	$ 168,518
NTCJ	Miraxia Edge Technology Corporation	Investments accounted for using equity method	WEC	Parent	4,000	313,282	-	Investment income or loss 109,206 Cash dividends paid (216,893) Cumulative translation adjustments (37,935)	4,000	357,898 JPY(1,462,000)	167,660	Disposal income or loss - Capital surplus adjustments 190,238	-	-

Note 1: The acquisition of 100% ownership of METC from NTCJ was approved by WEC's board meeting on September 23, 2021. The acquisition date was set on November 1, 2021.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
WEC	Buildings	2021.01.21-2021.10.22	$ 1,586,619	Monthly settlement by the construction progress and acceptance	Exyte Taiwan Co., Ltd.	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2021.01.21-2021.12.18	954,331	Monthly settlement by the construction progress and acceptance	L&K Engineering Co., LTD.	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2021.01.21-2021.12.18	552,756	Monthly settlement by the construction progress and acceptance	TASA Construction Corporation	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2021.02.08-2021.12.22	404,755	Monthly settlement by the construction progress and acceptance	Marketech International Corporation	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2021.04.01-2021.11.02	335,913	Monthly settlement by the construction progress and acceptance	Confederate Technology Co., Ltd.	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2021.05.24-2021.09.10	314,093	Monthly settlement by the construction progress and acceptance	Mega Union Technology Incorporated	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
WEC	WEHK	Direct subsidiary with 100% ownership	Sales	$ 9,936,348	17	Net 90 days from invoice date	N/A	N/A	$ 840,586	11	
	WECJ	Indirect subsidiary with 100% ownership	Sales	5,884,031	10	Net 90 days from invoice date	N/A	N/A	703,787	9	
	WECN	Indirect subsidiary with 100% ownership	Sales	4,022,285	7	Net 90 days from invoice date	N/A	N/A	58,397	1	
	WECA	Indirect subsidiary with 100% ownership	Sales	1,611,534	3	Net 90 days from invoice date	N/A	N/A	303,816	4	
	NTC	Direct subsidiary with 51% ownership	Sales	368,050	1	Net 30 days from invoice date	N/A	N/A	36,222	-	
WEHK	WEC	Parent company	Purchases	USD 355,379	100	Net 90 days from invoice date	N/A	N/A	USD (30,368)	(100)	
WECJ	WEC	Parent company	Purchases	JPY 23,153,263	99	Net 90 days from invoice date	N/A	N/A	JPY (2,924,514)	(98)	
WECN	WEC	Parent company	Purchases	RMB 932,288	100	Net 90 days from invoice date	N/A	N/A	RMB (13,443)	(100)	
WECA	WEC	Parent company	Purchases	USD 57,801	100	Net 90 days from invoice date	N/A	N/A	USD (10,985)	(99)	
NTC	WEC	Parent company	Purchases	368,505	8	Net 30 days from invoice date	N/A	N/A	(36,060)	(2)	
NTC	NTHK	NTC's direct subsidiary with 100% ownership	Sales	5,223,300	40	Net 90 days from invoice date	N/A	N/A	36,138	3	
NTC	Nyquest Technology Co., Ltd.	Related party in substance	Sales	264,399	2	Net 45 days from invoice date	N/A	N/A	52,397	4	
NTCJ	NTC	Parent company	Sales	USD 10,527	1	Net 15 days end of the month	N/A	N/A	JPY 287,475	3	
NTC	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	292,813	6	Net 15 days end of the month	N/A	N/A	(71,813)	(4)	
NTHK	NTC	Parent company	Purchases	USD 187,021	100	Net 90 days from invoice date	N/A	N/A	USD (1,306)	(100)	
NTSPL	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	USD 105,641	34	Net 10 days end of the month	N/A	N/A	USD 12,322	43	
NTCJ	NTSPL	NTC's direct subsidiary with 100% ownership	Purchases	JPY 11,336,071	25	Net 10 days end of the month	N/A	N/A	JPY (1,418,194)	(10)	
	NTSPL	NTC's direct subsidiary with 100% ownership	Sales	JPY 21,243,879	23	Net 10 days end of the month	N/A	N/A	JPY 1,856,012	17	

(Continued)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
NTSPL	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	USD 195,084	67	Net 10 days end of the month	N/A	N/A	USD (16,126)	(65)	
NTCJ	NTSH	NTC's indirect subsidiary with 100% ownership	Sales	JPY 4,168,163	5	Net 15 days end of the month	N/A	N/A	-	-	
NTSH	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	JPY 4,168,163	100	Net 15 days end of the month	N/A	N/A	-	-	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	RMB 84,688	20	Net 15 days end of the month	N/A	N/A	-	-	
NTCJ	NTSH	NTC's direct subsidiary with 100% ownership	Purchases	RMB 84,688	3	Net 15 days end of the month	N/A	N/A	-	-	
	TPSCo.	Related party in substance	Purchases	JPY 24,707,241	55	Net 10 days end of the month	N/A	N/A	JPY (1,650,615)	(22)	
	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	Sales	JPY 12,925,853	14	Net 10 days end of the month	N/A	N/A	JPY 2,284,284	21	
NTSPL	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	Purchases	USD 3,984	1	Net 10 days end of the month	N/A	N/A	USD (537)	(2)	
NTSH	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	Sales	RMB 33,736	8	Net 15 days end of the month	N/A	N/A	-	-	

(Concluded)

TABLE 6

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
WEC	WEHK	Direct subsidiary with 100% ownership	$ 840,586	13.03	$ -	-	$ 523,422	$ -
	WECJ	Indirect subsidiary with 100% ownership	703,787	11.86	-	-	-	-
	WECA	Indirect subsidiary with 100% ownership	303,816	10.56	-	-	139,895	-
NTSPL	NTCJ	NTC's indirect subsidiary with 100% ownership	USD 12,322	10.84	-	-	USD 12,322	-
NTCJ	NTSPL	NTC's direct subsidiary with 100% ownership	JPY 1,856,012	12.39	-	-	JPY 1,856,012	-
AMTC	NTCJ	NTC's indirect subsidiary with 100% ownership	JPY 577,004	7.02	-	-	JPY 577,004	-
NTIL	NTC	Direct subsidiary with 51% ownership	ILS 20,700	(Note)	-	-	ILS 20,700	-
NTCJ	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	JPY 2,284,284	15.09	-	-	JPY 2,284,284	-
	TPSCo.	Related party in substance	JPY 1,093,377	(Note)	-	-	JPY 1,093,377	-

Note: Other receivables is not applicable to calculation of turnover rate.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Winbond Electronics Corp.	Nuvoton Technology Corporation	Taiwan	Research, design, development, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	$ 4,436,920	$ 4,436,920	214,954,635	51.00	$ 7,844,763	$ 2,940,752	$ 1,538,577	
	Winbond International Corporation	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	100.00	1,666,124	49,679	49,679	
	Winbond Electronics (HK) Limited	Hong Kong	Sales of semiconductor and investment holding	278,158	278,158	71,150,000	100.00	435,975	164,093	164,088	
	Miraxia Edge Technology Corporation	Japan	Software and hardware integration design of semiconductor	167,660	-	4,000	100.00	168,518	113,043	3,837	(Note 1)
	Landmark Group Holdings Ltd.	British Virgin Islands	Investment holding	168,755	168,755	5,343,000	100.00	151,284	35,702	35,702	
	Great Target Development Ltd.	Seychelles	Investment holding	155,663	155,663	4,470,000	100.00	132,662	(653)	(653)	
	Callisto Holding Limited	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	103,563	(15,646)	(15,646)	
	Winbond Technology Ltd.	Israel	Design and service of semiconductor	21,242	21,242	100,000	100.00	62,301	12,176	12,176	
	Winbond Electronics Germany GmbH	Germany	Marketing service of semiconductor	28,679	28,679	850,000	100.00	23,791	508	508	
	Pine Capital Investment Limited	Hong Kong	Investment holding	2,967	2,967	780,000	100.00	2,903	(265)	(265)	
	Chin Xin Investment Co., Ltd.	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	8,257,867	528,594	199,232	
	Hwa Bao Botanic Conservation Corp.	Taiwan	Agriculture and forestry botanic conservation	30,000	30,000	3,000,000	15.00	28,596	(8,827)	(1,324)	
Winbond International Corporation	Winbond Electronics Corporation America	United States of America	Design, sales and service of semiconductor	1,683,207	1,683,207	3,067	100.00	1,696,567	49,885	49,885	
Landmark Group Holdings Ltd.	Winbond Electronics Corporation Japan	Yokohama, Japan	Research, development, sales and after-sales service of semiconductor	112,644	112,644	2,970	100.00	162,662	93,780	93,780	
Callisto Holding Limited	Callisto Technology Limited	Hong Kong	Electronic commerce and investment holding	30,895 USD 1,000	30,895 USD 1,000	1,000,000	100.00	27,543 USD 995	(196) USD (7)	(196) USD (7)	
Great Target Development Ltd.	GLMTD Technology Private Limited	India	Sales and service of semiconductor	135,415	135,415	27,998,400	99.99	103,082	(436)	(436)	
Nuvoton Technology Corporation	Nuvoton Electronics Technology (H.K.) Limited	Hong Kong	Sales of semiconductor	427,092	427,092	107,400,000	100.00	508,077	44,719	44,719	
	Marketplace Management Limited	British Virgin Islands	Investment holding	274,987	273,418	8,897,789	100.00	298,146	176,494	176,494	
	Nuvoton Investment Holding Ltd.	British Virgin Islands	Investment holding	590,953	590,953	17,960,000	100.00	360,342	56,889	56,889	
	Song Yong Investment Corporation	Taiwan	Investment holding	38,500	38,500	3,850,000	100.00	277,340	5,847	5,847	
	Nuvoton Technology India Private Limited	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100.00	20,532	131	131	
	Nuvoton Technology Corporation America	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100.00	180,225	3,427	3,427	
	Nuvoton Technology Singapore Pte. Ltd.	Singapore	Design, sales and service of semiconductor	1,319,054	1,094,134	45,100,000	100.00	1,607,079	336,971	336,971	
	Nuvoton Technology Korea Limited	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100.00	11,201	(15,029)	(15,029)	
	Nuvoton Technology Holdings Japan	Japan	Investment holding	5,927,849	5,941,896	100	100.00	6,370,802	323,476	81,815	(Note 2)
Marketplace Management Limited	Goldbond LLC	United States of America	Investment holding	1,473,559	1,472,903	-	100.00	297,599	176,817	176,817	
Nuvoton Investment Holding Ltd.	Nuvoton Technology Israel Ltd.	Israel	Design and service of semiconductor	46,905	46,905	1,000	100.00	361,619	56,985	56,985	
Nuvoton Technology Holdings Japan	Nuvoton Technology Corporation Japan	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100.00	10,961,545	323,113	323,113	
Nuvoton Technology Corporation Japan	Miraxia Edge Technology Corporation	Japan	Design and service of semiconductor	-	55,760	-	-	-	113,043	109,206	(Note 1)
	Atfields Manufacturing Technology Corporation	Japan	Design and service of semiconductor	55,760	55,760	4,000	100.00	278,266	137,018	137,018	

Note 1: The acquisition of 100% ownership of METC from NTCJ was approved by WEC’s board meeting on September 23, 2021. The acquisition date was set on November 1, 2021.

Note 2: Share of profit (loss) includes downstream and upstream transactions and the amortization cost of the difference between the original investment amount and equity.

Note 3: Refer to Table 8 for information on investment in mainland China.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and USD Dollars)

1. Information on any investee company in mainland China, main businesses and procedures, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
						Outward	Inward						
WEC	Winbond Electronics (Suzhou) Limited	Design, development and marketing of VLSI integrated ICs	$ 276,435 USD 9,000	Through investing in WEHK in the third area, which then invested in the investee in mainland China indirectly	$ 276,435 USD 9,000	$ -	$ -	$ 276,435 USD 9,000	$ 54,195	100	$ 54,195	$ 374,943	$ 35,880
NTC	Nuvoton Electronics Technology (Shanghai) Limited	Provide project of sale in China and repairing, testing and consulting of software and leasing business	68,036 USD 2,000	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	68,036 USD 2,000	-	-	68,036 USD 2,000	177,178	51	90,733	153,777	-
	Winbond Electronics (Nanjing) Ltd.	Computer software service (except I.C. design)	16,429 USD 500	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 USD 500	-	-	16,429 USD 500	-	51	-	(1,533) (Note 2)	-
	Nuvoton Electronics Technology (Shenzhen) Limited	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 USD 6,000	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 USD 6,000	-	-	197,670 USD 6,000	8,805	51	4,509	110,968	-
NTSH	Song Zhi Electronics Technology (Suzhou)	Provide development, consult and equipment lease of semiconductor	8,688 CNY 2,000 (Note 3)	Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly	- (Note 3)	-	-	-	(582)	51	(298)	4,150	-

Note 1: Investment profit or loss for the year ended December 31, 2021 was recognized under the basis of the financial statements audited by the Company's auditor.

Note 2: WENJ has a negative net book value as of December 31, 2021, which is reclassified to other non-current liabilities.

Note 3: NTSH directly injected the capital in Song Zhi Electronics Technology (Suzhou).

2. Information on any investee company in mainland China, main businesses and procedures, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
WEC	$ 276,435 (USD9,000)	$ 276,435 (USD9,000)	$ 49,466,468
NTC	282,135 (USD8,500)	282,135 (USD8,500)	9,332,814

Note 4: Upper limit on the amount of 60% of the investee's net book value.

3. Refer to Table 5 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.
4. Refer to Table 1 for handling endorsement, guarantee and collateral to the investee in Mainland China directly and indirectly through investing in companies in the third area.
5. Financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area: None.
6. Other transactions with significant influence on profit or loss for the period or financial performance: None.

TABLE 9

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Financial Statement Account	Amount	Terms	
0	WEC	WEHK	Transactions between parent company and subsidiaries	Operating revenue	$ 9,936,348	-	10
		WEHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	840,586	-	1
		WECA	Transactions between parent company and subsidiaries	Operating revenue	1,611,534	-	2
		WECA	Transactions between parent company and subsidiaries	Operating expenses	551,736	-	1
		WECA	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	303,816	-	-
		WECA	Transactions between parent company and subsidiaries	Other payables	108,197	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating revenue	5,884,031	-	6
		WECJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	703,787	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating expenses	290,510	-	-
		WTL	Transactions between parent company and subsidiaries	Operating expenses	317,431		-
		WECN	Transactions between parent company and subsidiaries	Operating revenue	4,022,285	-	4
		NTC	Transactions between parent company and subsidiaries	Operating revenue	368,050	-	-
1	NTC	NTHK	Transactions between parent company and subsidiaries	Operating revenue	5,223,300	-	5
		NTIL	Transactions between parent company and subsidiaries	Operating expenses	989,897	-	1
		NTIL	Transactions between parent company and subsidiaries	Other payables	184,048	-	-
		NTCA	Transactions between parent company and subsidiaries	Operating expenses	290,515	-	-
2	NTCJ	NTSPL	Transactions between subsidiaries	Operating revenue	JPY 21,243,879	-	5
		NTSPL	Transactions between subsidiaries	Accounts receivable due from related parties	JPY 1,856,012	-	-
3	NTSPL	NTCJ	Transactions between subsidiaries	Operating revenue	USD 105,641	-	3
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	USD 12,322	-	-
4	NTSH	NTCJ	Transactions between subsidiaries	Operating revenue	RMB 84,688	-	-
5	AMTC	NTCJ	Transactions between subsidiaries	Other operating revenue	JPY 2,868,191	-	1
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	JPY 577,004	-	-

Note 1: There is no significant difference between the sales conditions of parent-subsidiary sales and general sales, and the rest of the transactions have no similar transactions to follow, thus the transactions between the two parties are based on the agreement.

Note 2: Significant intercompany transactions refers to transactions amounted to NT$100 million.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Lihwa Corporation	883,848,423	22.20
Chin Xin Investment Co., Ltd.	240,003,072	6.03

Note 1: Table 10 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preferred shares held by shareholders who retain more than 5% of the Company’s share (including treasury shares) that have delivered without physical registration. The number of shares in the Company’s consolidated financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

Note 2: As per information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee’s account. Additionally, according to the Securities and Exchange Act, internal stakeholder whom holds more than 10% of the Company’s share, which includes shares held by the stakeholder and parts delivered to the trust that have decision making rights, should be declared. For information regarding internal stakeholder declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.