SPIL

# Siliconware Precision Industries Co., Ltd.

## 2021 Annual Report

Win customers' confidence and create the high-tech future together

# SPIL

Win customers' confidence and create the high-tech future together

## Company Spokesman

Name: Mr. Jay Huang
Title: Deputy Director of Finance Division
Tel: 886-4-2534-1525
E-mail: Spokesperson@spil.com.tw

Name: Ms. Eva Chen
Title: VP of Account Division
Tel: 886-4-2534-1525
E-mail: SPILIR@spil.com.tw

## Headquarters and Facilities

Headquarters & Da Fong Facility

Chung Te Entrance/
No. 468, Sec. 5, Chung Te Rd., Tantzu, Taichung , Taiwan 427, R.O.C. Tel: 886-4-2534-1525

Da Fong Entrance/
No.123, Sec.3, Da Fong Rd., Tantzu, Taichung, Taiwan 427, R.O.C. Tel: 886-4-2534-1525

Chung Shan Facility
No.153, Sec.3, Chung Shan Rd., Tantzu, Taichung, Taiwan 427, R.O.C. Tel: 886-4-2534-1525

Zhong Gong Facility
No. 9, Gongyequ 7th Rd., Xitun, Taichung, Taiwan 407, R.O.C. Tel: 886-4-2354-2068

Chang Hua Facility
No.8, Sec.2, Chang Hsin Rd., Changhua, Taiwan 508, R.O.C. Tel: 886-4-721-8888

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Hsin Chu Branch Company

Hsin Chu I
No.4, Creation Rd. 4, Science-Based Industrial Park, Hsinchu, Taiwan 300, R.O.C. Tel: 886-3-577-3151

Hsin Chu III
No.1-1, R&D Rd. 2, Science-Based Industrial Park, Hsinchu, Taiwan 300, R.O.C. Tel: 886-3-578-7799

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CTSP Branch Company

CTSP I
No.19, Keya Rd., Daya Dist., Taichung, Taiwan 428, R.O.C. Tel: 886-4-2554-5527

CTSP II
No.15, Keya Rd., Daya Dist., Taichung, Taiwan 428, R.O.C. Tel: 886-4-2554-5527

## Institution Offering Stock Transfer Service

Company: CTBC Bank, Transfer Agency Department
Address: 5F., No.83, Sec.1, Chung Ching S. Rd., Taipei, Taiwan 100, R.O.C.
Web Site: http://www.ctbcbank.com
Tel: 886-2-6636-5566

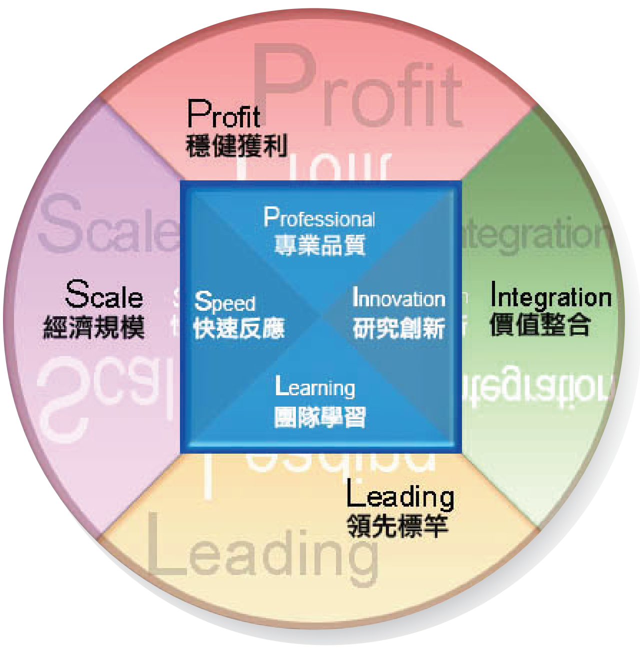
## The Auditing Public Accountants of Certifying Financial Statements During Recent Years

Company: PricewaterhouseCoopers, Taiwan
Auditor: Chang, Chih-An and Chou, Chien-Hung
Address: Int. Trade Building, 27F., No.333, Sec.1, Keelung Rd., Taipei, Taiwan 110, R.O.C.
Web Site: http://www.pwc/tw
Tel: 886-2-2729-6666

## Company Web Site : http://www.spil.com.tw

# SPIL$^2$

**SPIL$^2$ PHILOSOPHY** To achieve the outer performances by inner operations.




● The outer circle suggests SPIL's outward harmony and tolerant ability.

■ The inner square suggests SPIL's implicit stability and core.

# SPIL Overview

Founded in May, 1984, Siliconware Precision Industries Co., Ltd.(SPIL) focuses on IC packaging, processing, trading, testing, and other related fields. Our products are widely applied to PC, communication products, business consumer electronics and memory products.

SPIL is the world's leading provider of professional packaging and testing services. Since the incorporation, we have been dedicated to technical alleviation and resource integration in the field of perspective packaging, testing and wafer-bumping to provide complete semiconductor backend turnkey services for all our customers. In recent years, we also expanded to include Fan-Out Wafer Level Packaging, 2.5D IC Packaging, High Bandwidth Packaging and Heterogeneous Integration Packaging. We have built up capacity and implemented mass production to ensure our company can withstand competition for those packaging services. Moreover, SPIL is also equipped with superior advantages, such as flexible capacity, robust financial structure, advanced technology, higher yield rate and stability. Further, we have also established world-wide service sites in Taiwan, United State, Europe, Japan and China to provide global services.

The clients of SPIL are composed of world-leading semiconductor design houses or end users. The advanced production processes demanded by these companies have given SPIL a reputation of high quality and satisfying services. SPIL continuously fine-tunes its techniques to meet the demands from our customers and has become the priority partner our customer will turn to when they seek EMS professionals.

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# I. Letter to Shareholders

### To our shareholders:

In 2021, with slowdown of the epidemic, gradual reopening of the economy and the economic stimulus plan, the global economy had recovered rapidly, driving the strong growth of the demand for electronic products. According to WSTS estimate, the global semiconductor market grew by 25.6%.

We strived to make up for the performance affected by the US-China trade war. In fact, we implemented the strategy of increasing the proportion of customer outsourcing and developing new customers, and make every effort to catch up. With the efforts of all colleagues, the revenue continued to grow, reaching a record high of NT $107.84 billion.

The following will conclude the operation status of the company for the past year.

### 2021 Operating Results

**1. 2021 results of business outlook**

The consolidated sales revenue of 2021 was NT$107.84 billion, which was an increase of 5.7% compared to NT$102.04 billion in the previous year. Earnings per share was NT$4.85 in 2021, which was a indecrease of 54% compared to NT$3.15 in the previous year. Major growth came from the communications and computer categories.

**2. Budget performance**

SPIL didn't disclose the financial forecast in 2021

**3. Financial results and profitability analysis**

As specified in the Company's 2021 consolidated financial statement, the Company's paid-in capital was NT$ 36.5 billion in 2021, Net income attributable to owners of the Company totaled at NT$ 93.8 billion, accounting for 64% of the total assets of NT$ 147.5 billion. The long-term capital assets accounted for 148% of those of properties, assets, and equipment, with a 138% liquidity ratio and a 13% return on asset (ROA). The combined operating profit ratio of 27.9% in 2021, which was a increase 6% compared to 21.9% in 2020. The net operating profits increased by 67% (NT$ 8.3 billion) from 2020 to NT$ 20.7 billion in 2021. Net income before taxes was NT$ 21.8 billion, increasing by NT$ 7.8 billion at a 56% rate from the previous year. Net income attributable to owners of the Company amounted to NT$ 17.7 billion, representing an increase of approximately 54% from the previous year. The profitability increased as compared to the year of 2020.

**4. Status of research and development**

In response to the future development of the 5G, AI and Metaverse market trends, SPIL focus on the development of Cloud Computing, Autonomous Driving, Smart Phone/ Wearable and AIOT application Packages, and developed key products and technologies in the following categories in 2021:

(1) Leading the development of Fan-out Embedded Bridge Technology (Fan-Out Embedded Bridge) , and provide low cost solutions for high performance CPU, GPU, FGBA multi-chip Homogeneous / Heterogeneous packaging requirements for Supercomputer / High-end Servers(HPC).

(2) Developed large die size of high bandwidth package-on-package(Large Die HB-PoP) to meet the high performance requirements of the new generation of flagship smartphones, and the trend of multi-core integration of mobile phone processors.

(3) Leading the development of 5G mmWave antenna stack structure package, which can improve the antenna packaging yield and reduce costs and it can help to promote the popularization of the 5G mmWave mobile phone market and enter the era of ultra-high-speed wireless transmission quickly.

## 2022 Business Outlook

**1. Operation Strategies**

(1) Become a world-class benchmark in the semiconductor assembly and testing industry by continuously upgrading quality of service and competitiveness to meet customers' satisfaction.

(2) Maintains good relationship with vendors and thereby to optimize strength of supply chain linkage.

(3) Aggressively promotes energy-saving and waste-reduction activities, aiming to actively exercise SPIL's corporate responsibility for environmentally sustainable operation.

(4) Aggressively participates in various social charity and community events, cultural and artistic activity support so as to give back to the society.

(5) Creates a working environment that allows employees to grow and learn, in consequence shaping a healthy corporate culture.

**2. Sales / Revenue Projection**

(1) Predicts a consolidated sales revenue growth in 2022.

(2) Estimates to reach a sales volume of 19.9 billion units in 2022.

**3. Key Production and Sales Strategies**

Facing the enhancement of competition, SPIL will continue to focus on assembly and testing operation, expand market, and deepen services to strategic customers to increase market share and revenue. SPIL will integrate supply chain value to ensure the profit growth. SPIL will accurately track mainstream products and market movements and develop a customer base for new product applications to ensure the leading position.

## Strategies for future development

1. Demand side : actively strive to cooperate with high growth customers to increase revenue.
2. Supply side :
   a. Through the capacity platform, rapidly and flexibly adjust capacity to meet customers' requirement.
   b. Use four principles of improvement, ECRS (Eliminate, Combine, Rearrange, and Simplify), to increase labor and machinery efficiency. Reduce labor need.
   c. Strengthen organization. Refine process and reduce indirect labors.
   d. Prepare spaces for future growth.
3. Technology development:
   a. Develop FO and 2.5D technology. Provide customers with homogeneous/heterogeneous integrated packaging solutions to increase revenue.
   b. Grasp the market and increase revenue with SIP vertical stacking technology.

## The effect of exterior environment competition, regulation, and macro economy

1. Tight wafer supply, rising foundries prices, and quick adjustment of customer product portfolio caused raw material to increase.
2. Insufficient capacity of raw materials (substrate) caused rise of prices and long delivery time. The customers quickly adjusted the product portfolio.
3. Aging population, the enterprises migrating back to Taiwan and the expansion of semiconductor companies caused the flow of semiconductor talents in Taiwan and prolonged the recruitment cycle of indirect personnel. Since 2020, the migration of foreign labors has been suspended due to the epidemic, resulting in a shortage of grassroots manpower.
4. Due to the US-China trade war, customer orders returned to Taiwan, resulting in insufficient production capacity and lack of expansion flexibility in Taiwan.
5. The future trend is to face the challenges of high performance computing and high energy efficiency through heterogeneous integration and stacked-die technology.

Chairman of the Board and President C. W. Tsai

# II. A Brief Introduction to SPIL

## 2.1 Company Profile

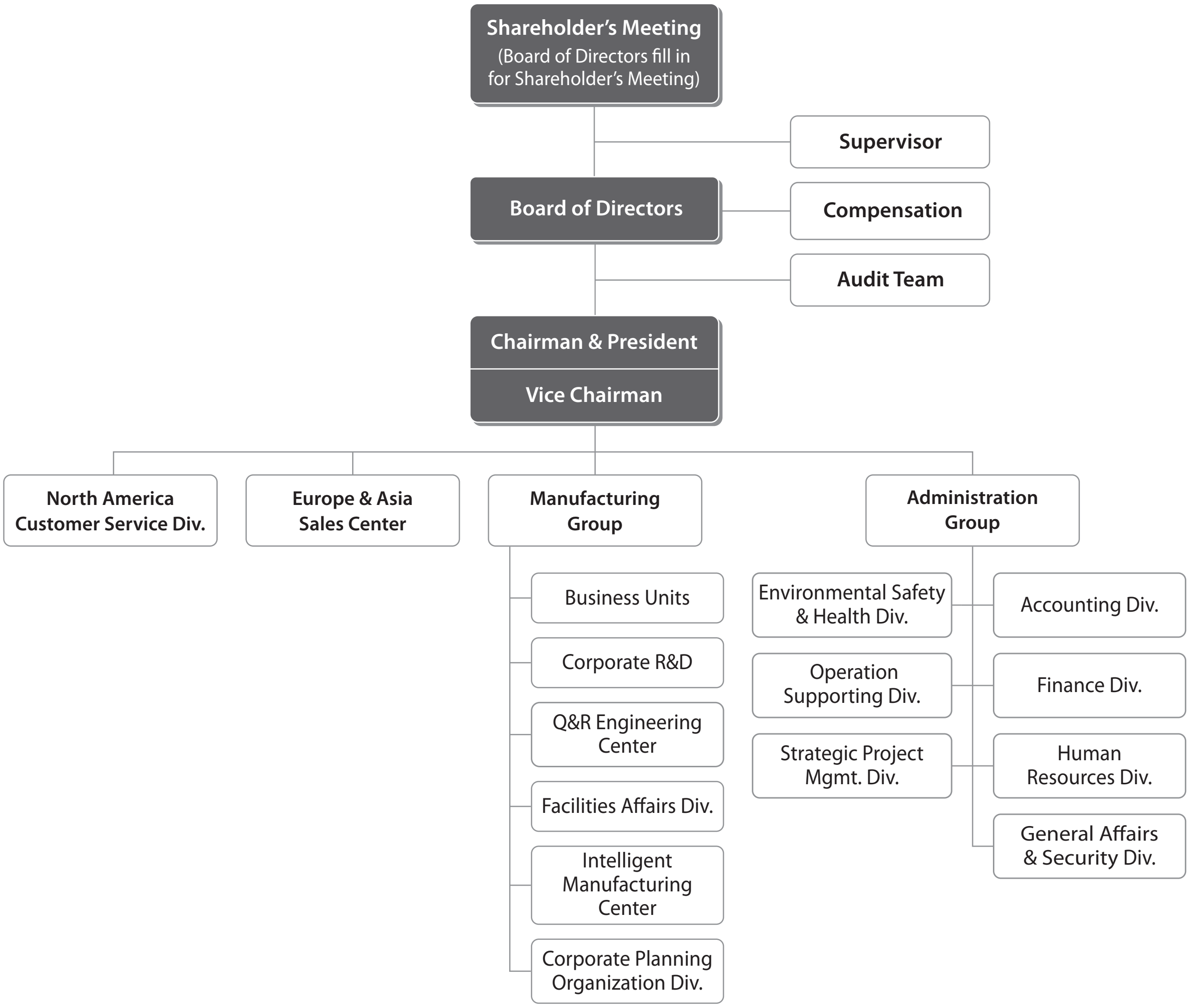
1. Date of Establishment: May 17, 1984

2. Milestones

| | | |
|---|---|---|
| 1984 | May | Siliconware Precision Industries Co., Ltd (SPIL) founded |
| | Aug | Began operations in its first factory |
| 1988 | Feb | Completed and activated Tan Fu facility |
| 1989 | Aug | SPIL became a public company |
| 1993 | Jan | Passed ISO 9001 Quality management system certification |
| | Apr | Stock began trading on Taiwan Stock Exchange: TAIEX: 2325 |
| | Apr | Completed and activated Hsin Chu I facility |
| 1995 | Oct | Issuance GDRs, then delisted in August 2000 and converted to ADRs |
| | Oct | Completed and activated Da Fong facility |
| | Dec | SPIL Headquarters moved to Da Fong facility |
| 1997 | Jul | 1st Issuance of Euro Convertible Bonds amounted to USD 138M |
| 1999 | Jan | Passed QS 9000 Quality management system certification |
| | May | Introduced ISO 14001 Environmental Management system and passed certification |
| 2000 | Jun | Issuance of ADRs; NASDAQ: SPIL |
| | Sep | Completed and activated Chung Shan facility |
| | Dec | Merged with Siliconware Corporate |
| 2001 | Dec | Found Siliconware Technology (SuZhou) Limited |
| | Dec | 12" Bumping Mass production |
| 2002 | Jan | 2nd Issuance of Euro Convertible Bonds amounted to USD 200M |
| 2003 | Mar | Passed Sony Corporation's Green Partner qualification |
| | Aug | Passed ISO/ TS 16949 Quality management system certification |
| 2004 | Feb | 3rd Issuance of Euro Convertible Bonds amounted to USD 200M |
| | Dec | Introduced OHSAS 18001 Certification system and passed certification |
| 2007 | Jul | Completed and activated Chang Hua facility |
| 2008 | Aug | Passed QC 080000 (IECQ HSPM) Certificate of Conformity |
| | Nov | Introduced CNS15506 Taiwan Occupational Safety and Health Management System and passed certification |
| 2009 | Aug | Merged with Siliconware Investment Company Ltd. |
| | Nov | Procurement of new testing plant at Hsinchu Science Park, named Hsin Chu III facility |
| 2010 | Nov | Monthly production of copper-based process packaging services exceeded 100 million chips; customers come from communication, consumer and e-network sectors, etc. |
| 2011 | Sep | Introduced PAS 2050 verification system for certain products and passed certification |
| | Oct | Collaborated with industry-leading firms to develop advanced technology, such as TSV, 2.5D, 3D IC, etc. |
| 2012 | Aug | Siliconware Technology (SuZhou) Limited passed clean production certification |
| | Nov | Awarded for Authorized Economic Operator by Customs Administration, Ministry of Finance |
| 2013 | Nov | Introduced ISO 50001 energy management system and passed certification |

| | | |
|---|---|---|
| 2014 | Mar | 60 GHz AIP-SIP Mass production |
| | Aug | Procurement of new plant at Central Taiwan Science Park, named Zhong Ke facility |
| | Oct | 4th Issuance of Euro Convertible Bonds amounted to USD 400M |
| 2016 | Apr | Received award as an excellent corporation at the Corporate Governance Evaluation by the Taiwan Stock Exchange (TWSE) for two consecutive years |
| | Jun | SPIL and ASE signed the "Joint Share Exchange Agreement." SPIL will exchange shares with ASE's new holding company. |
| | Jun | Zhong Ke facility obtained IT product safety certification (CC EAL 6+) |
| | Jul | The Ministry of Economic Affairs awarded SPIL the Ministry of Economic Affairs award for being top 10 exporter/importer in 8 years consecutively |
| | Sep | Production line of Building B of Chung Shan facility obtained IT product safety certification (CC EAL 6+) |
| | Sep | HBW-POP Platform Mass production |
| 2017 | Apr | Advanced Package 2.5D Platform Mass production |
| | Jun | Passed ISO 26262 Road vehicles-Functional Safety certification |
| | Jul | Founded Siliconware Electronics (FuJian) Co., Limited |
| | Nov | The Anti-Monopoly Bureau of the Ministry of Commerce of PRC conditionally approved the application in respect of the merger participated by ASE and SPIL as well as a new holding company established through share exchange |
| | Dec | Hsin Chu branch obtained IT product safety certification (CC EAL 6+) |
| 2018 | Apr | SPIL and ASE jointly established ASE Technology Holding Co., Ltd., and each became wholly owned subsidiaries of the holding company |
| | Aug | PMIC DS-SIP Mass production |
| | Nov | Awarded the "Taiwan Corporate Sustainability Report Awards" (TCSA)" by the Taiwan Institute for Sustainable Energy |
| | Dec | 28/39 GHz AIP-SIP Mass production |
| 2019 | Jul | Purchased Plant II in Taichung Science Park from Genius Electronic Optical Co., Ltd to expand capacity of Zhong Ke Facility |
| | Jul | FCCSP w/ 5nm wafer Mass production |
| | Nov | Passed ISO 45001 Occupational Safety and Health Management Systems certification |
| 2020 | Jan | Passed ISO 22301 Business Continuity Management certification |
| | Jan | 28/39 GHz Large antenna array CPE AIP-SIP Mass production |
| | May | AP+PMIC DS-SIP Mass production |
| | May | Advanced Package FO-MCM Platform Mass production |
| | Oct | Disposed Siliconware Electronics (Fujian) Co., Limited |
| | Nov | Awarded for the "Operation Continuity Practice Award" by British Standards Institute |
| | Dec | Passed ISO 27001 Information Security Management System certification |
| 2021 | Mar | Advanced Package FO-EB Platform Mass production |
| | Apr | Invest in Erlin Science Park of Central Taiwan Science Park, named Zhong Ke II facility |
| | Oct | Procurement of new plant at Taichung Tanzi Technology Industrial Park, named Tan Ke facility |

## 2.2 Organization




| Name of Organization | Major Services |
|---|---|
| Europe & Asia Sales Center<br>North America<br>Customer Service Division | Marketing Strategies, Sales ,Management,<br>Business & Sales Promotion,<br>Customer's Satisfaction Management |
| Manufacturing Group | Assembly Manufacturing Management, Testing Service,<br>Engineering and R&D Management, Quality Assurance System,<br>Facility Management , Intellectual Property Management<br>Intelligent Manufacturing Development and Management,<br>Business & Operation Result Analysis, Production Planning ,<br>Industrial Engineering, Business Flow Efficiency, Establishment and<br>Maintenance of Information Management and Application System |
| Administration Group | Procurement Management, Investment Strategy Consolidation,<br>Marketing analysis, Legal Affair, Financial & Accounting Management,<br>Corporate Governance,Human Resources, General affairs and security,<br>ESH Management |

## 2.3 Information Regarding Directors and Supervisors

| Title | Nationality | Name | Gender / Age | Elected Date | Current Shareholding | | Spouse & Minor Shareholding | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Numbers of Share Owned | % of Share Owned | Numbers of Share Owned | % of Share Owned |
| Director | R.O.C (Taiwan) | ASE Technology Holding, Co., Ltd. | — | 2021.4.29 | 3,651,748,878 | 100 | — | — |
| Representative of Director | R.O.C (Taiwan) | Chi-Wen Tsai (Chairman) | Male 71 to 80 years old | 2021.4.29 | 0 | 0 | 0 | 0 |
| | R.O.C (Taiwan) | Yen-Chun Chang (Vice Chairman) | Male 61 to 70 years old | 2021.4.29 | 0 | 0 | 0 | 0 |
| | R.O.C (Taiwan) | Kun-Yi Chien | Male 61 to 70 years old | 2021.4.29 | 0 | 0 | 0 | 0 |
| | U.S.A | Randy Hsiao-Yu Lo | Male 61 to 70 years old | 2021.4.29 | 0 | 0 | 0 | 0 |
| | R.O.C (Taiwan) | Michael Chang | Male 51 to 60 years old | 2021.4.29 | 0 | 0 | 0 | 0 |
| | R.O.C (Taiwan) | River Gu | Male 61 to 70 years old | 2021.4.29 | 0 | 0 | 0 | 0 |
| | R.O.C (Taiwan) | David Tseng | Male 51 to 60 years old | 2021.4.29 | 0 | 0 | 0 | 0 |

February 28, 2022

| Indirect Shareholding | | Education Background | Principal Business Activities Performed Outside Our Company |
|---|---|---|---|
| Numbers of Share Owned | % of Share Owned | | |
| 0 | 0 | — | — |
| 0 | 0 | Electrical Engineering,<br>National Taipei Institute of Technology | President of SPIL<br>Director of SPIL's Subsidiaries |
| 0 | 0 | Electrical Engineering,<br>Southern Taiwan University of Science and Technology | COO of SPIL<br>Director of SPIL's Subsidiaries |
| 0 | 0 | Industrial Management,<br>National Taiwan University of Science and Technology<br>EMBA, Tunghai University | CAO of SPIL<br>Representative of Director of Yann Yuan Investment Co., Ltd.<br>Representative of Director of ChipMOS Technologies Inc. |
| 0 | 0 | Ph.D of Chemical Engineering,<br>Purdue University<br>Vice President of Advanced Package R&D Division, SPIL | President of Siliconware USA, Inc.<br>Director of SPIL's Subsidiaries |
| 0 | 0 | Industrial Engineering,<br>Chung Yuan Christian University | Senior Vice President of SPIL |
| 0 | 0 | Electronic Engineering,<br>Feng Chia University | Senior Vice President of SPIL |
| 0 | 0 | Electronic Engineering,<br>Oriental Institute of Technology in Taiwan | Senior Vice President of SPIL |

| Title | Nationality | Name | Gender / Age | Elected Date | Current Shareholding | | Spouse & Minor Shareholding | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Numbers of Share Owned | % of Share Owned | Numbers of Share Owned | % of Share Owned |
| Representative of Director | R.O.C (Taiwan) | Ming-Shan Chang | Male 61 to 70 years old | 2021.4.29 | 0 | 0 | 0 | 0 |
| | R.O.C (Taiwan) | John Yu | Male 51 to 60 years old | 2021.4.29 | 0 | 0 | 0 | 0 |
| Supervisor | R.O.C (Taiwan) | ASE Technology Holding, Co., Ltd. | – | 2021.4.29 | 3,651,748,878 | 100 | – | – |
| Representative of Supervisor | R.O.C (Taiwan) | Ching-Yu Hsu | Male 51 to 60 years old | 2021.4.29 | 0 | 0 | 0 | 0 |
| | R.O.C (Taiwan) | Patrick Lin | Male 61 to 70 years old | 2021.4.29 | 0 | 0 | 0 | 0 |

Note : As the Company is a single corporate shareholder, the Chairman of the Board of Directors is also the President of the Company in consideration of the overall operation policy of the Company. The supervisor has management expertise and is able to effectively perform his supervisory function to implement corporate governance.

| Indirect Shareholding | | Education Background | Principal Business Activities Performed Outside Our Company |
|---|---|---|---|
| Numbers of Share Owned | % of Share Owned | | |
| 0 | 0 | Industrial Engineering and Systems Management, EMBA of Feng Chia University | Vice president of SPIL |
| 0 | 0 | Industrial Engineering and Management, National Taiwan University of Science and Technology | Senior Vice President of SPIL |
| 0 | 0 | — | — |
| 0 | 0 | Electronic Engineering, Chin-Yi College of Technology in Taiwan | — |
| 0 | 0 | Assistant Vice President, Huatai Electronic Materials Division<br>International Trade, Tamkang University | — |

# III. Capital and Shares

## 3.1 History of Capitalization

| Month/ Year | Issue Price (Per Share) | Authorized Share Capital | | Capital Stock | |
|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount |
| 2009.9 | 10 | 3,600,000,000 | 36,000,000,000 | 3,116,361,139 | 31,163,611,390 |
| 2018.5 | 10 | 3,600,000,000 | 36,000,000,000 | 3,289,855,412 | 32,898,554,120 |
| 2018.7 | 10 | 3,600,000,000 | 36,000,000,000 | 3,391,748,878 | 33,917,488,780 |
| 2021.7 | 10 | 4,000,000,000 | 40,000,000,000 | 3,651,748,878 | 36,517,488,780 |

Note : We merged our wholly-owned subsidiary, Siliconware Investment Company Ltd.
A total of 36,228,732 shares have been canceled.

## 3.2 Status of Shareholders

February 28, 2022

| Type of Shareholders / Numbers | Government Agencies | Financial Institutions | Other Juridical Persons | Foreign Institutions and Natural Persons | Domestic Natural Persons | Total |
|---|---|---|---|---|---|---|
| Number of Shareholders | 0 | 0 | 1 | 0 | 0 | 1 |
| Shareholding | 0 | 0 | 3,651,748,878 | 0 | 0 | 3,651,748,878 |
| Holding Percentage | 0% | 0% | 100% | 0% | 0% | 100% |

February 28, 2022

| Remark | | | | |
|---|---|---|---|---|
| Sources of Capital | | | Date of Approval & Approval Document No. | Capital Increase by Assets Other than Cash |
| Unsecured Euro Convertible Bonds conversion | Exercise of Employee Stock Options | Capital increase by retained earnings | | |
| — | — | — | 2009/9/28 Tai Cheng Shang Tzu No. 09800240801 (Note) | None |
| 173,494,273 | — | — | 2018/5/18 Ching Shou Shang Tzu No. 10701053210 | None |
| 101,893,466 | — | — | 2018/7/4 Ching Shou Shang Tzu No. 10701078470 | None |
| — | — | 260,000,000 | 2021/7/14 Ching Shou Shang Tzu No .11001109870 | None |

### 3.3 Major Shareholders

February 28, 2022

| Shareholders | Total Shares Owned | Ownership (%) |
|---|---|---|
| ASE Technology Holding, Co., Ltd. | 3,651,748,878 | 100% |

### 3.4 Market Price, Net Asset Value, EPS and Dividends Per Common Share

| Item \ Year | | | 2020 | 2021 | By February 28, 2022 |
|---|---|---|---|---|---|
| Market Price Per Share | Highest | | — | — | — |
| | Lowest | | — | — | — |
| | Average | | — | — | — |
| Net Asset Value Per Share | Before Distribution | | 24.50 | 25.69 | — |
| | After Distribution | | 21.43 | (Note) | — |
| Earnings Per Share | Weighted Average Shares (Unit : 1,000 Shares) | | 3,391,749 | 3,651,749 | 3,651,749 |
| | Earnings Per Share | Pre-adjustment | 3.39 | 4.85 | — |
| | | After adjustment | 3.15 | — | — |
| Dividends Per Share | Cash Dividends | | 3.0663 | (Note) | — |
| | Stock Dividends | Retained Earnings | 260,000 | — | — |
| | | Capital Reserve | — | — | — |
| | Cumulative Unpaid Dividends | | — | — | — |
| Analysis of Rate of Return | Price/Earnings Ratio | | — | — | — |
| | Price/Cash Dividends Ratio | | — | — | — |
| | Yield of Cash Dividends | | — | — | — |

Note : Computable only upon resolution for allocation of earnings at the general shareholders'meeting 2022.

### 3.5 Dividend Policy and Distribution

1. Dividend Policy

According to the SPIL's Articles of Incorporation, any earnings from the SPIL's annual final accounting shall be allocated in the following order:

(1) Pay applicable tax

(2) Cover losses

(3) Set aside 10% as legal reserve, unless the legal reserve already amounts to the authorized capital

(4) Provide or reverse special reserve

(5) The balance, if any, plus the unallocated accumulated retained earnings for the previous years shall be allocated per the motion for allocation of earnings drafted by the Board of Directors and upon resolution at the shareholders' meeting.

SPIL is now operating and growing stably. In the future, SPIL will allocate the stock dividend based on residual dividend policy, subject to SPIL's operating planning, business development, budget of capital expenditure and funding need.

Distribution of dividends can be in the form of cash dividends or stock dividends, but the cash dividend distribution ratio is more than 50% of the total dividends, and the Board of Directors proposes allocation of earnings, which will be handled after the resolution of the shareholders meeting.

2. Dividend payout plans proposed during the most recent shareholder's meeting :

As of the publication date of the annual report, SPIL has not yet resolved.

### 3.6 Employees' Profit Sharing Compensation and Directors' Compensation

1. The percentage or range of salary of Directors and Supervisors regulated in Articles of Incorporation:

   According to SPIL's Articles of Incorporation resolved by the Shareholders' meeting, any earnings after SPIL's fiscal year final settlement shall be allotted 10% as the employees' compensation, and no more than 1% as the Directors and Supervisors' compensation. Notwithstanding, where SPIL suffers loss, the accumulated loss shall be deducted at first and then the balance, if any, should be allotted. The employees' compensation shall be granted in the form of stock or in cash. Eligible employees shall refer to payroll employees of the domestic or foreign subordinate companies controlled directly of 50% or more by SPIL who have substantially worked for the current fiscal year in which bonus occurs.

   SPIL's Board of Directors may establish such functional commission as remuneration committee, while the members' qualifications, job responsibilities and related issues shall be handed in accordance with the related laws and defined by the board of directors separately.

2. Accounting treatment in the case of discrepancy between the estimated compensations and the actual compensations for employees, Directors and Supervisors:

   In case of a discrepancy between the compensations for employees, Directors and Supervisors estimated under the Articles of Incorporation, and the compensations actually allotted to employees, Directors and Supervisors at the Board of Directors' meeting of the next year, it shall be treated as an accounting change and the income should be adjusted on the year when the Board of Directors' meeting resolves it. SPIL's estimated compensation for employees/ Directors and Supervisors was NT$2,379,961 thousand/ NT$145,871 thousand in 2021, namely, 10% and 0.6%, respectively, of the net income before tax before deduction of the compensation for employees/ Directors and Supervisors.

3. Compensations based on the resolution of the Board of Directors:

   The Board of Directors resolved on February 16, 2022 to allot the employees' compensation as NT$2,379,961 thousand and the Directors and Supervisors compensation as NT$145,871 thousand for 2021 in cash. There is no discrepancy between the amount allocated by the resolutionand the estimated amount.

4. Actual distribution of employees, Directors and Supervisors' compensation in the previous year, and the difference, reasons, and processing situation for the employees and Directors' compensations that were recognized:

   The Board of Directors resolved on February 18, 2021 to allot the employees' compensation as NT$1,533,576 thousand and the Directors and Supervisors' compensation as NT$138,022 thousand for 2020 in cash. The difference between the actual distribution amount and aforementioned the original estimated employees' compensation of NT$1,533,576 thousand and the Directors and Supervisors compensation of NT$153,358 thousand was NT$15,336 thousand in total. Adjusted for changes in accounting estimates at the time of Board approval.

# IV. Operational Highlights

## 4.1 Business activity

### 1. Scope of Business

#### (1) Major services

Electronic parts manufacturing, electronic materials wholesale, and international trade.

#### (2) Revenue and sales percentage by service of SPIL and its subsidiaries

Unit: NT$ Billion

| Item | 2021 | |
|---|---|---|
| | Revenue | % |
| Assembly | 89.12 | 83 |
| Test | 16.48 | 15 |
| Other | 2.24 | 2 |
| Total | 107.84 | 100 |

#### (3) Current services of SPIL and its subsidiaries

Assembly:
- SO Package
- QFP Package
- QFN Package
- CSP Package
- BGA Package
- FCBGA Package
- FCCSP Package
- WLCSP Package
- SiP Module
- FO-WLP
- 2.5D IC Package
- 3D IC Package

Bumping:
- 8 "/ 12" wafer bumping

Test:
- 8 "/ 12" wafer sort (including bumping wafer)
- Final Test
- System Level Test

**(4) Future development plans of SPIL and its subsidiaries**

Plan to develop the following manufacturing services and technologies

New manufacturing services

1) FCCSP series : Apply to communication products, like cell phones, tablet PCs, WLANs.
   - IPD on High Bandwidth PoP

2) FCBGA series : Apply to for personal computers, tablet PCs, and networking devices etc., and key components like graphics, chipsets, and application processor.
   - 2.1D FCBGA with L/S:2/2um
   - FO-MCM FCBGA with HBM (High Bandwidth Memory)
   - FO-EB-T FCBGA with HBM

3) CSP series : Apply to consuming and communication products, like Bluetooth earphones, cell phones, tablet PCs, finger print module, wearable devices, IoT… etc.
   - 3DIC on FCCSP
   - FO-Panel
   - FOSD-oS

4) SiP (System in Package) series : Apply to consuming and communication products, like mini hard disks, DSC (Digital Still Camera), cell phones, tablet PCs, wearable devices, IoT…etc.
   - FO-PoP (Fan Out PoP) pre-stack Memory
   - Thermally enhanced 5G AiP with exposed die & conformal shielding
   - Double side molding SiP with compact size and fine pitch for PMIC and TWS application
   - Separated Antenna Structure with Partial Coating EMI Shielding of 5G mmWave Antenna Module
   - Multi-Die of High Integration and Miniaturization Solution for Single Side and Double Side SiP for WiFi7
   - Molded Thin Substrate Structure with Exposed Die Structure for High Thermal of CPU+DDR Module

New technologies

1) Assembly:
   - LAB (Laser Assisted Bonding)
   - Flip Chip technology on 3nm ELK wafer
   - Wafer from Hybrid bond Technology
   - Wafer from TCB (Thermo-Compression-Bonding) Technology

2) Bumping:
   - RDL with L/S:1/1μm
   - 8 Layer RDL

3) Testing:
   - Develop the low-cost test technology for wifi6e/7 application
   - Develop the high-power heat dissipation (> 600W) solution/system for Burn-In System
   - Develop the optical communication and millimeter wave test technology for application of 5G and automotive products

## 2. Industry overview of SPIL and its subsidiaries

### (1) Current status and future outlook of the industry

In 2021, demand of work-from-home, video conference, learn-from-home, sport-at-home, entertainment, etc. raised rapidly, which drove the surge in sales of computers, consumer electronics, and home wired/wireless communication related products. According to the estimate of WSTS in Nov. 2021, world semiconductor market grew 25.6%. According to the estimate of Primark in Jan. 2022, the OSAT industry also increased 27%, as it benefited from the aggressive inventory build-up of supply chain and tight capacity to support average sales prices.

### (2) Supply chain structure

Taiwan's semiconductor industry supply chain is remarkable. There are 238 IC design houses, 13 foundries, 37 assembly and testing companies, photo-mask manufacturers, substrate and leadframe providers, wafer material suppliers, and several system assemblers with versatile applications in Taiwan. This unrivaled network enables SPIL to help clients optimize their time-to-revenue at highly competitive prices and quality levels.

### (3) Product trends and competition status

1) End product applications analysis:

(i) AI artificial intelligence: From 2020 CES show, AI has penetrated into human life and emphasized the smooth collaboration between humans and machines. In terms of voice applications, the demand for voice assistant systems continues to grow, and non-voice applications such as human voice IP identification and smart stethoscopes are gradually entering our daily life. For the image application part, such as smart glasses, manufacturing robots and household robots show high collaboration and fluency. In the future, AI will integrate acceleration chips, cloud computing and big data which will develop in a series of AI-related technologies such as smart healthcare, smart manufacturing, smart cities and self-driving cars.

(ii) Cloud and edge computing: Cloud data center, vehicle ADAS and security monitoring system technology has increased the demand for DNN (Deep Neural Networks) chips in high speed computing and low latency system which including the core technologies in computing efficiency optimization, such as Google TPU, faster memory access and high bandwidth, such as HBM memory, 3D packaging, and high-speed interconnection protocol, such as NVLink and CXL. As a result, chip industry enhances their competitive advantages through merger and acquisition.

(iii) 5G mobile communication: The demand for 5G mobile phones continues to grow. According to Prismark, it will reach 750 million in 2022 which about 46% penetration of smartphone market. On the other hand, 5G technology has also greatly driven the applications of mobile audio and video, such as sharing and streaming services, the performance improvement of mobile networking and the emergence of new audio and video technologies, such as UHD, AR/VR, and 360-degree audio and video.

(iv) Consumer: Strong growth in wearables/headphones, smart home/speaker and gaming consoles, the growth will be about 8% in 2022.

2) As electronic products get smaller yet more functional, the Company will continue to focus technologies on SiP modules, 2.5D/3D ICs, fan-out wafer level package, and miniaturization.

3) Demand increased for high level packaging: As IC designs have grown more intricate, the need for higher I/O, fine pitches, higher heat dissipation requirements and stable electrical characteristics have driven the development of advanced packaging techniques, including:
   - Copper pillar bumps
   - Multi layers metal RDL technology with 1 um line width and space
   - Through Silicon via interconnection technology
   - Integration of passive components
   - Ultra-thin wafer grinding and wafer level packaging
   - 7 nm/ 5 nm/ 3nm wafer level packaging
   - Fan-Out Wafer Level Packaging
     - Fan-out Package on Package technology
     - Fan-out Multi-Chip Module technology
     - Fan-out Embedded Bridge die technology
   - Thin & High Bandwidth PoP
   - SiP (System in Package)
   - 2.5D/3D High-rank integrated assembly technology

4) Due to the severe competition in higher level technology development, the top three semiconductor assembly and test service providers will be positively and prudently in their expansion plans for 2022.

## 3. A Commitment to Research and Development of SPIL and its subsidiaries

### (1) Research and Development expenditures

The R&D expenses in 2021 are NT$4,392,106 thousand.
The R&D expenses from January 1 to February 28, 2022 are about NT$823,128 thousand.

### (2) Successful Development of Manufacturing Services and Technologies

There are many new manufacturing services and technologies being presented by SPIL continuously to meet our customers' demands for multi-functionality, thinness and compact design.

New manufacturing services:

1) FCCSP series: Apply to communication products, like cell phones, tablet PCs, WLANs etc.
- 3 x 3 mm small size FCCSP
- FC-ETS (Embedded Trace Substrate) with LSC (Land Side Capacitor)
- FC-MISBGA (Molded-Interconnection-System BGA)
- Recon (Reconstitution) FCCSP
- Recon (Reconstitution) ED-FCCSP
- FCCSP with TCB (Thermal Compression Bonding)
- FCCSP with LSC (Land Side Capacitor)
- Extreme-Thin FCCSP
- Ultra Thin WB-SFCCSP
- 5G Antenna FCCSP with LSD (Land Side Die)
- EHS-ED-FCCSP
- Large Die & High Bandwidth PoP

2) FCBGA series: Apply to for personal computers, tablet PCs, and networking devices etc., and key components like graphics, chipsets, and application processor.
- 11 mm x 11 mm small size FCBGA
- 89 mm x 98 mm large size FCBGA
- 2.5D D75 mm x 60 mm size FCBGA
- FCBGA with 60GHZ Antenna
- FCBGA with Ultrahigh Thermal Performance TIM (Thermal Interface Material)
- FCBGA with EPS (Embedded Passive Substrate)
- FCBGA with Low Loss Organic Substrate
- FCBGA with LSC (Land Side Capacitor)
- FCBGA with TCB (Thermal Compression Bonding)
- 65mm x 65mm FCBGA with Thin Core Substrate
- FO-MCM FCBGA
- FO-EB FCBGA
- Antenna FCBGA with LSD (Land Side Die)

3) CSP series : Apply to consuming and communication products, like Bluetooth earphones, cell phones, tablet PCs, finger print module, wearable devices, IoT etc.

- Large size WLCSP
- Extremely-Thin WLCSP
- Ultra-Thin CSP-UFBGA
- SLP (Single Layer Substrate Package)
- EHS-TFBGA (TFBGA with heat sink)
- FC-QFN (Cu pillar bump)
- Molded Type WLCSP
- MR (Multi-row-Routable)-QFN
- FO-WLP (Fan-Out Wafer Level Package)
- FO-MCM (Fan-Out Multi-Chip-Module)
- Wire Bond/ Flip Chip Finger Print Sensor Packaging Technology
- Passive Integrated Mapped Quad Flat No Lead Packaging

4) SiP (System in Package) series : Apply to consuming and communication products, like mini hard disks, DSC (Digital Still Camera), cell phones, tablet PCs, wearable devices, IoT etc.

- 9 dices-stacked
- MCM-WB-SFCCSP (Cu pillar bump/ Cu wire bonding)
- FC-PoP
- Flip Chip Enhanced PoP
- PoP with Coreless Substrate Technology
- FC Enhanced PoP with LSC (Land Side Capacitor)
- FC Bare die PoP with LSC (Land Side Capacitor)
- FC Exposed Die Enhance PoP with Coreless Substrate with LSC (Land Side Capacitor)
- High Bandwidth PoP
- Thin & High Bandwidth PoP
- F2F (Face to Face) Bonding FCCSP
- FO-PoP (Fan Out PoP) with LSC (Land Side Capacitor) Technology
- FO-SiP (Fan Out SiP)
- Double Side SiP
- Solder via, Cu via and Interposer
- Selective Mold & Partial EMI coating
- Package on Package of 5G mmWave Antenna in PKG Structure Technology Development
- Multi-Die of High Integration and Miniaturization Solution for Single Side and Double Side SiP for WiFi6/6E
- WB-FCCSP (Cu pillar bump/ Ag wire bonding)

New technologies

1) Assembly:

- 45 um Pitch, Linear Cu Wire Bonding
- 40 um linear pitch, Cu Wire bonding
- Wire bonding Tech. on 28/20 nm ULK/ ELK Wafer
- Wire Bond technology on 14 nm ELK Wafer
- Advanced Wafer Thinning Technologies - 25 um for 8" & 12" Wafer
- Advanced Wafer Thinning Technologies - 50 um for 12" Bumping Wafer
- Flip Chip Tech. on 10/ 7/5 nm ELK Wafer
- Flip Chip with 130 um Pitch Lead Free Bumping
- 40 um pitch Cu Pillar Bumping
- TCB (Thermo-Compression-Bonding) Technology
- Integrated Passive Devices
- SD (Stealth Dicing) Laser Technology
- Plasma Dicing
- Remote Plasma
- Si-Interposer Technology
- Partial Side Molding
- SiC/GaN wafer die saw tech

2) Bumping:

- Lead Free (SnAg, SnCu) Wafer Bumping
- 100 um Pitch Eutectic Bump
- 100 um Pitch Lead Free Bump
- 40 um Pitch Cu Pillar Bump
- Bumping on 10/ 7/ 5/ 4 nm ULK/ ELK Wafer
- 8"/ 12" Ball On Trace WLCSP
- Thick Cu trace for WLCSP
- 5/6 Layer Layer RDL

3) Testing:

- Extend test capability of power measurement for the millimeter wave automotive radar up to 79GHz
- Increase system level test throughput up to 11.95 times by a 72 sites handler for parallel test
- Create a low cost burn-in test system
- Develop 2um ultra-fine pitch test substrate

**4. Short-term and long-term development strategies of SPIL and its subsidiaries**

**(1) Short-term:**

1) To satisfy most concerned items by target customers and win their market share.
2) To develop technologies and products rapidly in line with market trends and speed up the time to market.
3) To expand and to consolidate capacities at Taiwan and abroad continuously for the advanced assembly and test of productivity to satisfy the market growth trend.

**(2) Long-term:**

Layout the new applications in line with the industrial development trends and continue the growth drive to ensure SPIL's leading position in the semi-conductor assembly industry.

## 4.2 Market and sales overviews

### 1. Market analysis of SPIL and its subsidiaries

**(1) Sales by geographical area in 2021:**

| Area | Sales Revenue (NT$ B) | % |
|---|---|---|
| North America | 55.90 | 52 |
| China | 18.61 | 17 |
| Taiwan | 28.07 | 26 |
| Europe | 4.69 | 4 |
| Other | 0.57 | 1 |
| Total | 107.84 | 100 |

Note : The statistics for customers by territory shall be gathered based on the where headquarters of the customers' groups are situated.

**(2) Market share**

According to PRISMARK estimate in Jan. 2022, the world semiconductor assembly and test services revenue was US$45.5 billion. Our revenue was US$3.857 billion in 2021, which is around 8.48% of the industry.

**(3) Supply-and-demand status and growth in future markets**

According to PRISMARK estimate released in Jan. 2022. The revenues of semiconductor assembly and test services will grow 8% in 2022.

**(4) Core competence**

1) Advanced engineering technology and service capabilities
2) Flexible capacity allocation capabilities that are continuously expanded and upgraded
3) Outstanding supply-chain integration capability
4) Stable human resources
5) Excellent customer relationship

**(5) Advantages and disadvantages of future prospects**

1) Advantages

Continue to hold the leading position in advanced technology along with high-yield and stable production lines, which will enable us to take more packaging orders.

2) Disadvantages

The demand for assembly and test services is expected to grow, but fluctuation of capital market, exchange rate, and raw material prices will be our main concern. Besides, the competition will be more intensive after the China Government starts to support the local companies of semiconductor industry. Moreover, the impact brought by trade protectionism is not to be underestimated.

3) Policy of response

- Strengthen sales marketing activities and relationship with customers
- Develop technology and products that meet market demand
- Rationalize supply chain management to reduce purchasing cost
- Improve product design and material specifications

## 2. Applications of major products and their production process of SPIL and its subsidiaries

### (1) Major products and applications

| Major Products | Major Application |
|---|---|
| Turnkey solution for IC packaging and testing services | Integrated Circuits, widely applied in PCs, Telecommunications, Internet and Consumer Electronics, including Laptops, Tablets, Smart Phones, Feature Phones, wearable devices, smart appliances, STBs (Set Top Box), LCD TVs, DSCs, Game Consoles, IoT, fingerprint sensors, smart cars, VR/AR, etc. |

### (2) Production process

Wafer Bump → Wafer Sort → IC Packaging (Flip Chip) → IC Testing → Drop Ship

## 3. Suppliers of Major Raw Materials of SPIL and its subsidiaries

| Type of Raw Materials | Supplier Name | Domestic | Foreign | Status of Supply |
|---|---|---|---|---|
| Substrate | A, B, C | V | | Good |
| Lead Frame | D, F | V | | Good |
| | E | | V | Good |
| Gold Wire | G, H, I | | V | Good |
| Copper Wire | G, H, J | | V | Good |
| Molding Compound | D | V | | Good |
| | K, L | | V | Good |

### 4. Major suppliers/customers list for over 10% of purchase/sales, including the amount and percentage for two years

#### (1) Major Suppliers List 2020-2021 of SPIL and its subsidiaries

Unit : NT$ Thousand

| 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|
| Name | Amount | Percentage of Net Purchase (%) | Relationship with the issuer | Name | Amount | Percentage of Net Purchase (%) | Relationship with the issuer |
| A | 6,740,133 | 15 | None | A | 6,390,374 | 14 | None |
| B | 7,566,317 | 17 | None | B | 3,661,767 | 8 | None |
| Others | 30,155,458 | 68 | | Other | 35,602,716 | 78 | |
| Net Purchase | 44,461,908 | 100 | | Net Purchase | 45,654,857 | 100 | |

#### (2) Major Customers List 2020-2021 of SPIL and its subsidiaries

Unit : NT$ Thousand

| 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|
| Name | Amount | Percentage of Net Sales (%) | Relationship with the issuer | Name | Amount | Percentage of Net Sales (%) | Relationship with the issuer |
| A | 14,682,460 | 14 | None | A | 20,305,944 | 19 | None |
| B | 10,566,363 | 10 | None | B | 16,017,682 | 15 | None |
| C | 27,218,815 | 27 | None | — | — | — | |
| Others | 49,568,208 | 49 | | Others | 71,514,994 | 66 | |
| Net Sales | 102,035,846 | 100 | | Net Sales | 107,836,620 | 100 | |

### 5. Production Quantity & Value Table 2020-2021 of SPIL and its subsidiaries

Unit : 1,000 pcs ; NT$ Thousand

| Year / Quantity Value / Item | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Capacity | Quantity | Value | Capacity | Quantity | Value |
| Assembly | Note | 10,663,867 | 64,181,498 | Note | 12,993,443 | 65,726,795 |
| Test | Note | 3,024,967 | 12,710,866 | Note | 3,019,856 | 10,460,155 |
| Total | | 13,688,834 | 76,892,363 | | 16,013,299 | 76,186,950 |

Note: Due to the industrial characteristic of assembly and test industry, capacity cannot be discriminated by item, thus it is disclosed by numbers of major equipment: 10,634 wire bonders and 1,521 testers at the end of 2021.

### 6. Sales Quantity & Value Table 2020-2021 of SPIL and its subsidiaries

Unit : 1,000 pcs ; NT$ Thousand

| Sales Quantity Value \ Year / Item | 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic | | Overseas | | Domestic | | Overseas | |
| | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value |
| Packaging | 2,847,152 | 19,624,928 | 7,816,715 | 59,499,771 | 4,855,503 | 27,620,078 | 8,137,940 | 61,493,730 |
| Testing | 98,773 | 160,488 | 2,926,194 | 19,734,347 | 1,349,779 | 294,636 | 1,670,077 | 16,189,132 |
| Others | 0 | 188,486 | 0 | 2,827,826 | 0 | 156,198 | 0 | 2,084,846 |
| Total | 2,945,925 | 19,973,902 | 10,742,909 | 82,061,944 | 6,205,282 | 28,070,912 | 9,808,017 | 79,767,708 |

### 4.3 Employee Analysis of SPIL and its subsidiaries

February 28, 2022

| Item | | 2020 | 2021 | As of February 28, 2022 |
|---|---|---|---|---|
| Number of Employees | Engineers | 8,195 | 8,163 | 8,170 |
| | Management | 1,737 | 2,095 | 2,201 |
| | Administrators | 1,073 | 1,084 | 1,083 |
| | Operators | 11,315 | 11,703 | 11,178 |
| | Total | 22,320 | 23,045 | 22,632 |
| Average Age | | 36.3 | 36.2 | 36.8 |
| Average Years of Employment | | 8.2 | 8.3 | 8.6 |
| Level of Education (%) | Ph. D. | 0.1 | 0.1 | 0.1 |
| | Master's Degree | 6.7 | 6.2 | 6.4 |
| | Bachelor's & Associate's Degree | 57.1 | 54.6 | 55.3 |
| | Senior high school | 32.7 | 35.2 | 34.5 |
| | Other | 3.4 | 3.9 | 3.7 |

## 4.4 Environmental Awareness

SPIL became fully compliant with the European Union's "Restriction of Hazardous Substances" (RoHS) directive in early 2003, well ahead of July 1, 2006 when the provision took effect. Lead-free and halogen-free products have been put into mass production to meet the standard, opening the way for expanded opportunities in Europe and compliant with the industry trends.

But SPIL's interest in environmental sustainability was not merely the result of pressure from the RoHS directive. Widely recognized for our dedication to ecological awareness, we have long adhered to local and international environmental guidelines, adopting an environmental management system in 1998 that monitors the latest standards and trends. SPIL is a leader in the development of green packaging technologies that help us comply in a timely manner with the strictest customer or investor requirements.

We have been ISO14001 certified in 1999 and were re-certified under the updated ISO14001:2015 standard in 2016. But perhaps the most explicit affirmation of our commitment to environmental protection came in March 2003, when SPIL was certified as a SONY "Green Partner," well ahead of others in the semiconductor packaging and testing industry. The "Green Partner" guidelines are extensively recognized among various industries. We were also certified QC 080000 (IECQ HSPM) in 2008, which is a Hazardous Substance Process Management System for electrical and electronic components and products. The certifications underline the SPIL's effort to supply environment-friendly products. As SPIL strives to have better energy management and reduce electricity consumption, we passed ISO50001 Energy management system certification in 2013. Continue to promote energy-saving programs through every year, in 2021, SPIL decreased about 14K tons of carbon dioxide equivalent emissions.

In view of the gradually serious problem in global warming caused by the emission of greenhouse gas (GHG), SPIL has conducted annual GHG emission inventory in business activities, reduction of power consumption in lighting management, and facility equipment energy-efficiency improvement, etc., since 2005. Also, SPIL has joined the Carbon Disclosure Project (CDP) and had a third party conduct the ISO 14064-1 verification of GHG emission inventory since 2007 and 2010, respectively. Moreover, SPIL stepped forward to have the PAS 2050 (inventory of Product Carbon Footprint emissions) and WFP (water footprint) verification conducted on a designated product by a third party in 2011 and 2014, respectively. Year 2018 was the Company's twelfth year of being invited to take part in CDP. As a result of our complete disclosure in information regarding greenhouse management, SPIL was evaluated reaching Leadership Score Level of the CDP. In 2018, the building B of Zhong Ke facility received the Green Factory Label of Industrial Development Bureau. In 2020, we continue to maintain the certificates of Cleaner Production Assessment system, also select a specific product, and check the raw materials, energy resource usage, and transportation conditions in the manufacturing process of the product, and successfully pass the ISO 14045 and ISO 14067 certification. This is an honor to us for our sustainability commitment.

SPIL adopted the Responsible Business Alliance (RBA) code of conduct in 2008 so as to ensure safe working conditions in the electronics supply chain, workers are treated with respect and dignity, and manufacturers meet environmental standards. The Code has five elements including the standards for Labor, Health and Safety, Environmental, Management System and Ethics. As a good corporate citizen, SPIL is committed to complying with the code and in a way that best interacts with customers, suppliers, governments, and employees.

We maintain strict controls and standards for emissions. Relying on both preventive and exhaust pollution control equipment, our level of volatile organic compounds (VOCs) were far below the mandated maximums of 0.6kg/hr for VOCs and 0.1kg/hr for sulfuric acid. In 2021, SPIL reduced about 248 tons of emissions in VOCs.

SPIL efficiently treats wastewater by various dedicated equipment based on the properties of each streams of wastewater. Besides, SPIL sets internal alert standards which are higher than those stipulated by law and conducts periodically internal measures to ensure compliance. Moreover, the total amount of water recycled reached more than 11,121K tons in 2021.

SPIL also gives a high priority on industrial waste management, which processes by-products by reusing or recycling first instead of burning out or dumping to landfill directly. Items being recycled are carton, glass, plastics, metals and resins. IC tray is reused if it is qualified by both customer and SPIL.

SPIL have budgeted NT$1,111 million for pollution control projects over the next 24 months due to production expansion and continuous improvement.

As of today, the loss caused by environmental pollution

| NO. | Item | Case 1 |
|---|---|---|
| 1 | Factory | Zhong Ke Facility |
| 2 | Text number | Taichung Environment Protection Bureau, Notice No. 1100096592 |
| 3 | Date of Violation | 2020/10/15 |
| 4 | Disposition dates | 2021/09/13 |
| 5 | Competent Authority | Taichung City Government Environmental Protection Bureau |
| 6 | Articles of law violated | Article 22, Paragraph 2 of the Air Pollution Control Act |
| 7 | Content of law violated | Public and private places designated by the competent authority shall conduct periodic inspections and measurements by themselves or by entrusting inspection and measurement institutions, shall make records, and report to the municipal or county (city) competent authorities in accordance with regulations |
| 8 | Content of the dispositions | 2019 regular inspection results without pre-report and post-registration |
| 9 | Penalty amount | NT$100,000 |
| 10 | Future countermeasures | (1) Register the test data in the regular inspection system<br>(2) Establish a control mechanism_add a process checklist |

| NO. | Item | Case 2 |
|---|---|---|
| 1 | Factory | Changhua Facility |
| 2 | Text number | Changhua Environment Protection Bureau, Notice No. 1090073387 |
| 3 | Date of Violation | 2020/12/08 |
| 4 | Disposition dates | 2021/02/03 |
| 5 | Competent Authority | Changhua City Government Environmental Protection Bureau |
| 6 | Articles of law violated | Article 46, Paragraph 1 of the Air Pollution Control Act |
| 7 | Content of law violated | Black smoke opacity emission standard: ≦ 1.0m |
| 8 | Content of the dispositions | Black smoke opacity exceeds regulatory standards |
| 9 | Penalty amount | (1) NT$5,000<br>(2) 1 hour environmental learning |
| 10 | Future countermeasures | (1) Regular warranty for the exhaust injection system<br>(2) Ensure that the fuel injection & atomization conditions meet the regulatory standards |

## 4.5 Labor and Management Relationship

### 1. Employees Welfare and Compensation Policy

In order to have permanent management, SPIL provides our employees with welfare as below:

- Provide comprehensive insurance for employees.
- Employee's compensation / Bonus system.
- A multi-functional and comfortable dormitory for employees who require accommodation.
- Employee Welfare Commission to promote an optional welfare system.
- Introduce employee discounts on designated shops and issuance of various coupons, gift certificates, meal coupons, admission tickets for theatrical performances, etc.
- Wedding gifts, death donation, hospitalization donations, emergency aid, fertility celebrate funds and scholarship funds. In China subsidiary, there is a special subsidy given for group activities to enhance employees' harmonious relationship.
- Diverse recreational shopping areas such as employee restaurants, convenience stores, bakeries, and beverage bar for all employees. In China subsidiary, SPIL also provides a hair salon, children's playground.
- Providing multiple on-site services such as bank, insurance, tour, tax application, consumer goods sale…etc., to create a more convenient living area in SPIL.
- "Employees Entertainment Activity Center" for off-duty relaxation.
- Miscellaneous clubs and family activities such as artistic seminars, traveling activities, movie appreciation, sports competitions, family days, and so on to enable our employees to strike a balance between work and life.
- Special arrangements with several kindergartens for discounts and customized daycare services.
- Providing commuter bus and car/motorcycle parking spaces to meet the needs of employees.
- Promote employee health care
  (1) Regular health examination and promotion activities that is beneficial to health, to help employees understand their own health conditions and enhance health awareness.
  (2) Boosting care to employees who are nursing and accommodating them more comfortable and better-equipped breastfeeding room. Establish web page for mom and baby on official web site.
  (3) Arrange on-site doctor service to give employees consultation in health and medicine.
  (4) Providing a consultation and assistance service for daily life and work aspects. Aside from being able to help, it can also improve family relationships and work performance, to revive productivity as soon as possible.

**2. Recruitment**

"Talent" is SPIL's most important asset. Active recruitment, incentives, and retention are SPIL's highest guiding principles. Aside from maintaining legality, open and fair method of selecting talents, SPIL also arranges special on-the-job trainings for employees to enhance their expertise. At the same time, SPIL continuously seek outstanding students' talent channel, provide apprenticeship projects, Industry-school cooperation programs, Campus lectures and Plant visitations, to recruit from the target group. Through Industry- school Cooperation to get into the campus and cultivate potential talents in semiconductor area; furthermore, to develop overseas English speaking talent market based on a plan in order to strategically layout and increase SPIL's competitiveness internationally.

**3. Employees' Further Study and Training**

In order to create competitive advantage, talent development and management is the most important foundation of SPIL's development. SPIL has established a standardized training process in order to nurture global talent needed for future development and the China subsidiary also selects outstanding employees to the head office for professional training, so that expert knowledge and technical abilities can be passed on efficiently and effectively. In 2021, there were a total of 1,155 classes offered by SPIL, equivalent to over 182,936 hours of training, with over 134,815 persons trained. Based on the data, it appears that SPIL highly emphasizes and invests in employee's training and development. Training courses offered include:

- Comprehensive Talents Nurturing System: There is suitable training available for everyone no matter what their positions, whether in management or a different area of expertise, and which provides different levels of training for different targets.
  (1) New Employee Training: Implement training and mentoring programs for new employees, establish a system of standardized education and training, to help new employees adapt to SPIL's large family in the shortest possible time.
  (2) Professional Training: Based on the special abilities needed in every position, develop a special skills training and abilities evaluation program, to help employees maintain and develop their qualifications so that they can do their work better.
  (3) Management Training: Based on different management functions, devise and plan a management program to train talent needed in the organization, including:
    (i) Training for newly appointed/reserve supervisors.

- Diverse Education and Training System is set based on company's goal, organization function and individual position requirements, and divided into different courses as follows:
  (1) Core program: By consolidating each position's capability, common core abilities are defined and classified into seven types of training: Technical, Quality, Management, Production, IT, ESH and Production Planning/ Industrial Engineering.
  (2) Selective program: Employees can choose their own training course based on individual position development needs.
  (3) Annual strategic program: In order to reach SPIL's goals in each phase, training programs are planned accordingly.
  (4) Language training: Based on work requirements, foreign language channels are provided in order to enhance competitiveness (Ex. Presentation Skill, Email Writing, TOEIC Test Skill…etc.).

- Abundant learning channels: Aside from actual class training, there is also a diverse e-learning environment, breaking the time/space limitation, so that employees can learn whenever they need to, encouraging self-motivated learning and enhancing the competitive advantage of each SPIL employee.

**4. Retirement System and Implementation**

Pursuant to the Labor Pension Act, 6% of monthly wages shall be allocated into the personal account of the laborer who chose the new Labor Pension system; and for those who chose the old Labor Pension system or those who chose the new Labor Pension system but retain their seniority, SPIL established a Pension Committee and the monthly pension reserved shall be allocated into the Bank of Taiwan to ensure the laborer's welfare upon retiring. Before year end, we review the funding level of the Retirement Funds. If the balance is less than the accrued retirement benefit for employees who are eligible to retire within a year, the shortfall will be made up before March of the following year and submit to companies' Supervisory Committee of Labor Retirement Fund.

In China subsidiary, according to the social insurance system of China, full specified amount insurance is appropriated into personal social security account for ensuring the rights and interests of staffs about retirement, outpatient service, serious illness treatment, maternity insurance, unemployment insurance and housing accumulation fund.

For U.S. subsidiary employees, retirement regulation shall be based on U.S.A. 401K regulation. Employee can also voluntarily deposit fund into their retirement fund account from their salary based on legal limit and amount decided during the annual board of directors meeting. SPIL shall also deposit the allocated amount based on ratio into the employees personal retirement fund account.

**5. Agreement between Labor and Management**

SPIL holds the meeting between labor and management regularly and implements a labor engagement survey through a smooth Employee communication channel to realize laborers' needs and provide satisfactory working conditions in order to jointly create a prosperous future. Awards we have received are shown as below:

- Excellent enterprise for Labor and Employer relationship in 1994.
- Excellent enterprise for Education and Training in 1995.
- Excellent enterprise for Labor Working Conditions in 1996.
- Excellent Employees Welfare Commission in 2005.
- TTQS Gold Medal from BEVT, Executive Yuan, recognized as a leading edge company to be benchmarked in 2010.
- Creating Employment Opportunities Contribution Award from Executive Yuan in 2010 and 2011.
- Employer supports employee's child weaning period Award from Executive Yuan Council of Labor Affairs in 2012.
- Taichung City LOHAS Work Environment and Hsinchu branch received Friendly Employer Award in 2012.
- Suzhou Foreign R&D Organization praise in 2013 (China subsidiary (SuZhou)).
- Taiwan Corporate Sustainability Reports Award–Gold Medal for Large Enterprises in 2014.
- Awarded the Sports Enterprise Certification from Sports Administration, Ministry of Education in 2016.
- Awarded with Fastest Achievement Award and Health Promotion Award on workplace Health promotion competition in Taichung City in 2016.
- Awarded the Health Management Award of Excellent Healthy Workplace from the Health Promotion Administration, Ministry of Health and Welfare in 2017 (Dafong Facility) and Badge of Health promotion in 2017 (Changhua Facility).
- Awarded the Excellent Day Care Program for Labors of Business Unit by Taichung City Government Ministry of Labor in 2017.
- TTQS (Talent Quality-management System) Gold Awards from Ministry of Labor, Executive Yuan in 2018.
- Advanced Award of Promoting Workplace Work Equal Rights by the Central Taiwan Science Park Bureau, MOST in 2018 (CTSP Branch).
- Accredited Healthy Workplace Award of Health Promotion Administration, Ministry of Health and Welfare in 2018 (Hsinchu branch).
- Suzhou harmonious labor relations enterprise in 2019 (China subsidiary (SuZhou)).
- Award of Happy Workplace by Taichung City Government and Changhua County Government in 2019.
- Award of Promoting Workplace Work Equal Rights by the Hsinchu Science Park Bureau, MOST in 2019 (Hsinchu Branch).
- National Talent Development Awards (NTDA) from Ministry of Labor, Executive Yuan in 2019.
- Awarded the Unit of AAAAA Level Labor Security Credit Rating in 2020 (China subsidiary (SuZhou)).
- Best partner of Suzhou park social insurance fund and provident fund management center in 2020 (China subsidiary (SuZhou)).
- Excellent Enterprise Award from Manila Economic and Cultural Office (MECO) in 2020.
- Excellent Unit of Legal system and Honest Culture from the Suzhou Industrial Park High-End Manufacturing and International Trade Zone Administrative Office in 2021 (China subsidiary (SuZhou)).

**6. As of today, the loss caused by disputes between labor and management: None**

**7. Present and future possible loss estimation and response measure: None**

## 4.6 Information Security Management

1. Details of the information security management structure, information security policy, specific management programs and the resources placed into information security management. The subsidiary, Siliconware Precision Industries Co., Ltd. :

   Information security management structure:

   (1) The Company's IT division has setup an information security team which includes implementing information security measures, handling of information security emergencies and auditing of information security measures. The head supervisor of the IT division is also the representative for managing information security management.

   (2) Implementation of ISO27001 (Information Security Management Measures) to strengthen the ability to handle information security incidents and to protect the company and its customers information.

   (3) Periodic evaluation of information security risks by the management representative who review the risks and ensures the risk avoidance measures are appropriate.

   (4) Annual audit of information security by the information security team who implements and tracks changes which ensures that the information security management measures are properly controlled.

   (5) Regularly hold information security management meetings to discuss the status of implementation of information security measures.

   (6) The Company has passed ISO27001 (Information Security Management Measures) third party impartial audit examination.

2. Information Security Policy

   (1) Published information security management goals and policy and regularly review and revise.

   (2) Regularly check and update the information security management goals.

3. Specific IS Management Plans and Resources Invested

   (1) Annual training and dissemination of information security measures and all new employee must sign a information security confidentiality agreement.

   (2) All vendors must sign a Non-Disclosure Agreement in order to ensure that those who use the data services or related data have the responsibility to protect the Company's information received or used to prevent unauthorized access, revision, destruction or disclosure.

   (3) Building up backed-up, High Availability, and Disaster Recovery procedures for key systems to ensure the usability.

   (4) Anti-virus software and regular update of such software have been installed on all personal computers and unauthorized software is forbidden to be used.

   (5) Require employee accounts, passwords and authorization is properly management and used as well as regular password changes.

   (6) Established a standard operation procedure for information security incidents in which the information security emergency team handle the incident to ensure that the incident is immediately dealt with to avoid expansion of damages.

   (7) Cooperate with business continuity management measures and regularly drills to ensure system usability.

   (8) Annual internal audit to ensure the effectiveness of the information security measures and information security management controls.

   (9) Continue to pass the annual ISO27001 (Information Security Management Measures) neutral third party audits and maintain the Company's information security management measures validity.

4. As of today, the loss caused by Information Security: None

## 4.7 Major Contracts of SPIL and its subsidiaries

| Contract Classification | Contract Company | Contract Duration | Main Contents | Term Limits |
|---|---|---|---|---|
| Engineering Construction | Chung Yuang Electrical Consulting Co., Ltd. | 2021.07~2023.06 | M&E Engineering Construction Projects (5 projects) | None |
| Engineering Construction | Acter Co., Ltd. | 2021.07~2023.06 | Air-Conditioning and Partitioning of Plant (9 projects) | None |
| Engineering Construction | Lee Ming Construction Co., Ltd. | 2021.07~2023.01 | Civil construction Project (5 projects) | None |
| Engineering Construction | Sheng Yi Fa Construction Co., Ltd. | 2020.12~2021.10 | Civil construction Project (1 project) | None |
| Engineering Construction | CHINA MCC20 | 2021.05~2021.12 | Civil construction and pile foundation/Plant Facilities and M&E Engineering Construction Project for Siliconware Technology (Suzhou) (4 projects) | None |
| Maintenance Contract | ADVANTEST | 2021.01~2021.12 | Testing Equipment Software / Hardware Maintenance (1 project) | None |
| Equipment Lease | Ja Mitsui Leasing Capital Corporation (Taipei Branch) | 2021.01~2022.09 | Testing Equipment Lease (2 projects) | None |
| Equipment Lease | Global Asset Management | 2021.07~2023.11 | Testing Equipment Lease (8 projects) | None |
| Equipment Lease | EQUVO PTE. Ltd. | 2020.03~2022.03 | Testing Equipment Lease (1 project) | None |
| Lease | Yan O O | 2021.07~2031.06 | Factory Lease | None |

| Contract Classification | Contract Company | Contract Duration | Main Contents | Term Limits |
|---|---|---|---|---|
| Patent License | Siliconware Technology (SuZhou) Co., Ltd. | 2017.01~ Patent Expiry | Acquisition of Patent License | None |
| Loan Contract | Siliconware Technology (Suzhou) Co., Ltd. | 2021.08~2022.08 | Loan Funding | None |
| Loan Contract | ASE Technology Holding Co., Ltd. | 2021.12~2022.12 | Loan Funding | None |
| Loan Contract | ASE Integrated Circuit Manufacturing (China) Co. | 2021.07~2022.07 | Loan Funding | None |
| Bank Loan | Mega International Bank, etc. 8 banks | 2021.04~2023.04 | Derivative Transaction | None |
| Bank Loan | Citi Bank, etc. 2 banks | 2021.03~2022.11 | Derivative Transaction | None |
| Bank Loan | Citi Bank, etc. 2 banks | 2020.06~2022.11 | Short-Term Loan | None |
| Bank Loan | Citi Bank, etc. 7 banks | 2021.03~2023.02 | Short-Term Loan | None |
| Bank Loan | Mega International Bank, etc. 6 banks | 2019.07~2029.07 | Medium & Long-Term Loan | Sustain certain financial ratio |
| Bank Loan | Mega International Bank, etc. 3 banks | 2020.04~2024.10 | Medium & Long-Term Loan | None |

# V. Financial Statements

## 5.1 Condensed Balance Sheets and Statements of Comprehensive Income for Recent Five Years

### (1) Condensed Consolidated Balance Sheets

Unit : NT$ Thousand

| Item | | Balance Sheets for Recent Five Years (Note 3) | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Current Assets | | 49,065,912 | 45,824,496 | 42,744,914 | 48,282,288 | 57,089,578 |
| Long Term Investment (Note 1) | | 7,067,599 | 6,949,952 | 8,379,765 | 9,241,564 | 12,895,411 |
| Property, Plant & Equipment | | 62,398,065 | 63,078,575 | 74,019,652 | 65,623,776 | 71,613,919 |
| Intangible Assets | | 119,268 | 91,081 | 182,251 | 141,289 | 158,731 |
| Other Assets (Note 2) | | 2,236,011 | 2,808,598 | 4,255,131 | 2,983,913 | 5,698,029 |
| Total Assets | | 120,886,855 | 118,752,702 | 129,581,713 | 126,272,830 | 147,455,668 |
| Current Liabilities | Before Distribution | 26,194,615 | 26,496,051 | 38,085,209 | 31,214,256 | 41,430,505 |
| | After Distribution | 41,016,557 | 32,996,051 | 44,885,209 | 41,614,256 | (Note 4) |
| Non-current Liabilities | | 26,372,448 | 14,159,899 | 16,485,497 | 11,961,135 | 12,198,776 |
| Total Liabilities | Before Distribution | 52,567,063 | 40,655,950 | 54,570,706 | 43,175,391 | 53,629,281 |
| | After Distribution | 67,389,005 | 47,155,950 | 61,370,706 | 53,575,391 | (Note 4) |
| Equity Attributable to Owner of the parent | | 68,319,792 | 74,816,088 | 75,011,007 | 83,097,439 | 93,826,387 |
| Capital Stock | | 31,163,611 | 33,917,489 | 33,917,489 | 33,917,489 | 36,517,489 |
| Capital Reserve | | 12,642,615 | 18,466,004 | 18,094,965 | 18,326,096 | 18,448,286 |
| Retained Earnings (Note 5) | Before Distribution | 22,271,492 | 22,989,424 | 23,495,546 | 28,205,792 | 34,429,137 |
| | After Distribution | 7,449,550 | 16,489,424 | 16,695,546 | 17,805,792 | (Note 4) |
| Other Equity (Note 5) | | 2,242,074 | (556,829) | (496,993) | 2,648,062 | 4,431,475 |
| Non-controlling Interests | | — | 3,280,664 | — | — | — |
| Total Equity | Before Distribution | 68,319,792 | 78,096,752 | 75,011,007 | 83,097,439 | 93,826,387 |
| | After Distribution | 53,497,850 | 71,596,752 | 68,211,007 | 72,697,439 | (Note 4) |

Note:
1. Long-term investments include financial assets at fair value through profit or loss no-current (available-for-sale financial assets) and investments accounted for using the equity method.
2. Other assets include the right-of-use assets, deferred income assets and other non-current assets.
3. All financial data above had been audited by certified public accountants.
4. As of Feb. 28, 2022, 2021 earnings distributions were not approved by the board of directors and shareholders' meeting.
5. SPIL changed its accounting policies voluntarily on April 30, 2018 by re-stating the defined benefit plan re-measurement from other equity to retained earnings and thereby adjusted its financial information for 2017 retroactively.

## (2) Condensed Consolidated Statements of Comprehensive Income

Unit: NT$ Thousand

| Item | Statements of Comprehensive Income for Recent Five Years (Note 1) | | | | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Operating Revenues | 83,554,385 | 87,416,767 | 88,987,798 | 102,035,846 | 107,838,620 |
| Gross Profit | 16,814,095 | 17,847,385 | 19,249,551 | 22,316,905 | 30,139,762 |
| Operating Income (loss) | 8,675,170 | 9,198,002 | 9,107,706 | 12,368,195 | 20,708,486 |
| Non-operating Revenues and Expenses | 26,165 | (97,156) | (189,018) | 1,603,011 | 1,042,518 |
| Net Profit before Tax | 8,701,335 | 9,100,846 | 8,918,688 | 13,971,206 | 21,751,004 |
| Net Profit for the Year | 6,900,165 | 7,689,874 | 7,510,895 | 11,496,193 | 17,716,074 |
| Other Comprehensive Profit Income for the year (After Taxation) | 691,966 | (531,090) | 632,091 | 3,159,108 | 3,358,166 |
| Total Comprehensive Income for the Year | 7,592,131 | 7,158,784 | 8,142,986 | 14,655,301 | 21,074,240 |
| Net Income Attributable to Owner of the parent | 6,900,165 | 7,824,233 | 7,604,086 | 11,496,193 | 17,716,074 |
| Net Income Attributable to Non-controlling interests | — | (134,359) | (93,191) | — | — |
| Total Comprehensive Income Attributable to Owner of the parent | 7,592,131 | 7,384,548 | 8,328,029 | 14,655,301 | 21,074,240 |
| Total Comprehensive Income Attributable to Non-controlling interests | — | (225,764) | (185,043) | — | — |
| Earnings per Share Basic (NT$) | 2.21 | 2.38 | 2.24 | 3.15 | 4.85 |

Note : 1. All financial data above had been audited by certified public accountants.

### (3) Condensed Non-Consolidated Balance Sheets

Unit : NT$ Thousand

| Item | | Balance Sheets for Recent Five Years (Note 3) | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Current Assets | | 41,102,272 | 36,162,027 | 36,219,600 | 36,261,866 | 46,585,897 |
| Long Term Investment (Note 1) | | 20,057,916 | 20,538,278 | 22,549,664 | 26,988,098 | 29,333,644 |
| Property, Plant & Equipment | | 51,354,588 | 49,116,861 | 49,883,477 | 48,660,798 | 51,725,930 |
| Intangible Assets | | 105,305 | 78,508 | 95,048 | 92,081 | 105,757 |
| Other Assets (Note 2) | | 1,493,053 | 1,609,706 | 2,792,740 | 2,710,066 | 5,166,343 |
| Total Assets | | 114,113,134 | 107,505,380 | 111,540,529 | 114,712,909 | 132,917,571 |
| Current Liabilities | Before Distribution | 19,695,293 | 20,019,838 | 25,187,005 | 22,625,976 | 28,782,998 |
| | After Distribution | 34,517,235 | 26,519,838 | 31,987,005 | 33,025,976 | (Note 4) |
| Non-current Liabilities | | 26,098,049 | 12,669,454 | 11,342,517 | 8,989,494 | 10,308,186 |
| Total Liabilities | Before Distribution | 45,793,342 | 32,689,292 | 36,529,522 | 31,615,470 | 39,091,184 |
| | After Distribution | 60,615,284 | 39,189,292 | 43,329,522 | 42,015,470 | (Note 4) |
| Capital Stock | | 31,163,611 | 33,917,489 | 33,917,489 | 33,917,489 | 36,517,489 |
| Capital Reserve | | 12,642,615 | 18,466,004 | 18,094,965 | 18,326,096 | 18,448,286 |
| Retained Earnings (Note 5) | Before Distribution | 22,271,492 | 22,989,424 | 23,495,546 | 28,205,792 | 34,429,137 |
| | After Distribution | 7,449,550 | 16,489,424 | 16,695,546 | 17,805,792 | (Note 4) |
| Other Equity (Note 5) | | 2,242,074 | (556,829) | (496,993) | 2,648,062 | 4,431,475 |
| Total Equity | Before Distribution | 68,319,792 | 74,816,088 | 75,011,007 | 83,097,439 | 93,826,387 |
| | After Distribution | 53,497,850 | 68,316,088 | 68,211,007 | 72,697,439 | (Note 4) |

Note: 1. Long-term investments include financial assets at fair value through profit or loss no-current (available-for-sale financial assets) and investments accounted for using the equity method.
2. Other assets include the right-of-use assets, deferred income assets and other non-current assets.
3. All financial data above had been audited by certified public accountants.
4. As of Feb. 28, 2022, 2021 earnings distributions were not approved by the board of directors and shareholders' meeting.
5. SPIL changed its accounting policies voluntarily on April 30, 2018 by re-stating the defined benefit plan re-measurement from other equity to retained earnings and thereby adjusted its financial information for 2017 retroactively.

### (4) Condensed Non-Consolidated Statements of Comprehensive Income

Unit: NT$ Thousand

| Item | Statements of Comprehensive Income for Recent Five Years (Note 1) | | | | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Operating Revenues | 72,587,187 | 76,596,376 | 77,851,944 | 81,891,977 | 89,273,008 |
| Gross Profit | 14,413,109 | 16,765,187 | 18,015,049 | 18,675,268 | 26,145,623 |
| Net Operating Tax | 7,119,182 | 9,229,032 | 9,713,418 | 10,422,192 | 17,890,541 |
| Non-operating Revenues and Expenses | 1,046,537 | 184,275 | (455,788) | 3,226,636 | 3,383,238 |
| Net Profit before Tax | 8,165,719 | 9,413,307 | 9,257,630 | 13,648,828 | 21,273,779 |
| Net Profit for the Year | 6,900,165 | 7,824,233 | 7,604,086 | 11,496,193 | 17,716,074 |
| Other Comprehensive Profit Income for the year (After Taxation) | 691,966 | (439,685) | 723,943 | 3,159,108 | 3,358,166 |
| Total Comprehensive Income for the Year | 7,592,131 | 7,384,548 | 8,328,029 | 14,655,301 | 21,074,240 |
| Earnings per Share Basic (NT$) | 2.21 | 2.38 | 2.24 | 3.15 | 4.85 |

Note : 1. All financial data above had been audited by certified public accountants.

## 5.2 Five Years Financial Analysis

### (1) Consolidated financial analysis

| Item | | Financial Analysis 2017-2021 | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Capital Structure | Debt Ratio (%) | 43.48 | 34.24 | 42.11 | 34.19 | 36.37 |
| | Long-Term Capital / Property, Plant & Equipment Ratio (%) | 151.76 | 146.26 | 123.61 | 144.85 | 148.05 |
| Solvency Analysis | Current Ratio (%) | 187.31 | 172.95 | 112.23 | 154.68 | 137.80 |
| | Quick Ratio (%) | 161.98 | 144.86 | 92.06 | 131.08 | 110.01 |
| | Times Interest Earned (times) | 15.67 | 18.64 | 15.44 | 21.88 | 63.41 *1 |
| Operating Performance Analysis (%) | Average Collection Turnover (times) | 4.88 | 5.42 | 5.46 | 5.76 | 5.47 |
| | Days Sales Outstanding | 75 | 67 | 67 | 63 | 66 |
| | Average Inventory Turnover (times) | 10.08 | 10.35 | 10.24 | 11.13 | 8.04 *2 |
| | Average Payment Turnover (times) | 8.53 | 7.92 | 6.50 | 7.18 | 6.17 |
| | Average Inventory Turnover Days | 36 | 35 | 36 | 33 | 45 *2 |
| | Turnover of Property, Plant & Equipment (time) | 1.31 | 1.39 | 1.30 | 1.46 | 1.57 |
| | Total Assets Turnover (times) | 0.68 | 0.73 | 0.72 | 0.80 | 0.79 |
| Profitability Analysis | Return on Total Assets (%) | 6.04 | 6.76 | 6.45 | 9.40 | 13.15 *1 |
| | Return on Equity (%) | 10.26 | 10.50 | 9.81 | 14.54 | 20.03 *1 |
| | Income before Tax to Paid-in Capital (%) | 27.92 | 26.83 | 26.30 | 41.19 | 59.56 *1 |
| | Net Profit Margin (%) | 8.26 | 8.80 | 8.44 | 11.27 | 16.43 *1 |
| | Earnings(Loss) Per Share (NT$) | 2.21 | 2.38 | 2.24 | 3.15 | 4.85 *1 |
| Cash Flow | Cash Flow Ratio (%) | 74.04 | 89.58 | 58.51 | 80.28 | 74.32 |
| | Cash Flow Adequacy Ratio (%) | 94.18 | 91.34 | 87.90 | 82.14 | 87.15 |
| | Cash Flow Reinvestment Ratio (%) | 8.41 | 5.69 | 10.13 | 10.74 | 10.60 |
| Leverage | Operating Leverage | 5.30 | 5.21 | 5.22 | 4.32 | 3.00 *1 |
| | Financial Leverage | 1.07 | 1.06 | 1.07 | 1.06 | 1.02 |

Reasons for variation in financial ratios in the past two years (no analysis is required for variations below 20%)

*1. The changes of ratio by more than 20% was primarily a result of an increase in net profit of 2021.

*2. The changes of ratio by more than 20% was primarily a result of an increase Inventory by NT$4.0 billion.

## (2) Non-Consolidated Financial Analysis

| Item | | Financial Analysis 2017-2021 | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Capital Structure | Debt Ratio (%) | 40.13 | 30.41 | 32.75 | 27.56 | 29.41 |
| | Long-Term Capital / Property, Plant & Equipment Ratio (%) | 183.85 | 178.12 | 173.11 | 189.24 | 201.32 |
| Solvency Analysis | Current Ratio (%) | 208.69 | 180.63 | 143.80 | 160.27 | 161.85 |
| | Quick Ratio (%) | 179.74 | 148.95 | 121.84 | 132.74 | 129.64 |
| | Times Interest Earned (times) | 16.85 | 27.55 | 31.45 | 80.98 | 217.80 *1 |
| Operating Performance Analysis (%) | Average Collection Turnover (times) | 5.18 | 5.70 | 5.59 | 5.62 | 5.85 |
| | Days Sales Outstanding | 70 | 64 | 65 | 65 | 62 |
| | Average Inventory Turnover (times) | 9.97 | 10.18 | 10.08 | 10.28 | 7.88 *2 |
| | Average Payment Turnover (times) | 8.87 | 7.94 | 6.48 | 6.74 | 6.14 |
| | Average Inventory Turnover Days | 37 | 36 | 36 | 36 | 46 *2 |
| | Turnover of Property, Plant & Equipment (time) | 1.34 | 1.52 | 1.57 | 1.66 | 1.78 |
| | Total Assets Turnover (times) | 0.62 | 0.69 | 0.71 | 0.72 | 0.72 |
| Profitability Analysis | Return on Total Assets (%) | 6.30 | 7.32 | 7.16 | 10.28 | 14.37 *1 |
| | Return on Equity (%) | 10.26 | 10.93 | 10.15 | 14.54 | 20.03 *1 |
| | Income before Tax to Paid-in Capital (%) | 26.20 | 27.75 | 27.29 | 40.24 | 58.26 *1 |
| | Net Profit Margin (%) | 9.51 | 10.21 | 9.77 | 14.04 | 19.84 *1 |
| | Earnings(Loss) Per Share (NT$) | 2.21 | 2.38 | 2.24 | 3.15 | 4.85 *1 |
| Cash Flow | Cash Flow Ratio (%) | 91.8 | 106.48 | 79.65 | 94.02 | 89.01 |
| | Cash Flow Adequacy Ratio (%) | 93.8 | 94.23 | 96.17 | 96.74 | 102.71 |
| | Cash Flow Reinvestment Ratio (%) | 8.12 | 4.63 | 9.87 | 9.61 | 8.90 |
| Leverage | Operating Leverage | 5.58 | 4.58 | 4.34 | 4.11 | 2.88 *1 |
| | Financial Leverage | 1.08 | 1.04 | 1.03 | 1.02 | 1.01 |

Reasons for variation in financial ratios in the past two years (no analysis is required for variations below 20%)

*1. The changes of ratio by more than 20% was primarily a result of an increase in net profit of 2021.

*2. The changes of ratio by more than 20% was primarily a result of an increase Inventory by NT$2.9 billion.

1. Capital Structure Analysis
- Debt ratio = Total Liabilities / Total Assets
- Long-term capital to property, plant & equipment ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant & Equipment

2. Solvency Analysis
- Current ratio = Current Assets / Current Liabilities
- Quick ratio = (Current Assets - Inventories - Prepaid Expenses ) / Current Liabilities
- Times interest earned = Earnings Before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis
- Average collection turnover = Net Sales / Average Trade Receivable
- Days sales outstanding = 365 / Average Collection Turnover
- Average inventory turnover = Cost of Good Sold / Average Inventory
- Average payment turnover = Cost of Good Sold / Average Trade Payables
- Average inventory turnover days = 365 / Average Inventory Turnover
- Turnover of property, plant & equipment = Net Sale / Averaged Net Property, Plant & Equipment
- Total assets turnover= Net Sale / Averaged Total Assets

4. Profitability Analysis
- Return on total assets = (Net Income + Interest Expenses x (1- Effective Tax Rate)) / Average Total Assets
- Return on equity = Net Income / Average Shareholders' Equity
- Net margin = Net Income / Net Sales
- Earnings per share = (Income attributed to owner of parent company - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow
- Cash flow ratio = Net Cash Provided by Operating Activities / Current Liabilities
- Cash flow adequacy ratio = Five-years Sum of Cash from Operation / Five-Years Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
- Cash flow reinvestment ratio = (Net Cash Flow From Operating Activities - Cash Dividend) / (Gross Property, Plant & Equipment + Long-Term Investments + Other Non-Current Assets + Working Capital)

6. Leverage:
- Operating leverage = (Net Sales − Variable Cost ) / Income from Operations
- Financial leverage = Income from Operations / (Income from Operations - Interest Expenses)

# SPIL Financial Report

Siliconware Precision Industries Co., Ltd.
and Subsidiaries

## Consolidated Financial Statements and Report of Independent Accountants

December 31, 2021 and 2020

SPIL

Win customers' confidence and create the high-tech future together

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Siliconware Precision Industries Co., Ltd.

## *Opinion*

We have audited the accompanying consolidated balance sheets of Siliconware Precision Industries Co., Ltd. and its subsidiaries as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Siliconware Precision Industries Co., Ltd. and its subsidiaries as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

## *Basis for opinion*

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of Siliconware Precision Industries Co., Ltd. and its subsidiaries 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.

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

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

In preparing the consolidated financial statements, management is responsible for assessing Siliconware Precision Industries Co., Ltd. and its subsidiaries' 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 Siliconware Precision Industries Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Siliconware Precision Industries Co., Ltd. and its subsidiaries' financial reporting process.

### *Auditors' responsibilities for the audit of the consolidated financial statements*

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Siliconware Precision Industries Co., Ltd. and its subsidiaries' 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 Siliconware Precision Industries Co., Ltd. and its subsidiaries' 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 Siliconware Precision Industries Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Siliconware Precision Industries Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of Siliconware Precision Industries Co., Ltd. and its subsidiaries 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.

Andy Chang    Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan
February 16, 2022

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

## SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
## CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | As of December 31, 2021 | | As of December 31, 2020 | |
|---|---|---|---|---|---|
| Current Assets | | | | | |
| Cash and cash equivalents | 6 (1) | $ | 11,765,565 | $ | 9,568,619 |
| Financial assets at fair value through profit or loss, current | 6 (2) | | 28,044 | | 12,169 |
| Contract assets, current | 6 (17) | | 1,840,680 | | 1,674,163 |
| Notes and accounts receivable, net | 6 (4) | | 21,223,984 | | 18,230,737 |
| Other receivables | | | 642,274 | | 1,395,845 |
| Other receivables - related parties | 7 | | 10,000,871 | | 9,549,598 |
| Current tax assets | 6 (23) | | 17,069 | | 111,741 |
| Inventories | 6 (5) | | 11,316,138 | | 7,160,411 |
| Prepayments | | | 208,086 | | 205,674 |
| Other current assets - other | | | 46,867 | | 373,331 |
| Total current assets | | | 57,089,578 | | 48,282,288 |
| Non-current Assets | | | | | |
| Financial assets at amortized cost, non-current | 6 (3), 8 | | 365,800 | | 317,300 |
| Investments accounted for using the equity method | 6 (6) | | 12,895,411 | | 9,241,564 |
| Property, plant and equipment | 6 (7) | | 71,613,919 | | 65,623,776 |
| Right-of-use assets | 6 (8) | | 3,039,225 | | 1,871,369 |
| Intangible assets | 6 (9) | | 158,731 | | 141,289 |
| Deferred tax assets | 6 (23) | | 733,721 | | 756,161 |
| Other non-current assets | | | 1,559,283 | | 39,083 |
| Total non-current assets | | | 90,366,090 | | 77,990,542 |
| TOTAL ASSETS | | $ | 147,455,668 | $ | 126,272,830 |
| Current Liabilities | | | | | |
| Short-term loans | 6 (11) | $ | 3,366,821 | $ | 810,748 |
| Financial liabilities at fair value through profit or loss, current | 6 (2) | | 12,925 | | 95,744 |
| Accounts payable | 7 | | 14,302,848 | | 10,875,264 |
| Other payables | 6 (10) | | 14,747,882 | | 10,930,129 |
| Other payables - related parties | 7 | | 917,991 | | 4,410,091 |
| Current tax liabilities | 6 (23) | | 2,596,014 | | 1,411,070 |
| Current portion of long-term loans | 6 (11) | | 1,761,382 | | 628,425 |
| Other current liabilities - other | 6 (8) | | 3,724,642 | | 2,052,785 |
| Total current liabilities | | | 41,430,505 | | 31,214,256 |
| Non-current Liabilities | | | | | |
| Long-term loans | 6 (11) | | 6,761,781 | | 8,322,131 |
| Deferred tax liabilities | 6 (23) | | 145,077 | | 190,560 |
| Lease liabilities, non-current | 6 (8) | | 2,717,924 | | 1,673,317 |
| Net defined benefit liability, non-current | 6 (12) | | 1,348,026 | | 1,487,899 |
| Other non-current liabilities | | | 1,225,968 | | 287,228 |
| Total non-current liabilities | | | 12,198,776 | | 11,961,135 |
| Total Liabilities | | | 53,629,281 | | 43,175,391 |
| Equity Attributable to Owners of the Company | | | | | |
| Capital stock | 6 (13) | | 36,517,489 | | 33,917,489 |
| Capital reserve | 6 (14) | | 18,448,286 | | 18,326,096 |
| Retained earnings | 6 (15) | | | | |
| Legal reserve | | | 15,161,394 | | 14,010,369 |
| Special reserve | | | - | | 496,993 |
| Unappropriated earnings | | | 19,267,743 | | 13,698,430 |
| Other equity | 6 (16) | | 4,431,475 | | 2,648,062 |
| Total Equity | | | 93,826,387 | | 83,097,439 |
| TOTAL LIABILITIES AND EQUITY | | $ | 147,455,668 | $ | 126,272,830 |

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

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

| | Notes | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|---|
| Operating Revenues | 6 (17) | $ 107,838,620 | $ 102,035,846 |
| Operating Costs | 6 (5), 6 (9), 6 (18), 7 | ( 77,698,858) | ( 79,718,941) |
| Gross Profit | | 30,139,762 | 22,316,905 |
| Operating Expenses | 6 (9), 6 (18) | | |
| Selling expenses | | ( 1,274,074) | ( 1,218,477) |
| General and administrative expenses | | ( 3,765,096) | ( 3,799,819) |
| Research and development expenses | | ( 4,392,106) | ( 4,930,414) |
| | | ( 9,431,276) | ( 9,948,710) |
| Operating Profit | | 20,708,486 | 12,368,195 |
| Non-operating Income and Expenses | | | |
| Interest income | 6 (19), 7 | 80,391 | 105,573 |
| Other income | 6 (20) | 445,713 | 216,387 |
| Other gains and losses | 6 (6), 6 (7), 6 (21) | 257,375 | 1,509,958 |
| Finance costs | 6 (22), 7 | ( 349,478) | ( 672,250) |
| Share of profit or loss of associates accounted for using equity method | 6 (6) | 608,517 | 443,343 |
| | | 1,042,518 | 1,603,011 |
| Income before Income Tax | | 21,751,004 | 13,971,206 |
| Income Tax Expense | 6 (23) | ( 4,034,930) | ( 2,475,013) |
| Net Income | | $ 17,716,074 | $ 11,496,193 |
| Other Comprehensive Income | 6 (16) | | |
| Items that will not be reclassiflied to profit or loss | | | |
| Remeasurements of post-employment benefit obligations | | 67,138 | ( 28,963) |
| Share of other comprehensive income (loss) of associates | | 3,383,644 | 2,798,710 |
| Income tax relating to items that will not be reclassified to profit or loss | | ( 13,428) | 5,793 |
| Items that may be subsequently reclassified to profit or loss | | | |
| Exchange difference on translation of foreign financial statements | | ( 77,460) | 367,354 |
| Share of other comprehensive income (loss) of associates | | ( 1,728) | 16,214 |
| Other Comprehensive Income (Loss) for the year, net of tax | | 3,358,166 | 3,159,108 |
| Total Comprehensive Income for the year | | $ 21,074,240 | $ 14,655,301 |
| Net Income Attributable to: | | | |
| Owners of the Company | | $ 17,716,074 | $ 11,496,193 |
| Non-controlling Interests | | - | - |
| | | $ 17,716,074 | $ 11,496,193 |
| Total Comprehensive Income Attributable to: | | | |
| Owners of the Company | | $ 21,074,240 | $ 14,655,301 |
| Non-controlling Interests | | - | - |
| | | $ 21,074,240 | $ 14,655,301 |
| Earnings Per Share (in dollars) | 6 (24) | | |
| Basic | | $ 4.85 | $ 3.15 |
| Diluted | | $ 4.78 | $ 3.11 |

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

# SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

## (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | | Equity Attributable to Owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained Earnings | | | Other equity | | |
| | Notes | Capital Stock | Capital Reserve | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Difference on Translation of Foreign Financial Statements | Urealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Total Equity |
| **For the year ended December 31, 2020** | | | | | | | | | |
| Balance at January 1, 2020 | | $ 33,917,489 | $ 18,094,965 | $ 13,309,757 | $ 556,829 | $ 9,628,960 | ($ 1,408,345) | $ 911,352 | $ 75,011,007 |
| Net income | | - | - | - | - | 11,496,193 | - | - | 11,496,193 |
| Other comprehensive income (loss) | 6(16) | - | - | - | - | ( 19,743) | 383,568 | 2,795,283 | 3,159,108 |
| Total comprehensive income | | - | - | - | - | 11,476,450 | 383,568 | 2,795,283 | 14,655,301 |
| Appropriation of earnings for prior years: | 6(15) | | | | | | | | |
| Legal reserve | | - | | 700,612 | - | ( 700,612) | - | - | - |
| Special Reserve | | - | | - | ( 59,836) | 59,836 | - | - | - |
| Cash dividends | | - | | - | - | ( 6,800,000) | - | - | ( 6,800,000) |
| Changes in equity of associates accounted for using equity method | | - | 14 | - | - | - | - | | 14 |
| Disposal of interest in associates accounted for using the equity method | 6(6), 6 (16) | - | ( 176) | - | - | ( 1,094) | - | 1,094 | ( 176) |
| Compensation expense of share-based payment | 6(25) | - | 229,685 | - | - | - | - | - | 229,685 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | 6(16) | - | - | - | - | 34,890 | - | ( 34,890) | - |
| Chagnes in other capital reserve | | - | 1,608 | - | - | - | - | - | 1,608 |
| Balance at December 31, 2020 | | $ 33,917,489 | $ 18,326,096 | $ 14,010,369 | $ 496,993 | $ 13,698,430 | ($ 1,024,777) | $ 3,672,839 | $ 83,097,439 |
| **For the year ended December 31, 2021** | | | | | | | | | |
| Balance at January 1, 2021 | | $ 33,917,489 | $ 18,326,096 | $ 14,010,369 | $ 496,993 | $ 13,698,430 | ($ 1,024,777) | $ 3,672,839 | $ 83,097,439 |
| Net income | | - | - | - | - | 17,716,074 | - | - | 17,716,074 |
| Other comprehensive income (loss) | 6(16) | - | - | - | - | 49,201 | ( 79,188) | 3,388,153 | 3,358,166 |
| Total comprehensive income (loss) | | - | - | - | - | 17,765,275 | ( 79,188) | 3,388,153 | 21,074,240 |
| Appropriation of earnings for prior years: | 6(15) | | | | | | | | |
| Legal reserve | | - | | 1,151,025 | - | ( 1,151,025) | - | - | - |
| Reversal of special reserve | | - | | - | ( 496,993) | 496,993 | - | - | - |
| Cash dividends | | - | | - | - | ( 10,400,000) | - | - | ( 10,400,000) |
| Stock dividend | 6(13) | 2,600,000 | | - | - | ( 2,600,000) | - | - | - |
| Changes in equity of associates accounted for using equity method | 6(6) | - | 500 | - | - | 382,572 | - | ( 450,054) | ( 66,982) |
| Compensation expense of share-based payment | 6(18),6(25) | - | 120,135 | - | - | - | - | - | 120,135 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | | - | - | - | - | 1,075,498 | - | ( 1,075,498) | - |
| Chagnes in other capital reserve | | - | 1,555 | - | - | - | - | - | 1,555 |
| Balance at December 31, 2021 | | $ 36,517,489 | $ 18,448,286 | $ 15,161,394 | $ - | $ 19,267,743 | ($ 1,103,965) | $ 5,535,440 | $ 93,826,387 |

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

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Consolidated income before income tax | | $ 21,751,004 | $ 13,971,206 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(7), 6(8), 6(18) | 14,218,189 | 15,305,458 |
| Amortization | 6(9), 6(18) | 62,174 | 60,173 |
| Expected credit loss | 6(4) | - | 675 |
| (Gains) losses on financial instruments at fair value through profit or loss | 6(2), 6(21) | ( 98,227) | 87,150 |
| Interest expense | 6(22) | 348,543 | 669,164 |
| Interest income | 6(19) | ( 80,391) | ( 105,573) |
| Compensation cost of employee share options | 6(18), 6(25) | 120,135 | 229,685 |
| Share of profit of associates accounted for using the equity method | 6(6) | ( 608,517) | ( 443,343) |
| Gains on disposal of property, plant and equipment | 6(21) | ( 150,563) | ( 669,179) |
| Gains on disposal of intangible assets | 6(21) | - | ( 46) |
| Gains on disposal of investments | 6(6), 6(21) | - | ( 889,673) |
| Impairment losses on non-financial assets | 6(7), 6(21) | 43,033 | 30,103 |
| Gains on lease modification | | ( 10,745) | - |
| Government subsidy | | ( 90,892) | ( 98,425) |
| Gains on foreign exchange, net | | ( 29,997) | ( 149,704) |
| Changes in assets and liabilities related to the operation | | | |
| Contract assets | | ( 168,297) | 777,292 |
| Notes and accounts receivable | | ( 3,020,935) | ( 1,281,932) |
| Other receivables (include related parties) | | 110,322 | ( 170,517) |
| Inventories | | ( 4,158,276) | ( 1,047,812) |
| Prepayments | | ( 2,412) | 1,151,432 |
| Other current assets - other | | 11,428 | ( 91,060) |
| Other non-current assets - other | | ( 1,461,704) | 8,560 |
| Accounts payable | | 3,322,529 | ( 197,895) |
| Other payables | | 1,494,531 | ( 393,066) |
| Other current liabilities - other | | 976,768 | 550,133 |
| Net defined benefit liability, non-current | | ( 72,735) | ( 48,462) |
| Other non-current liabilities | | 1,031,942 | 128,882 |
| Cash provided by operations | | 33,536,907 | 27,383,226 |
| Interest received | | 88,394 | 99,871 |
| Dividend received | | 269,603 | 238,039 |
| Interest paid | | ( 310,695) | ( 610,580) |
| Income tax paid | 6(26) | ( 2,791,383) | ( 2,051,053) |
| Net cash provided by operating activities | | 30,792,826 | 25,059,503 |

(Continued)

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|---|
| Cash flows from investing activities | | | |
| Increase in financial assets at amortized cost | 6(3) | ($ 55,348) | ($ 275,965) |
| Decrease in financial assets at amortized cost | 6(3) | 6,848 | 504,009 |
| Proceeds from disposal of associates | 6(6) | - | 2,232,384 |
| Proceeds from disposal of subsidiary | 6(16) | 161,458 | 3,717,039 |
| Acquisition of property, plant and equipment | 6(27) | ( 17,636,981) | ( 22,084,874) |
| Proceeds from disposal of property, plant and equipment | | 1,281,444 | 5,275,282 |
| Increase in refundable deposits | | ( 84,305) | ( 36,056) |
| Decrease in refundable deposits | | 237,149 | 100,943 |
| Increase in other receivables - related parties | | ( 22,000,000) | ( 9,500,000) |
| Decrease in other receivables - related parties | | 21,500,000 | - |
| Acquisition of intangible assets | 6(9) | ( 79,864) | ( 46,433) |
| Proceeds from disposal of intangible assets | | 358 | - |
| Acquisition of right-of-use assets | | - | ( 686) |
| Income tax paid | 6(27) | ( 20,618) | ( 3,721) |
| Net cash used in investing activities | | ( 16,689,859) | ( 20,118,078) |
| Cash flows from financing activities (Notes 6(27)) | | | |
| Increase in short-term loans | | 2,789,960 | 5,290,487 |
| Decrease in short-term loans | | ( 219,732) | ( 11,611,794) |
| Proceeds from long-term loans | | 378,391 | 12,142,219 |
| Repayment of long-term loans | | ( 855,938) | ( 12,982,353) |
| Increase in deposit-in | | 322,887 | 1,082,312 |
| Decrease in deposit-in | | ( 263,898) | ( 709,524) |
| Increase in other payables - related parties | | - | 4,407,431 |
| Decrease in other payables - related parties | | ( 3,396,849) | - |
| Repayment of the principal portion of lease liabilities | | ( 239,026) | ( 165,833) |
| Payment for cash dividends | 6(15) | ( 10,400,000) | ( 6,800,000) |
| Net cash used in financing activities | | ( 11,884,205) | ( 9,347,055) |
| Effect on foreign currency exchange | | ( 21,816) | ( 279,772) |
| Net (decrease) increasein cash and cash equivalents | | 2,196,946 | ( 4,685,402) |
| Cash and cash equivalents at the beginning of the year | | 9,568,619 | 14,254,021 |
| Cash and cash equivalents at the end of the year | 6(1) | $ 11,765,565 | $ 9,568,619 |

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

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

1. History and Organization

Siliconware Precision Industries Co., Ltd. (the "Company") was incorporated as a company limited by shares under the Company Law of the Republic of China (the "R.O.C".) in May 1984, and has been listed on the Taiwan Stock Exchange (the "TWSE") since April 1993, and on the NASDAQ National Market under the trading symbol of SPIL since June 2000. The Company is mainly engaged in the assembly, testing and turnkey services of integrated circuits. The address of the registered office is No. 123, Sec. 3, Da Fong Rd., Tantzu, Taichung 427, Taiwan, R.O.C. According to the Joint Share Exchange Agreement, Supplemental Agreement to Joint Share Exchange Agreement and the Joint Share Exchange Agreement entered into with Advanced Semiconductor Engineering, Inc. (the "ASE"), the Company and ASE have become wholly-owned subsidiaries of ASE Technology Holding Co., Ltd. (the "Hold Co.") on April 30, 2018, and the Company's ordinary shares have been delisted on the same date.

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

The consolidated financial statements have been authorized to issue by the Board of Directors on Feb 16, 2022.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC for application from 2021:

| New Standards, Interpretations, and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16, "Interest Rate Benchmark Reform-Phase 2" | January 1, 2021 |
| Amendment to IFRS 16, 'Covid-19-Related Rent Concessions beyond 30 June 2021' | April 1, 2021 (Note) |

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

The above standards and interpretations have no significant impact on the Company's accounting policies based on the Group's assessment.

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

New standards, interpretations and amendments endorsed by the FSC for application from 2022:

| New Standards, Interpretations, and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 3, "Reference to the Conceptual Framework" | January 1, 2022 |
| Amendments to IAS 16, "Property, Plant and Equipment - Proceeds before Intended Use" | January 1, 2022 |
| Amendments to IAS 37, "Onerous Contracts - Cost of Fulfilling a Contract" | January 1, 2022 |
| "Annual Improvements to IFRS Standards 2018-2020" | January 1, 2022 |

The above standards and interpretations have no significant impact on the Group's accounting policies based on the Group's assessment.

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

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

| New Standards, Interpretations, and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by IASB |
| Amendments to IAS 1, "Classification of Liabilities as Current or Non-current" | January 1, 2023 |
| Amendments to IAS 1, "Disclosure of Accounting Policies" | January 1, 2023 |
| Amendments to IAS 8, "Definition of Accounting Estimates" | January 1, 2023 |
| Amendments to IAS 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction" | January 1, 2023 |

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

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

(1) Compliance Statement

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

(2) Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities which are carried at fair value, shared-based payment measured at fair value and defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation. The preparation of consolidated financial statements requires the use of certain critical accounting estimates and also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of Consolidation

A. Principles for preparing consolidated financial statements

(a) Pursuant to IFRS 10, "Consolidated Financial Statements", the consolidated financial statements includes all the entities controlled by the Company or its subsidiaries. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. Control also exists when the parent owns half or less of the voting power of an entity but can achieve control through other means and conditions.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

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

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

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

B. Consolidated subsidiaries:

| | | | % of ownership held by the named investors as of December 31, | |
|---|---|---|---|---|
| Name of investor | Name of subsidiaries | Main operating activities | 2021 | 2020 |
| The Company | SPIL (B.V.I.) Holding Limited | Investment activities | 100% | 100% |
| The Company | Siliconware Investment Co., Ltd. | Investment activities | 100% | 100% |
| SPIL (B.V.I.) Holding Limited | Siliconware USA, Inc. (SUI) | Communications and relationship maintenance with companies headquartered in North America | 100% | 100% |
| SPIL (B.V.I.) Holding Limited | SPIL (Cayman) Holding Limited | Investment activities | 100% | 100% |
| SPIL (Cayman) Holding Limited | Siliconware Technology (Suzhou) Limited | Assembly and testing services | 100% | 100% |
| SPIL (Cayman) Holding Limited | Siliconware Electronics (Fujian) Co., Limited (Note) | Assembly and testing services | 0% | 0% |

Note: SPIL (Cayman) Holding Limited disposed 100% shares of Siliconware Electronics (Fujian) Co., Limited. in October 2020. Please refer to Note 6(26).

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

D. Adjustments for subsidiaries with different accounting periods: None

E. Significant restrictions: None

F. Subsidiaries that have non-controlling interests and that are material to the Group: None

(4) Segment Reporting

The chief operating decision maker determines the Group’s performance based on the geographic perspective. The nature of services, production process, type of customers and service delivery model at these two geographical locations are similar. While the chief operating decision maker receives separate reports for each location, these two operating segments have been aggregated into one reportable segment as they have similar long-term average gross margins and have similar economic characteristics. As a result, the Group discloses a single reporting segment by aggregating all operating segments.

(5) Foreign Currency Translation

A. Items included in the financial statements of each of the Group’s entities are measured using their functional currencies. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Group’s presentation currency and the Company’s functional currency. Entities with presentation currency different from functional currency translate assets and liabilities at the closing rate, and income and expenses at the average exchange rate for the period.

B. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in other gains and losses of the statement of comprehensive income.

C. Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognized as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. Translation differences from group entities that have a functional currency different from the presentation currency is recognized in other comprehensive income and accumulated in equity attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(6) Classification of Current and Noncurrent Assets / Liabilities

A. Assets that meet one of the following criteria are classified as current assets, otherwise they are classified as noncurrent assets:

(a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operation cycle;
(b) Assets held mainly for trading purposes;
(c) Assets expected to be realized within twelve months from the balance sheet date; and
(d) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities, otherwise they are classified as noncurrent liabilities:

(a) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are to be paid off within twelve months from the balance sheet date; and
(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(7) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, time deposits that meet operating short-term cash commitments and that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and other short-term highly liquid investments.

(8) Accounts Receivable

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

(9) Inventories

A. Inventories are recorded at cost when acquired under a perpetual inventory system. Cost is determined using the weighted-average method. The cost of work in process comprises raw materials, direct labor, other direct costs and related production overheads based on normal operating capacity. As of the balance sheet date, inventories are stated at the lower of cost or net realizable value by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and necessary selling expenses.

B. In the service agreements with and/or purchase orders from customers, the Group and the customer both agree what materials are to be provided by the customer and what materials are to be provided by the Group. Materials provided by the customers are considered consigned materials. According to the service agreement and/or purchase order, title (ownership) of the consigned materials belongs to the customers. The Group does not take title to these consigned materials. The Group does not have any rights or obligations with respect to the consigned materials other than keeping them in good care while under the Group's custody, and therefore, the risk does not transfer to the Group. In addition, the customers are informed of the status and locations of integrated circuits being assembled and/or tested by the Group which provides further evidence that the customers are taking control or monitoring those consigned materials. As such, the Group does not book the consigned materials into its inventory account.

(10) Derivative financial instruments

A. The Group enters into forward exchange contracts and swap contracts to manage its exposure to foreign exchange rate risks.

B. 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. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(11) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

Financial assets held by the Group are classified into the following categories: financial assets at fair value through profit or loss and financial assets at amortized cost.

(a) Financial asset at fair value through profit or loss

Financial asset is classified as at fair value through profit or loss when the financial asset is mandatorily classified as at fair value through profit or loss. The Group's financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments which are not designated as at fair value through other comprehensive income. Financial assets at fair value through profit or loss 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 incorporates any dividend or interest earned on the financial asset.

(b) Financial assets at amortized cost

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

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

ii. 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, including cash and cash equivalents, trade receivables, other receivables and other financial assets 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.

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire or the contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset. On derecognition of a financial asset, 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.

(12) Impairment of Financial Assets

At each balance sheet date, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and contract assets.

For accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime Expected Credit Loss ("ECL"). For 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 gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(13) Investments Accounted for Using the Equity Method

The investments accounted for using the equity method include investments in associates.

A. Associates are all entities over which the Group has significant influence, exclusive of subsidiaries. Significant influence means the power to participate in the financial and operating policy decisions of the investees, but not control or jointly control those decisions. The Group applies the equity method to account for its investment in associates. The investments are initially recognized at cost, and the portion of acquisition cost over net identifiable assets is recognized as goodwill, which is never amortized and perceived as a segment of overall investment while assessing the impairment. Any excess of the Group's share of the net fair value of the identifiable assets over the acquisition cost is recognized in profit or loss.

B. The Group’s share of post-acquisition profit or loss in associates is recognized under non-operating income and expenses in the consolidated statements of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals to or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has legal or constructive obligations or made payments on behalf of the associate. When changes in an associate’s equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group’s ownership percentage of the associate, the Group recognizes the Group’s share of change in ‘capital reserve’ and ‘retained earnings’ in proportion to its ownership.

C. Profits and losses resulting from the transactions between the Group and its associates are recognized in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then capital surplus shall be adjusted for its share of equity interest. However, if the balance in capital reserve is insufficient, the Group shall be recognized as reduction of retained earnings. In addition to the above adjustment, when the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately.

D. When the Group disposes associates, (e.g., loss of significant influence over associates), other comprehensive income and capital surplus previously recognized in relation to the investment in associates shall be reclassified to profit and loss. The associate is to be re-measured, with the difference between fair value and carrying value recognized in current period’s profit or loss. If the Group still retains significant influence over the associate, then the aforementioned other comprehensive income and capital surplus are reclassified to profit or loss proportionately.

E. The Group assesses its associates for signs of impairment every quarter. If there is any sign of impairmnet, the Group would calculate the recoverable amount and recognize impairment loss.

(14) Property, Plant and Equipment

A. Property, plant and equipment are stated at historical cost. The acquisition costs include the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating, and the obligations to dismantle and remove the items and restore the site on which they are located. The subsequent costs will only be recognized under the conditions that future economic benefits associated with the item will flow to the Group and the item cost can be measured reliably. Day-to-day servicing costs and repairment expenditures are recognized as expenses as incurred.

B. The Group capitalizes borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset as part of the cost of that asset. The capitalized borrowing costs will be depreciated through the residual useful lives of related items. Borrowing costs which do not qualify for capitalization are recognized in profit or loss.

C. If material part of replacing items of property, plant and equipment has different useful live from the main asset, it should be recognized and depreciated separately. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The estimated useful lives of property, plant and equipment are as follows:

| Property, plant and equipment | Estimated useful lives |
|---|---|
| Land improvement | 3 years |
| Main buildings | 20 - 55 years |
| Construction and improvements | 3 - 20 years |
| Machinery and equipment | 2 - 7 years |
| Other equipment | 2 - 7 years |

D. The assets' residual value, useful lives, and depreciation method are reviewed and adjusted when appropriate in each reporting period. Gains and losses on disposals are recognized as other gains and losses in the statements of comprehensive income.

(15) Leasing arrangements (lessee)

A. 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.

B. 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.

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.

C. Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on 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.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(16) Intangible Assets

Intangible assets are the expenditures of license fees and computer software. License fees are capitalized at historical cost. Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Both license fees and computer software are intangible assets with limited useful lives. Computer software is amortized over 3 to 10 years using stright-line method whereas license fees are amortized over their economic lives or the contract years using straight-line method or based on portions of sales. Subsequent measurements are measured using costs less accumulated amortization.

(17) Impairment of Non-financial Assets

A. Intangible assets with definite useful life and other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value, defined as the price that would be received to dispose an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less costs to dispose, or its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Impairment loss is recognized in profit or loss.

B. An impairment loss recognized in prior periods for an asset shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of the asset shall be reversed to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in profit or loss.

(18) Accounts Payable

Accounts payable is obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payable is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payables of which payment due is within one year or less are not discounted as their fair value is close to the value in maturity and are transacted actively.

(19) Derecognition of financial liabilities

The Group derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

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

A. Financial liability is classified in fair value through profit or loss while it is held for trading or identified at fair value through profit or loss on initial recognition. A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or if it is a derivative that is neither classified as a financial guarantee contract nor designated and effective as a hedging instrument. A financial liability is designated as at fair value through profit or loss upon initial recognition if:
   i. Hybrid (combined) contracts; or
   ii. They eliminate or significantly reduce a measurement or recognition inconsistency; or
   iii. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are stated at fair value upon initial recognition, and the related transaction cost are expensed immediately. In subsequent measurement, the Group measures fair value fluctuation in current profit or loss.

(21) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognized in the statements of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(22) Current and Deferred Income Tax

A. Tax expense for the period comprises current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, that tax is also recognized in other comprehensive income or directly in equity.

B. Current income tax is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date in countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

C. According to the Income Tax Law of the R.O.C., an additional tax of unappropriated earnings is provided for as income tax in the year the shareholder approves to retain earnings.

D. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

E. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(23) Employee Benefits

A. Pensions

(a) For defined contribution plans, the Group pays contributions over employees' service years and recognizes employee benefit expenses when they are due. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits.

(b) For defined benefit plans, net obligation is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings. Past-service costs are recognized immediately in profit or loss.

B. Employees' and directors' remuneration

The Group recognizes related expenses and liabilities when the Group has legal or constructive obligation and could reasonably estimate such amount. Any difference between estimated amount and distributed amount resolved by the Board of Directors on behalf of the shareholder in the subsequent year shall be adjusted in the profit or loss of the following year.

(24) Share-based payment arrangements

Employee share options granted and restricted shares for employees are measured at the fair value at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on Hold Co.'s best estimate of the number of options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options and restricted shares for employees. It is recognized as an expense in full at the grant date if vesting immediately. The grant date is the date that employees and Hold Co. have a shared understanding of the terms and conditions of the share-based payment arrangements.

At each balance sheet date, Hold Co. reviews its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options and restricted shares for employees.

(25) Provision

A. Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

B. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, which is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

C. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A present obligation that arises from past events but is not recognized because either that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or that the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized on the balance sheet.

(26) Revenue Recognition

Services provided by the Group include wafer bumping, wafer sort, IC packaging and final testing. Actual services and fees of the Group may vary by customers and are pre-agreed before provision of services. The Group regards each of the captioned services as a separate stage. Fees for each stage of services are negotiated independently and the fee for a specific stage is the then market price for that stage. The recognition of performance obligations under the customer contract is mainly for packaging and testing services, and the Group recognizes revenue when fulfilling each performance obligation.

With the packaging and testing services provided, the customer simultaneously obtains and consumes the benefits provided by the performance of the Group, or when the customer controls the assets at the time the assets are created or strengthened, the Group will gradually recognize its revenue over time. Packaging and testing services rely on the input of technicians to measure the completion rate based on the proportion of incurred costs to estimated total costs. The contract stipulates that the contract is completed after the customer has agreed to the service or after the shipment, so the contract assets are recognized when the service is provided, and the accounts receivable are transferred when the customer agrees to open the bill.

(27) Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended 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 in the consolidated financial statements 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 become receivable.

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.

5. Critical Accounting Estimates and Judgments and Key Sources of Estimation and Uncertainty

(1) Estimates and judgments are continuingly evaluated and are based on historical experience and other factors. The resulting accounting estimates may differ from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Pension Benefits

The present value of the pension obligations is determined on an actuarial basis. When calculating the present value of defined pension obligations, the Company must apply judgments and estimates to determine a number of actuarial assumptions, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations. For relevant sensitivity analysis, please refer to Note 6 (12).

(2) The Group considers the recent development of the COVID-19 in Taiwan and the locations of its subsidiaries 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.

6. Details of Significant Accounts

(1) Cash and Cash Equivalents

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| Cash on hand and petty cash | $ 983 | $ 841 |
| Savings accounts and checking accounts | 11,453,459 | 9,463,942 |
| Time deposits | 6,643 | 103,836 |
| Cash equivalents - Repurchase agreements | 304,480 | - |
| | $ 11,765,565 | $ 9,568,619 |

(2) Financial Instruments at Fair Value through Profit or Loss

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Derivative instruments (non-designated hedges) | | |
| Forward exchange contracts | $ 260 | $ 12,169 |
| Swap contracts | 27,784 | - |
| | $ 28,044 | $ 12,169 |
| Financial liabilities held for trading | | |
| Derivative instruments (non-designated hedges) | | |
| Forward exchange contracts | $ 12,925 | $ 496 |
| Swap contracts | - | 95,248 |
| | $ 12,925 | $ 95,744 |

A. At each balance sheet date, the outstanding forward exchange contracts not using hedge accounting were as follows:

| Currency | Maturity Period | Notional Amount (In Thousands) |
|---|---|---|
| As of December 31, 2021 | | |
| Sell CNY／Buy JPY | 2022.01 | CNY 35,127／JPY 630,000 |
| Sell CNY／Buy USD | 2022.01 | CNY 727,645／USD 114,000 |
| Sell USD／Buy JPY | 2022.01～2022.02 | USD 45,000／JPY 5,127,410 |
| As of December 31, 2020 | | |
| Sell CNY／Buy USD | 2021.01 | CNY 756,946／USD 116,093 |
| Sell USD／Buy JPY | 2021.01～2021.02 | USD 30,000／JPY 3,121,860 |

B. At each balance sheet date, the outstanding swap contracts not using hedge accounting were as follows:

| Currency | Maturity Period | Notional Amount (In Thousands) |
|---|---|---|
| As of December 31, 2021 | | |
| Sell USD／Buy NTD | 2022.01～2022.02 | USD 350,000／NTD 9,715,896 |
| As of December 31, 2020 | | |
| Sell USD／Buy NTD | 2021.01-2021.02 | US$ 490,000／NT$ 13,857,358 |

(3) Financial Assets at Amortized Cost

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| Pledged time deposits | | |
| Non-current portion | $ 365,800 | $ 317,300 |

A. Refer to Note 8 for information relating to investments in financial assets at amortized cost pledged as collateral.

B. Refer to Note 12 (4) B for information relating to the credit risk management.

(4) Notes and Accounts Receivable, Net

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| Notes and accounts receivable | $ 21,225,523 | $ 18,232,276 |
| Less: Allowance for impairment loss | ( 1,539) | ( 1,539) |
| | $ 21,223,984 | $ 18,230,737 |

The movements of the allowance for impairment loss were as follows:

| | 2021 | 2020 |
|---|---|---|
| Balance as of January 1, | $ 1,539 | $ 870 |
| Provision for impairment loss | - | 675 |
| Effects of foreign currency exchange differences | - | ( 6) |
| Balance as of December 31, | $ 1,539 | $ 1,539 |

The Group assessed the carrying value of receivables mentioned above are highly likely to be recovered; therefore, the credit risk is low. Please refer to Note 12 (4) B for relevant analysis and provision matrix calculations.

(5) Inventories

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| Raw materials and supplies | $ 11,316,138 | $ 7,160,411 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

| Expense / loss incurred related to inventories : | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| Cost of goods sold | $ 77,908,850 | $ 79,488,324 |
| Decline in market value and loss on obsolescence (reversal of write-down of inventories) | ( 54,697) | 344,081 |
| Others | ( 155,295) | ( 113,464) |
| | $ 77,698,858 | $ 79,718,941 |

For the year ended December 31, 2021, the Group reversed from a previous inventory write-down due to the disposal of slow-moving inventories.

(6) Investments Accounted for Using Equity Method

| Associates | Nation of Registration | Carrying Amount December 31, 2021 | Carrying Amount December 31, 2020 | Percentage of ownership December 31, 2021 | Percentage of ownership December 31, 2020 |
|---|---|---|---|---|---|
| Individually immaterial : | | | | | |
| ChipMOS Technologies Inc. ("ChipMOS") | Taiwan, R.O.C. | $ 2,730,466 | $ 2,405,597 | 10.85% | 10.85% |
| Yann Yuan Investment Co., Ltd. ("Yann Yuan") | Taiwan, R.O.C. | 10,164,945 | 6,835,967 | 29.45% | 32.21% |
| | | $ 12,895,411 | $ 9,241,564 | | |

A. In June 2021, Yann Yuan issued new shares, which were not subscribed proportionally by the Group. As a result, the Group's percentage of ownership decreased from 32.21% to 29.45%. The decrease of net equity on this associate has been deducted from additional paid-in capital of $24, and recognized losses on disposal of investments of $67,482. The interest previously recognized as other comprehensive income in the amount of $450,054 has been reclassified to retained earnings.

B. In June 2020, the Company disposed 70,000 thousand ordinary shares of ChipMOS at NT$32 (in dollars) per share, which decreased the Company's percentage of ownership on ChipMOS to 10.85% and recognized gains on disposal of $74,117. The Company considered it still has significant influence over ChipMOS since the Company continuously involves in making significant decisions by participating in ChipMOS's Board meeting.

C. Fair value (Level 1) of investments in associates with available published price quotation is as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| ChipMOS | $ 3,835,045 | $ 2,710,572 |

D. The investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss as of and for the years ended December 31, 2021 and 2020 were based on the associates' audited financial statements for the same periods.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

E. Aggregate information of associates that are not individually material was summarized as follows:

| | For the Years Ended December 31, | |
|---|---|---|
| The Group's share of: | 2021 | 2020 |
| Net income | $ 608,517 | $ 443,343 |
| Other comprehensive income (loss) | 3,381,916 | 2,791,931 |
| Total comprehensive income (loss) | $ 3,990,433 | $ 3,235,274 |

(7) Property, Plant and Equipment

A. Carrying amount by category:

| | As of December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Land and Land improvement | $ 2,905,636 | $ 2,903,192 |
| Buildings | 22,906,570 | 22,651,272 |
| Machinery and equipment | 37,166,066 | 32,583,819 |
| Other equipment | 2,082,548 | 3,165,386 |
| Construction in progress and equipment awaiting for inspection | 6,553,099 | 4,320,107 |
| | $ 71,613,919 | $ 65,623,776 |

B. Movement from period beginning to period end:

(a) From January 1, 2021 to December 31, 2021

i. Cost

| | Balance at January 1 | Additions | Disposals | Reclassification | Exchange differences, net | Balance at December 31 |
|---|---|---|---|---|---|---|
| Land and Land improvement | $ 2,903,192 | $ - | ($ 355) | $ 3,435 | $ - | $ 2,906,272 |
| Buildings | 42,651,787 | - | ( 265) | 2,336,097 | ( 34,193) | 44,953,426 |
| Machinery and equipment | 82,830,817 | - | ( 1,435,652) | 15,961,746 | ( 120,378) | 97,236,533 |
| Other equipment | 8,692,582 | 1,755 | ( 1,803,765) | 122,406 | ( 13,707) | 6,999,271 |
| Construction in progress and equipment awaiting for inspection | 4,320,107 | 20,449,997 | ( 11,052) | ( 18,204,253) | ( 1,700) | 6,553,099 |
| | $ 141,398,485 | $ 20,451,752 | ($ 3,251,089) | $ 219,431 | ($ 169,978) | $ 158,648,601 |

ii. Accumulated depreciation and impairment

| | Balance at January 1 | Depreciation expnse | Impairment losses | Disposals | Reclassification | Exchange differences, net | Balance at December 31 |
|---|---|---|---|---|---|---|---|
| Land and Land improvement | $ - | $ 636 | $ - | $ - | $ - | $ - | $ 636 |
| Buildings | 20,000,515 | 2,055,210 | - | ( 199) | - | ( 8,670) | 22,046,856 |
| Machinery and equipment | 50,246,998 | 10,735,402 | 37,997 | ( 939,409) | 53,653 | ( 64,174) | 60,070,467 |
| Other equipment | 5,527,196 | 1,157,150 | 5,036 | ( 1,763,833) | - | ( 8,826) | 4,916,723 |
| | $ 75,774,709 | $ 13,948,398 | $ 43,033 | ($ 2,703,441) | $ 53,653 | ($ 81,670) | $ 87,034,682 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(b)From January 1, 2020 to December 31, 2020

i. Cost

| | Balance at January 1 | Additions | Disposals | Disposals of subsidiaries | Reclassification | Exchange differences, net | Balance at December 31 |
|---|---|---|---|---|---|---|---|
| Land | $ 2,903,192 | $ - | $ - | $ - | $ - | $ - | $ 2,903,192 |
| Buildings | 43,980,723 | - | ( 28,527) | ( 3,665,811) | 2,284,567 | 80,835 | 42,651,787 |
| Machinery and equipment | 75,769,065 | 11,504 | ( 6,424,007) | ( 3,196,773) | 16,305,096 | 365,932 | 82,830,817 |
| Other equipment | 11,378,761 | 1,695 | ( 1,963,749) | ( 445,505) | ( 312,846) | 34,226 | 8,692,582 |
| Construction in progress and equipment awaiting for inspection | 5,379,338 | 18,022,290 | ( 9,708) | ( 792,543) | ( 18,276,817) | ( 2,453) | 4,320,107 |
| | $ 139,411,079 | $ 18,035,489 | ($ 8,425,991) | ($ 8,100,632) | $ - | $ 478,540 | $ 141,398,485 |

ii. Accumulated depreciation and impairment

| | Balance at January 1 | Depreciation expnse | Impairment losses | Disposals | Disposals of subsidiaries | Reclassification | Exchange differences, net | Balance at December 31 |
|---|---|---|---|---|---|---|---|---|
| Buildings | $ 18,012,692 | $ 2,117,088 | $ - | ($ 4,344) | ( 153,002) | $ - | $ 28,081 | $ 20,000,515 |
| Machinery and equipment | 41,344,169 | 11,160,904 | 19,365 | ( 2,337,322) | ( 331,962) | 188,889 | 202,955 | 50,246,998 |
| Other equipment | 6,034,566 | 1,676,464 | 10,738 | ( 1,949,690) | ( 82,058) | ( 188,889) | 26,065 | 5,527,196 |
| | $ 65,391,427 | $ 14,954,456 | $ 30,103 | ($ 4,291,356) | ($ 567,022) | $ - | $ 257,101 | $ 75,774,709 |

C. There is no interest capitalized for the years ended December 31, 2021 and 2020.

D. For idle property, plant and equipment, the Group adopted fair value less cost to sell method to measure their recoverable amount and recognized impairment loss of $43,033 and $30,103, respectively, under the line item of other gains and losses for the years ended December 31, 2021 and 2020. The recoverable amount of major impaired property, plant and equipment is determined based on the recent quoted prices of assets with similar age and obsolescence that provided by the vendors in secondary market. The recent quoted prices of assets are a level 3 input in terms of IFRS 13 because the secondary market is not very active.

(8) Leasing agreements- lessee

A. The Company leases several parcels of land from the Science Park Administration with expiration dates between December 2023 and December 2040. The Company can renew the leases upon expiration. The Company also entered into lease agreements for its buildings, machinery and equipment and other equipment. Besides, Siliconware Technology (Suzhou) Limited entered into lease agreements for their land use right. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Right-of-use assets

| | As of December 31, 2021 | 2020 |
|---|---|---|
| Carrying amounts | | |
| Land | $ 2,146,715 | $ 1,725,415 |
| Buildings | 733,002 | 94,883 |
| Machinery and equipment | 159,508 | 51,071 |
| | $ 3,039,225 | $ 1,871,369 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

| | For the Years Ended December 31, | |
|---|---|---|
| Depreciation expense | 2021 | 2020 |
| Land | $ 78,273 | $ 79,244 |
| Buildings | 52,886 | 28,140 |
| Machinery and equipment | 138,632 | 243,618 |
| | $ 269,791 | $ 351,002 |
| Additions to right-of-use assets | $ 1,606,441 | $ 230,990 |

C. Lease liabilities

| | As of December 31, | |
|---|---|---|
| Carrying amounts | 2021 | 2020 |
| Current (shown as other current liabilities - other) | $ 278,748 | $ 123,089 |
| Non-current | 2,717,924 | 1,673,317 |
| | $ 2,996,672 | $ 1,796,406 |

The Group's lease liabilities are mainly from the leases of land. The annualized discount rates for lease liabilities were as follows:

| | As of December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Land | 0.66%~1.46% | 0.78%-1.46% |

D. Other lease information

| | For the Years Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Expenses relating to short-term leases | $ 379,575 | $ 356,667 |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | $ 1,334 | $ 2,038 |
| Total cash outflow for leases | $ 642,838 | $ 551,754 |

The Group has elected to apply the recognition exemption to certain buildings, machinery and equipment which qualify as short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

(9) Intangible Assets

A. Carrying amount by category:

| | As of December 31, | |
|---|---|---|
| | 2021 | 2020 |
| License Fee | $ 5,914 | $ 9,000 |
| Software | 152,817 | 132,289 |
| | $ 158,731 | $ 141,289 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

B. Movement from period beginning to period end:

(a) From January 1, 2021 to December 31, 2021

i. Cost

| | Balance at January 1 | Additions | Disposals | Exchange differences, net | Balance at December 31 |
|---|---|---|---|---|---|
| License Fee | $ 28,800 | $ - | $ - | $ - | $ 28,800 |
| Software | 241,828 | 79,864 | - | ( 348) | 321,344 |
| | $ 270,628 | $ 79,864 | $ - | ($ 348) | $ 350,144 |

ii. Accumulated amortization

| | Balance at January 1 | Amortization expnse | Disposals | Exchange differences, net | Balance at December 31 |
|---|---|---|---|---|---|
| License Fee | $ 19,800 | $ 3,086 | $ - | $ - | $ 22,886 |
| Software | 109,539 | 59,088 | - | ( 100) | 168,527 |
| | $ 129,339 | $ 62,174 | $ - | ($ 100) | $ 191,413 |

(b) From January 1, 2020 to December 31, 2020

i. Cost

| | Balance at January 1 | Additions | Disposals | Disposals of subsidiaries | Exchange differences, net | Balance at December 31 |
|---|---|---|---|---|---|---|
| License Fee | $ 28,800 | $ - | $ - | $ - | $ - | $ 28,800 |
| Software | 232,984 | 46,433 | ( 340) | ( 38,125) | 876 | 241,828 |
| | $ 261,784 | $ 46,433 | ($ 340) | ($ 38,125) | $ 876 | $ 270,628 |

ii. Accumulated amortization

| | Balance at January 1 | Amortization expnse | Disposals | Disposals of subsidiaries | Exchange differences, net | Balance at December 31 |
|---|---|---|---|---|---|---|
| License Fee | $ 16,714 | $ 3,086 | $ - | $ - | $ - | $ 19,800 |
| Software | 62,819 | 57,087 | ( 37) | ( 10,688) | 358 | 109,539 |
| | $ 79,533 | $ 60,173 | ($ 37) | ($ 10,688) | $ 358 | $ 129,339 |

C. An analysis of amortization by function:

| | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|
| Operating costs | $ 19,414 | $ 26,473 |
| Operating expenses | 42,760 | 33,700 |
| | $ 62,174 | $ 60,173 |

(10) Other Payables

| | As of December 31, 2021 | 2020 |
|---|---|---|
| Payables for equipment | $ 5,908,800 | $ 3,120,951 |
| Accrued salary, bonus and employees' compensation | 5,697,706 | 4,872,178 |
| Others | 3,141,376 | 2,937,000 |
| | $ 14,747,882 | $ 10,930,129 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(11) Loans

A. Short-term Loans

| | As of December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Unsecured revolving bank loans | $ 3,366,821 | $ 810,748 |
| Interest rates | 3.24%~3.70% | 1.12%-3.83% |

B.Long-term Loans

| | As of December 31, | |
|---|---|---|
| Loan period and repayment method | 2021 | 2020 |
| Unsecured loans for special use | | |
| Repayable through Jan 2022 to July 2029 | $ 8,523,163 | $ 8,950,556 |
| Less: Current portion | ( 1,761,382) | ( 628,425) |
| | $ 6,761,781 | $ 8,322,131 |
| Interest rate | 1.14%~3.95% | 1.14%-4.15% |

Pursuant to the loan agreement, the Company should maintain, on a semi-annual and annual consolidated basis, certain debt covenants, such as current ratio, liability ratio as well as the ratio of interest coverage. As of December 31, 2021, the Company has been in compliance with all the debt covenants.

(12) Post-employment Benefit

A. In accordance with the Labor Standards Law, the Company has a funded defined benefit pension plan covering all eligible employees prior to the enforcement of the Labor Pension Act (“the Act”), which becomes effective on July 1, 2005, and those employees who choose to stay with the pension mechanism under the Labor Standards Law after the enforcement of the Act. Pension benefits are generally based on service years and six-month average wages and salaries before retirement of the employee. Two units are earned per year for the first 15 years of service and one unit is earned for each additional year of service with a maximum of 45 units. Under the funding policy of the plan, the Company makes contribution monthly based on a certain percentage of the employees' monthly salaries and wages to the pension fund, which is administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committee in the Bank of Taiwan. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company will make contribution for the deficit by next March.

The Company established pension plans for executive officers and recognized $251 and $509 net of pension costs (shown as net defined benefit liability) for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the net defined benefit obligations of executive officers were $95,660 and $78,116, respectively.

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B. Except for the pension plans for executive officers, the amounts arising from the defined benefit obligation recognized on the balance sheets are as follows:

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| Present value of defined benefit obligations | $ 2,422,078 | $ 2,680,208 |
| Fair value of the plan assets | ( 1,169,712) | ( 1,270,425) |
| Net defined benefit liability | $ 1,252,366 | $ 1,409,783 |

C. Movements in net defined benefit liabilities are as follows:

(a) For the Year Ended December 31, 2021

| | Present value of defined benefit obligations | Fair value of the plan assets | Net defined benefit liability |
|---|---|---|---|
| Balance at January 1 | $ 2,680,208 | ($ 1,270,425) | $ 1,409,783 |
| Current service cost | 9,661 | - | 9,661 |
| Interest expense (income) | 10,525 | ( 5,030) | 5,495 |
| Recognized in profit or loss | 20,186 | ( 5,030) | 15,156 |
| Remeasurements: | | | |
| Experience adjustments | ( 15,424) | - | ( 15,424) |
| Changes in demographic assumptions | 26,313 | - | 26,313 |
| Changes in financial assumptions | ( 78,326) | - | ( 78,326) |
| Return of plan assets (excluding amounts included in net interest expense) | - | ( 16,993) | ( 16,993) |
| Recognized in other comprehensive income | ( 67,437) | ( 16,993) | ( 84,430) |
| Pension fund contribution | - | ( 88,143) | ( 88,143) |
| Paid pension | ( 210,879) | 210,879 | - |
| Balance at December 31 | $ 2,422,078 | ($ 1,169,712) | $ 1,252,366 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(b) For the Year Ended December 31, 2020

| | Present value of defined benefit obligations | Fair value of the plan assets | Net defined benefit liability |
|---|---|---|---|
| Balance at January 1 | $ 2,663,042 | ($ 1,233,529) | $ 1,429,513 |
| Current service cost | 11,190 | - | 11,190 |
| Interest expense (income) | 19,654 | ( 9,160) | 10,494 |
| Recognized in profit or loss | 30,844 | ( 9,160) | 21,684 |
| Remeasurements: | | | |
| Experience adjustments | ( 23,585) | - | ( 23,585) |
| Changes in financial assumptions | 93,031 | - | 93,031 |
| Return of plan assets (excluding amounts included in net interest expense) | - | ( 40,204) | ( 40,204) |
| Recognized in other comprehensive income | 69,446 | ( 40,204) | 29,242 |
| Pension fund contribution | - | ( 70,656) | ( 70,656) |
| Paid pension | ( 83,124) | 83,124 | - |
| Balance at December 31 | $ 2,680,208 | ($ 1,270,425) | $ 1,409,783 |

D. The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than the aforementioned rates, government shall make payment for the deficit after authorized by the Regulator. The constitution of fair value of the plan assets as of December 31, 2021 and 2020 is as follows:

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| Equity instruments | $ 622,287 | $ 733,925 |
| Debt instruments | 277,105 | 325,864 |
| Cash | 211,016 | 158,676 |
| Others | 59,304 | 51,960 |
| | $ 1,169,712 | $ 1,270,425 |

E. Principal actuarial assumptions for the reporting period are as follows:

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| Discount rate | 0.75% | 0.40% |
| Future salary increase rate | 2.25% | 2.25% |

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F. For the years ended December 31, 2021 and 2020, if the aforementioned discount rate and future salary increase rate are 0.5% higher (lower) than management's estimates, the impact on the carrying amounts of defined benefit obligations is as follows:

| | Impact on defined benefit obligations | |
|---|---|---|
| December 31, 2021 | 0.5% increase in assumption | 0.5% decrease in assumption |
| Discount rate | ($ 105,605) | $ 113,069 |
| Future salary increase rate | $ 110,851 | ($ 104,645) |

| | Impact on defined benefit obligations | |
|---|---|---|
| December 31, 2020 | 0.5% increase in assumption | 0.5% decrease in assumption |
| Discount rate | ($ 131,466) | $ 141,540 |
| Future salary increase rate | $ 138,248 | ($ 129,832) |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method has been applied as when calculating the net defined benefit liability recognized in the balance sheet.

G. The Company expects to pay $90,131 contribution to the pension plan in 2022.

H. As of December 31, 2021, the weighted average duration of that retirement plan is 9 years. Expected maturity analysis of undiscounted defined benefit obligations was as follows:

| | As of December 31, 2021 |
|---|---|
| No later than 1 year | $ 110,562 |
| Later than 1 year and not later than 5 years | 587,477 |
| Later than 5 years | 1,931,649 |
| | $ 2,629,688 |

I. In accordance with the Labor Pension Act ("LPA"), effective July 1, 2005, the Company has established a defined contribution pension plan covering all regular employees with R.O.C. nationality. The Company makes monthly contributions to the employees' individual pension accounts on a basis no less than 6% of each employee's monthly salary or wage. The principal and accumulated gains or losses from an employee's personal pension account may be claimed on a monthly basis or in lump sum.

J. SUI has established a 401(K) pension plan ("the Plan") covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the U.S. Internal Revenue Code, as well as discretionary matching contributions determined annually by its Board of Directors to employees' individual pension accounts.

K. In accordance with the regulatory requirements in Suzhou and Quanzhou, PRC, Siliconware Technology (Suzhou) Limited and Siliconware Electronics (Fujian) Co., Limited contribute monthly an amount equal to certain percentage of employees' monthly salaries and wages to the Bureau of Social Insurance. Other than the monthly contributions, the Group has no further obligations.

L. The amounts of defined contribution pension plan are $782,926 and $730,991 for the years ended December 31, 2021 and 2020, respectively.

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(13) Capital Stock

As of December 31, 2021 and 2020, the authorized capital of the Company were $40,000,000 and $36,000,000, respectively, and the paid-in-capital were $36,517,489 and $33,917,489 with par value of NT$10 (in dollars) per share.

On April 29, 2021, the Board of Directors proposed to issue 260,000 thousand ordinary shares and the subscription base date was determined to be June 15, 2021.

(14) Capital Reserve

A. Pursuant to the Company Law of the R.O.C., the capital reserve arising from paid-in capital in excess of par on the issuance of stocks and from donation shall be exclusively used to cover accumulated deficits or transferred to capital proportionally either in issuing common stock or in returning cash. Other capital reserves shall be exclusively used to cover accumulated deficits. The amount of capital reserve used to increase capital is limited to 10% of the common stock each year when the Company has no accumulated deficits. The capital reserve can only be used to cover accumulated deficits when the legal reserve is insufficient to cover the deficits.

B. According to the Company Law of the R.O.C., captioned capital reserve is allowed to be transferred to share capital in the following year after the registration of capitalization is approved by the government authority.

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital | | |
| Arising from issuance of ordinary shares | $ 16,517,773 | $ 16,517,773 |
| Arising from conversion of bonds payable | 889,011 | 889,011 |
| | 17,406,784 | 17,406,784 |
| May be used to offset a deficit only | | |
| Arising from exercised employee share options | 432,368 | 236,158 |
| Arising from treasury share transactions | 186,351 | 186,351 |
| Arising from changes in percentage of ownership interest in subsidiaries | 16,940 | 16,940 |
| Others | 6,479 | 4,424 |
| | 642,138 | 443,873 |
| May not be used for any purpose | | |
| Arising from employee share options | 360,030 | 475,439 |
| Arising from employee restricted share plan | 39,334 | - |
| | 399,364 | 475,439 |
| | $ 18,448,286 | $ 18,326,096 |

(15) Retained Earnings

A. According to the Company's Articles of Incorporation, current year’s earnings before tax, if any, shall be distributed in the following order:

(a) Payment of taxes and dues;

(b) Completing the deficit and losses;

(c) Set aside 10% for statutory surplus reserve, unless the statutory surplus reserve has reached the total capital;

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(d) Set aside or reverse special reserve;

(e) Any further remaining amount shall be added to the unallocated surplus from the prior year as shareholder dividend and bonus. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders' meeting.

B. Dividends may be distributed by way of cash dividend and stock dividend. Distribution shall be made preferably by way of cash dividend while cash dividend shall be more than 50% of total dividends to be distributed. The amount is subject to the resolution adopted by the Board of Directors and approved at the Shareholder's Meeting. Dividend distribution to the Company's shareholder is recognized as liability in the Company's financial statements in the period in which the dividends are approved.

C. Legal reserve can only be used to offset deficits or increase capital in issuing common stock or in distributing cash. The amount of legal reserve that may be used to increase capital shall be limited to the portion of the reserve balance exceeding 25% of the capital stock.

D. In accordance with the R.O.C. Securities and Future Bureau (SFB) regulation, in addition to legal reserve, the Company should set aside a special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reserved amount could be included in the distributable earnings.

E. The appropriations of 2020 and 2019 earnings have been approved by the Board of Directors, on behalf of Shareholder's meeting, on April 29, 2021 and on April 30, 2020, respectively. The appropriations and dividends per share were as follows:

| | For the Years Ended December 31, | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | Amount | Dividends per share (in NT dollars) | Amount | Dividends per share (in NT dollars) |
| Prevision of Legal reserve | $ 1,151,025 | | $ 700,612 | |
| Reversal of Special reserve | ( 496,993) | | ( 59,836) | |
| Cash dividends | 10,400,000 | $ 3.07 | 6,800,000 | $ 2.00 |
| Stock Dividends | 2,600,000 | $ 0.77 | - | $ - |

The Company's Board of Directors resolved April 29, 2021 as the ex-dividend date for the distribution of 2020 earnings. Any information in relation to the Company's shareholders' resolution on earnings distribution will be posted in the "Market Observation Post System" on the website of the Taiwan Stock Exchanges ("TSE").

F. As of February 16, 2022, the Board of Directors has not approved the earnings distribution for 2021.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(16) Other Equity

| | Exchange Difference on Translation of Foreign Financial Statements | Urealized Gain (Loss) on Financial assets at FVTOCI |
|---|---|---|
| As of January 1, 2021 | ($ 1,024,777) | $ 3,672,839 |
| Share of other comprehensive income (loss) of associates accounted for using equity method | | |
| - pretax | ( 1,728) | 3,388,153 |
| Cumulative gains (losses) reclassified to retained earnings due to derecognition | - | ( 1,525,552) |
| Differences in translation - equity method investments | | |
| - pretax | ( 77,460) | - |
| As of December 31, 2021 | ($ 1,103,965) | $ 5,535,440 |

| | Exchange Difference on Translation of Foreign Financial Statements | Urealized Gain (Loss) on Financial assets at FVTOCI |
|---|---|---|
| As of January 1, 2020 | ($ 1,408,345) | $ 911,352 |
| Share of other comprehensive income (loss) of associates accounted for using equity method | | |
| - pretax | ( 6,779) | 2,795,283 |
| Cumulative gains (losses) reclassified to retained earnings due to derecognition | - | ( 34,890) |
| Differences in translation - equity method investments | | |
| - pretax | 204,414 | - |
| Disposals of subsidiaries | 162,940 | - |
| Disposal of associates accounted for using the equity method | 22,993 | 1,094 |
| As of December 31, 2020 | ($ 1,024,777) | $ 3,672,839 |

(17) Operating Revenue

Major services

| | For the Years Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Packaging | $ 89,113,808 | $ 79,124,699 |
| Testing | 16,483,768 | 19,894,835 |
| Others | 2,241,044 | 3,016,312 |
| | $ 107,838,620 | $ 102,035,846 |

Contract balances

| | As of | | |
|---|---|---|---|
| | December 31, 2021 | December 31, 2020 | January 01, 2020 |
| Accounts receivable (Note 6 (4)) | $ 21,085,592 | $ 18,198,762 | $ 17,150,614 |
| Contract assets - current | | | |
| Packaging | $ 1,648,913 | $ 1,291,406 | $ 1,848,179 |
| Testing | 191,767 | 382,757 | 599,542 |
| | $ 1,840,680 | $ 1,674,163 | $ 2,447,721 |

The changes in the balance of contract assets primarily resulted from the timing difference between the Group's performance and the respective customer's payment; no other significant changes occurred during 2021 and 2020.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(18) Expenses by Nature

| | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|
| Employee benefit expenses | | |
| Salaries and bonuses | $ 19,018,968 | $ 17,978,177 |
| Post employment benefits | 798,333 | 753,184 |
| Remuneration of directors | 126,535 | 149,358 |
| Compensation cost of employee share options | 120,135 | 229,685 |
| Others | 2,158,155 | 1,850,096 |
| | $ 22,222,126 | $ 20,960,500 |
| Depreciation and amorization expenses | $ 14,280,363 | $ 15,365,631 |

A. In accordance with the Company's Articles of Incorporation, after covering accumulated losses, 10% of the annual profit shall be set aside as employees' compensation. Additionally, 1% or less of the annual profit shall be set aside as remuneration of directors and supervisors. Employees' compensation is payable, in the form of cash or shares, to the payroll employees of the Company or its domestic or foreign subsidiaries over which the Company has 50% or more of voting power, who work substantially during the fiscal year in which the annual profit is generated.

B. Employees' compensation and remuneration of directors and supervisors were accrued as follows:

| | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|
| Employees' compensation | $ 2,379,961 | $ 1,533,576 |
| Remuneration of directors and supervisors | 145,871 | 153,358 |
| | $ 2,525,832 | $ 1,686,934 |

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

In 2020, the directors and supervisors' remuneration was estimated and accrued based on the annual profits for the year ended December 31, 2020. In February 2021, the Company's Board of Directors has resolved the actual amount of the remuneration of directors and supervisors to be paid for 2020 which is different the amount recognized in the consolidated financial statements for the year ended December 31, 2020. The over estimation of $15,336 was adjusted to profit and loss for the year ended December 31, 2021.

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Employees' compensation | Remuneration of directors and supervisors | Employees' compensation | Remuneration of directors and supervisors |
| Board of Directors | $ 1,533,576 | $ 138,022 | $ 1,040,183 | $ 104,018 |
| Financial Statements | $ 1,533,576 | $ 153,358 | $ 1,040,183 | $ 104,018 |

Information on the employees' compensation and the remuneration of directors and supervisors resolved by the Board of Directors is available at the Market Observation Post System website.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(19) Interest income

| | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Bank savings | $ 58,968 | $ 93,812 |
| Customer Contracts | 13,197 | - |
| Others | 8,226 | 11,761 |
| | $ 80,391 | $ 105,573 |

(20) Other Income

| | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Government subsidy | $ 310,313 | $ 216,387 |
| Royalty income | 135,400 | - |
| | $ 445,713 | $ 216,387 |

(21) Other Gains or Losses

| | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Gains on disposal of property, plant and equipment | $ 150,563 | $ 669,179 |
| Gains on disposal of intangible assets | - | 46 |
| Gains on disposal of investments | - | 889,673 |
| Foreign exchange losses - net | ( 103,156) | ( 184,679) |
| Gains on financial instruments at FVTPL, net | ( 108,662) | ( 33,996) |
| Impairment losses on non-financial assets | ( 43,033) | ( 30,103) |
| Compensation income | 194,259 | - |
| Others | 167,404 | 199,838 |
| | $ 257,375 | $ 1,509,958 |

(22) Finance costs

| | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Interest on bank loans | $ 239,879 | $ 611,000 |
| Interest from related parties | 82,264 | 36,712 |
| Interest on lease liabilities | 26,400 | 21,452 |
| Other finance costs | 935 | 3,086 |
| | $ 349,478 | $ 672,250 |

(23) Income Tax

The Company and the parent company, the Hold Co., and its subsidiaries have filed a consolidated tax return for corporate income tax and for unappropriated earnings.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

A. The components of income tax expense are as follows:

| | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Current income tax expense | | |
| Recognition for the current period | $ 4,126,784 | $ 2,447,094 |
| Income tax adjustments for prior years | ( 55,828) | 174 |
| | 4,070,956 | 2,447,268 |
| Deferred income tax expense | | |
| Temporary differences | ( 36,026) | 27,745 |
| Income tax expense recognized in profit or loss | $ 4,034,930 | $ 2,475,013 |

B. Reconciliation between income tax expense and accounting profit are as follows:

| | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Income tax expense calculated at the statutory tax rates applicable to respective countries | $ 4,929,623 | $ 3,209,177 |
| Deductible income by tax regulation | ( 116,686) | ( 47,978) |
| Tax exempt income by tax regulation | ( 125) | ( 14,823) |
| Temporary difference not recognised as deferred income tax liabilities | ( 426,654) | ( 464,073) |
| Investment tax credits | ( 222,511) | ( 220,741) |
| Prior year income tax over estimate | ( 128,717) | ( 10,888) |
| Other | - | 24,339 |
| Income tax expense recognized in profit or loss | $ 4,034,930 | $ 2,475,013 |

The weighted average statutory tax rates applicable to respective countries for the years ended December 31, 2021 and 2020 were 22.66% and 22.97%, respectively.

C. Income tax recognized in other comprehensive income

| | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Deferred income tax expense | | |
| Remeasurements of post-employment benefit obligation | ($ 13,428) | $ 5,793 |

D. Current tax assets and liabilities

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| Current tax assets | | |
| Tax refund receivable | $ - | $ 111,741 |
| Prepaid income tax | 17,069 | - |
| | $ 17,069 | $ 111,741 |
| Current tax liabilities | | |
| Income tax payable | $ 2,596,014 | $ 1,411,070 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

E. Changes in deferred income tax assets and liabilities for the years ended December 31, 2021 and 2020 are as follows:

| | 2021 | | | | |
|---|---|---|---|---|---|
| | January 1 | Profit or Loss | Other Comprehensive Income | Exchange Differences, net | December 31 |
| Deferred income tax assets | | | | | |
| Unrealized losses on inventory | $ 114,335 | ($ 44,435) | $ - | ($ 251) | $ 69,649 |
| Post-employment benefit obligations | 289,215 | ( 19,776) | ( 13,428) | - | 256,011 |
| Compensated absences payable | 103,322 | ( 4,192) | - | ( 34) | 99,096 |
| Provisions | 184,585 | 32,641 | - | - | 217,226 |
| Others | 64,704 | 27,610 | - | ( 575) | 91,739 |
| | $ 756,161 | ($ 8,152) | ($ 13,428) | ($ 860) | $ 733,721 |
| Deferred income tax liabilities | | | | | |
| Property, plant and equipment | ($ 149,832) | $ 65,151 | $ - | $ 875 | ($ 83,806) |
| Right-of-use asset | - | ( 22,457) | - | 238 | ($ 22,219) |
| Others | ( 40,728) | 1,484 | - | 192 | ( 39,052) |
| | ($ 190,560) | $ 44,178 | $ - | $ 1,305 | ($ 145,077) |
| | $ 565,601 | $ 36,026 | ($ 13,428) | $ 445 | $ 588,644 |

| | 2020 | | | | | |
|---|---|---|---|---|---|---|
| | January 1 | Profit or Loss | Other Comprehensive Income | Disposals of subsidiaries | Exchange Differences, net | December 31 |
| Deferred income tax assets | | | | | | |
| Unrealized losses on inventory | $ 64,472 | $ 49,189 | $ - | ($ 85) | $ 759 | $ 114,335 |
| Post-employment benefit obligations | 293,115 | ( 9,693) | 5,793 | - | - | 289,215 |
| Compensated absences payable | 96,841 | 7,085 | - | ( 689) | 85 | 103,322 |
| Provisions | 109,154 | 75,431 | - | - | - | 184,585 |
| Loss carry-forward | 239,406 | ( 85,631) | - | ( 152,594) | ( 1,181) | - |
| Long-term deferred expenses | 179,406 | ( 80,940) | - | ( 97,617) | ( 849) | - |
| Others | 64,089 | 52,263 | - | ( 47,232) | ( 4,416) | 64,704 |
| | $ 1,046,483 | $ 7,704 | $ 5,793 | ($ 298,217) | ($ 5,602) | $ 756,161 |
| Deferred income tax liabilities | | | | | | |
| Property, plant and equipment | ($ 82,376) | ($ 64,909) | $ - | $ - | ($ 2,547) | ($ 149,832) |
| Others | ( 68,217) | 29,460 | - | 795 | ( 2,766) | ( 40,728) |
| | ($ 150,593) | ($ 35,449) | $ - | $ 795 | ($ 5,313) | ($ 190,560) |
| | $ 895,890 | ($ 27,745) | $ 5,793 | ($ 297,422) | ($ 10,915) | $ 565,601 |

F. The amounts of taxable temporary difference associated with investment in subsidiaries not recognized as deferred income tax liabilities are as follows:

| | As of December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Investment in foreign subsidiaries | $ 9,772,143 | $ 7,716,331 |

G. The income tax returns of the Company have been assessed and approved by the Tax Authority through 2018.

H. According to the amended Enterprise Income Tax Law of P.R.C., the income tax rate adopted in subsidiary, Siliconware Technology (Suzhou) Limited and Siliconware Electronics (Fujian) Co., Limited is 25%.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(24) Earnings Per Share (EPS)

The basic EPS is determined by the net income dividing the weighted average number of shares outstanding. The diluted EPS is under the assumption that all potential ordinary shares have been converted into ordinary shares at the beginning of the period. The revenue and expense generated from the conversion should be included in the computation.

| | For the Year Ended December 31, 2021 | | |
|---|---|---|---|
| | Income after tax | Weighted average number of shares outstanding (in thousand shares) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Net income | $ 17,716,074 | 3,651,749 | $ 4.85 |
| Dilutive effect of employees' compensation | - | 57,109 | |
| Diluted earnings per share | $ 17,716,074 | 3,708,858 | $ 4.78 |

| | For the Year Ended December 31, 2020 | | |
|---|---|---|---|
| | Income after tax | Weighted average number of shares outstanding (in thousand shares) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Net income | $ 11,496,193 | 3,651,749 | $ 3.15 |
| Dilutive effect of employees' compensation | - | 49,213 | |
| Diluted earnings per share | $ 11,496,193 | 3,700,962 | $ 3.11 |

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on June 15, 2021. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2020 were as follows:.

| | Before Retroactive Adjustments | After Retroactive Adjustments |
|---|---|---|
| Basic earnings per share (In dollars) | $ 3.39 | $ 3.15 |
| Diluted earnings per share (In dollars) | $ 3.34 | $ 3.11 |

If the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed that the entire amount of the compensation 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 if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

(25) Share-Based Payment Arrangements

A. Employee share option plans

In order to attract, retain and reward employees, Hold Co. has its first employee share option plan for full-time employees of the Group and its subsidiaries of which 150,000 thousand share options were effectively registered to be granted in 2018. Each share option represents the right to purchase one ordinary share of Hold Co. when exercised. Under the terms of the plan, share options are granted at an exercise price equal to or not less than the closing price of the ordinary shares listed on the Taiwan Stock Exchange at the issue date. The right of those share options granted under the plan is valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date. For any subsequent changes in Hold Co.'s capital structure or when cash dividend per ordinary share exceeds 1.5% of the market price per ordinary share, the exercise price is adjusted accordingly.

Information about share option plan which is for employees of the Company was as follows:

| | For the Years Ended December 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Number of Options (In Thousands) | Weighted Average Exercise Price Per Share (NT$) (In dollars) | Number of Options (In Thousands) | Weighted Average Exercise Price Per Share (NT$) (In dollars) |
| Balance at January 1 | 32,472 | 52.9 | 39,368 | 54.4 |
| Options forfeited | ( 3,961) | 51.0 | ( 845) | 52.9 |
| Options exercised | ( 7,657) | 51.0 | ( 6,051) | 52.9 |
| Balance at December 31 | 20,854 | 51.0 | 32,472 | 52.9 |
| Options exercisable, end of year | 8,044 | 51.0 | 9,218 | 52.9 |

As of December 31, 2021 and 2020, the remaining contractual lives were 6.9 years and 7.9 years, respectively.

B. Employee restricted share plans

To attract and retain talents, motivate and engage employees, Hold Co.'s annual shareholders' meetings resolved the 2021 employee restricted stock awards plan and the issuance of 15,000 thousand ordinary shares, each share having a par value of NT$10 at an issue price of NT$0 per share (as gratuity) on the record date of capital raising on October 1, 2021. The fair value at the grant day of the employee restricted stock awards was NT$92.4 (In dollars) per share. The above employee restricted stock granted to the Group's employees amounted to 3,300 thousand shares.

The amount of employees' vested shares is settled and issued annually for each of the three years from October 1, 2021. Upon satisfaction of certain performance conditions under each year, the maximum number of shares that can vest each year is one-thirds of the total stock awards granted. Before the vesting conditions are met, except for inheritance, employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, the restricted stock awards. The rights of the restricted stock awards to attend the shareholder's meeting, submit proposals, speak and vote at the meeting and the other rights of restricted stock awards, including but not limited to stock dividend, cash dividend, rights to receive from legal reserve and capital surplus, stock options at cash capital increase, shall be the same as the Hold Co.'s ordinary shares issued and shall be deposited in a security trust account.

After the shares of restricted stock awards are granted to the employee, the Hold Co. shall have the right to revoke and cancel the unvested shares of restricted stock awards in the event that the employee is not fail to achieve the vesting conditions. The dividends issued for the unvested shares of restricted stock awards (including cash dividends, stock dividends, and cash and stock issued from legal reserve and capital surplus) and interests derived therefrom shall be returned to the Hold Co. by the security custodian in full when the Hold Co. redeems and cancels the unvested shares at no extra cost to the Hold Co..

C. The expenses recognized for the Company's share-based payments was $120,135 and $229,685 for the years ended December 31, 2021 and 2020, respectively.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(26) Disposals of subsidiaries

The Board of Directors of the subsidiary, SPIL (Cayman) Holding Limited, resolved in September 2020 to dispose its 100% shareholdings in Siliconware Electronics (Fujian) Co., Limited to Shenzhen Hiwin System Limited with a consideration of RMB966,000 thousands. The ownership interest was transferred in October 2020.

A. Consideration received from disposals

| | | |
|---|---|---|
| Consideration received in cash | $ | 4,123,564 |
| Less: Disposal cost and expenses | ( | 44,720) |
| Total consideration received | $ | 4,078,844 |

B. Analysis of assets and liabilities on the date control was lost

| | | |
|---|---|---|
| Assets | | |
| Cash and cash equivalents | $ | 200,347 |
| Accounts receivable, net | | 304,947 |
| Inventories | | 239,865 |
| Property, plant and equipment | | 7,533,610 |
| Right-of-use assets | | 812,861 |
| Deferred income tax assets | | 298,217 |
| Others assets | | 168,875 |
| Liabilities | | |
| Accounts payable | ( | 342,643) |
| Other payables | ( | 1,396,687) |
| Long-term loans (including the current portion) | ( | 4,693,682) |
| Others liabilities | ( | 25,362) |
| Net assets disposed of | $ | 3,100,348 |

C. Gain on disposal of subsidiaries

| | | |
|---|---|---|
| Consideration received | $ | 4,078,844 |
| Net assets disposed of | ( | 3,100,348) |
| Reclassification of other comprehensive income in respect of subsidiaries | ( | 162,940) |
| Gain on disposals | $ | 815,556 |

D. Net cash inflow on disposals of subsidiaries

| | | |
|---|---|---|
| Consideration received | $ | 4,078,844 |
| Less: Cash and cash equivalent balances disposed of | ( | 200,347) |
| Other receivable (contract balance after deducting disposal cost) (Note) | ( | 161,458) |
| | $ | 3,717,039 |

Note: Other receivable had be collected in 2021.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(27) Supplemental Cash Flow Information

A. The investment activities partially paid by cash are as follows:

| | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|
| Purchase of property, plant and equipment | $ 20,451,752 | $ 18,035,489 |
| Decrease in prepayment for equipment | ( 8,407) | ( 5,122) |
| (Increase) decrease in equipment payable, net | ( 2,787,849) | 4,079,404 |
| Effect of foreign currency exchange | ( 18,515) | ( 24,897) |
| Cash payment for acquisition of property, plant and equipment | $ 17,636,981 | $ 22,084,874 |

B. Reconciliation of liabilities arising from financing activities:

For the Year Ended December 31, 2021

| | Short-term loans | Long-term loans (including the current portion) | Refundable deposits | Obligation under leases (including the current portion) | Other payables - related parties | Total liabilities from financing activities |
|---|---|---|---|---|---|---|
| As of January 1, 2021 | $ 810,748 | $ 8,950,556 | $ 633,050 | $ 1,796,406 | $ 4,369,482 | $ 16,560,242 |
| Cash flows | 2,570,228 | ( 477,547) | 58,989 | ( 239,026) | ( 3,396,849) | ( 1,484,205) |
| Non-Cash Charges | | | | | | |
| New Leases and lease modifications | - | - | - | 1,439,654 | - | 1,439,654 |
| Amortization of deferred financing costs | - | 72,186 | - | - | - | 72,186 |
| Transfer in opearting income | - | - | ( 539,142) | - | - | ( 539,142) |
| Exchange Differences | ( 14,155) | ( 22,032) | 1,163 | ( 362) | ( 59,193) | ( 94,579) |
| As of December 31, 2021 | $ 3,366,821 | $ 8,523,163 | $ 154,060 | $ 2,996,672 | $ 913,440 | $ 15,954,156 |

For the Year Ended December 31, 2020

| | Short-term loans | Long-term loans (including the current portion) | Refundable deposits | Obligation under leases (including the current portion) | Other payables - related parties | Total liabilities from financing activities |
|---|---|---|---|---|---|---|
| As of January 1, 2020 | $ 7,153,904 | $ 14,417,741 | $ 260,258 | $ 1,756,031 | $ - | $ 23,587,934 |
| Cash flows | ( 6,321,307) | ( 840,134) | 372,788 | ( 165,833) | 4,407,431 | ( 2,547,055) |
| Non-Cash Charges | | | | | | |
| New Leases and lease modifications | - | - | - | 211,641 | - | 211,641 |
| Amortization of deferred financing costs | - | 70,928 | - | - | - | 70,928 |
| Government subsidy | - | 41,650 | - | - | - | 41,650 |
| Interest expense | - | - | - | - | 36,712 | 36,712 |
| Disposals of subsidiaries | - | ( 4,693,682) | ( 27) | ( 670) | - | ( 4,694,379) |
| Exchange Differences | ( 21,849) | ( 45,947) | 31 | ( 4,763) | ( 74,661) | ( 147,189) |
| As of December 31, 2020 | $ 810,748 | $ 8,950,556 | $ 633,050 | $ 1,796,406 | $ 4,369,482 | $ 16,560,242 |

C. Information about income tax paid within operating and investing activities

| | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|
| Net cash used in operating activities | $ 2,791,383 | $ 2,051,053 |
| Net cash used in investing activities | 20,618 | 3,721 |
| | $ 2,812,001 | $ 2,054,774 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

## 7. Related Party Transactions

Intercompany balances and transactions between SPIL and its subsidiaries have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

### (1) Related Party Name and Categories

| Name of related parties | Relationship with the Company |
|---|---|
| ASE Technology Holding Co., Ltd. (the "Hold Co.") | The Company's parent |
| Advanced Semiconductor Engineering, Inc. (the "ASE") | Fellow subsidiary |
| ASE Electronics Inc. | The ultimate parent company is the same |
| ASE (Shanghai) Inc. | The ultimate parent company is the same |
| ASE (Weihai) Inc. (Note) | The ultimate parent company is the same |
| ASE (KunShan) Inc. (Note) | The ultimate parent company is the same |
| Advanced Semiconductor Engineering (China) Ltd. | The ultimate parent company is the same |
| ASE Advanced Semiconductor (Shanghai) Limited (Note) | The ultimate parent company is the same |
| Suzhou ASEN Semiconductors Co., Ltd. (Note) | The ultimate parent company is the same |
| ASE Test Inc. | The ultimate parent company is the same |
| ASE Assembly & Test (Shanghai) Limited | The ultimate parent company is the same |
| Universal Global Technology (Shanghai) Co., Ltd. | The ultimate parent company is the same |
| Universal Global Scientific Industrial Co., Ltd. | The ultimate parent company is the same |
| ChipMOS Technologies Inc. | Associate |

Note: Hold Co. had disposed in December 2021.

### (2) Purchases

| | For the Years Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| The ultimate parent company is the same | $ 512,594 | $ 261,648 |
| Fellow subsidiary | 9,162 | 2,835 |
| | $ 521,756 | $ 264,483 |

The purchase price and payment terms with related parties were generally comparable to those with third parties.

### (3) Payables to related parties

| | For the Years Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| The ultimate parent company is the same | $ 150,764 | $ 99,313 |
| Fellow subsidiary | 2,079 | 2,581 |
| | $ 152,843 | $ 101,894 |

The outstanding trade payables to related parties are unsecured.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(4) Loans to related parties

| Name of related parties | Line Item | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|---|
| Hold Co. | Other receivables - related parties | $ 10,000,000 | $ 9,500,000 |

| Name of related parties | Line Item | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|---|
| Hold Co. | Interest income | $ 8,226 | $ 11,761 |

The Group provided unsecured loans to related parties at rates comparable to market interest rates.

(5) Loans from related parties

| Name of related parties | Line Item | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|---|
| ASE (KunShan) Inc. | Other payables - related parties | $ - | $ 1,091,204 |
| ASE (Weihai) Inc. | Other payables - related parties | - | 1,484,038 |
| Advanced Semiconductor Engineering (China) Ltd. | Other payables - related parties | 913,440 | 1,794,240 |
| | | $ 913,440 | $ 4,369,482 |

| Name of related parties | Line Item | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|---|
| ASE (KunShan) Inc. | Interest expense | $ 28,129 | $ 20,269 |
| ASE (Weihai) Inc. | Interest expense | 43,240 | 10,608 |
| Advanced Semiconductor Engineering (China) Ltd. | Interest expense | 10,895 | 5,835 |
| | | $ 82,264 | $ 36,712 |

The Group obtained loans from related parties at rates comparable to market interest rates.

(6) In order to attract, retain and reward employees, the Company's parent, the Hold Co., granted employee share option and restricted share to full-time employees of the Group. Please refer to Note 6 (25) for relevant information.

(7) Key Management Compensation

Key management includes directors, supervisors and other executive officers. Their compensation is shown below:

| | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Short-term employee benefits | $ 369,474 | $ 391,458 |
| Share-based payments | 55,015 | 71,065 |
| Post-employment benefits | 2,186 | 2,210 |
| | $ 426,675 | $ 464,733 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

8. Assets Pledged as Collateral

The following assets have been pledged as collateral against certain obligations of the Group:

| Assets | As of December 31, 2021 | As of December 31, 2020 | Subject of collateral |
|---|---|---|---|
| Time deposits (shown as financial assets at amortized cost) | $ 365,800 | $ 317,300 | Guarantees for customs duties and land leased from Science Park Administration |

9. Significant Contigent Liabilities and Unrecongized Contract Commitment

(1) As of December 31, 2021 and 2020, letters of credits for importation of goods provided to customs by banks with the banking facilities granted to the Group were approximately $185,659 and $186,593 ,respectively.

(2) As of December 31, 2021 and 2020, unused letters of credits signed by the Group for importation of equipment were approximately $74,432 and $0, respectively.

(3) As of December 31, 2021 and 2020, outstanding commitments of the Group to purchase property, plant and equipment of the Group was approximately $23,002,188, of which $1,674,966 had been prepaid and $10,972,746, of which $517,796 had been prepaid, respectively.

(4) The Company entered into long-term purchase agreements of materials and supplies with multiple suppliers. The relative minimum purchase quantities are specified in the related agreements.

(5) The Gropy entered into long-term agreements with customers. The relative minimum sell quantities or purchase from supplies are specified in the related agreements.

10. Significant Disaster Loss

None

11. Significant Event After the Reporting Period

None

12. Others

(1) Capital Risk Management

The capital includes common share, capital reserve, retained earnings, and other equity items. The Group's objectives in managing capital are to maintain sufficient capital to expand production capacity and equipment, and ensure the Group has sufficient and necessary financial resources to deal with operating capital demand, capital expenditure, research and development expenditure, dividend expenditure, loan repayment, and other operating demand.

Except for those mentioned in Note 6 (11), the Company does not have to follow any restrictions of outside capital.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(2) Financial Instruments by Category

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| **Financial Assets** | | |
| Financial assets at fair value through profit or loss | | |
| Financial assets at fair value through profit or loss, current | $ 28,044 | $ 12,169 |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | 11,765,565 | 9,568,619 |
| Financial assets at amortized cost | 365,800 | 317,300 |
| Contract assets | 1,840,680 | 1,674,163 |
| Notes and accounts receivable | 21,223,984 | 18,230,737 |
| Other receivables (including related parties) | 10,643,145 | 10,945,443 |
| Long-term accounts receivables (shown as other non-current assets) | 134,760 | - |
| Refundable deposits (shown as other current assets and other non-current assets) | 436,187 | 369,131 |
| | $ 46,438,165 | $ 41,117,562 |

| | As of December 31, 2021 | As of December 31, 2020 |
|---|---|---|
| **Financial Liabilities** | | |
| Financial liabilities at fair value through profit or loss | | |
| Non-derivative financial liabilities held for trading | $ 12,925 | $ 95,744 |
| Financial liabilities at amortised cost | | |
| Short-term loans | 3,366,821 | 810,748 |
| Accounts payable | 14,302,848 | 10,875,264 |
| Other payables (including related parties) | 15,665,873 | 15,340,220 |
| Receipts under custody (shown as other current liabilities - other) | 230,366 | 166,150 |
| Deposit received (shown as other current liabilities - other and other non-current liabilities - other) | 2,058,136 | 633,050 |
| Long-term loans (including the current portion) | 8,523,163 | 8,950,556 |
| | $ 44,160,132 | $ 36,871,732 |

(3) Fair Value Information

A. Fair value of financial instruments not carried at fair value

The management considers that the carrying amounts of financial assets and financial liabilities approximate to their fair values. The fair value of the Group’s short-term financial instruments is approximated to their carrying amount due to their maturities within one year. The fair value of the Group’s non-current financial instruments is approximated to their carrying amount due to the impact of discounting is not significant, or because the floating interest rates reset periodically to reflect the market conditions and the Group’s credit rating.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

B. The table below analyzes financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

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

The Group's financial instruments measured at fair value are as follows:

| | As of December 31, 2021 | | |
|---|---|---|---|
| Recurring basis | Level 1 | Level 2 | Level 3 |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Derivative instruments (non-designated hedges) | | | |
| Forward exchange contracts | $ - | $ 260 | $ - |
| Swap contracts | - | 27,784 | - |
| | $ - | $ 28,044 | $ - |
| Financial liabilities held for trading | | | |
| Derivative instruments (non-designated hedges) | | | |
| Forward exchange contracts | $ - | $ 12,925 | $ - |

| | As of December 31, 2020 | | |
|---|---|---|---|
| Recurring basis | Level 1 | Level 2 | Level 3 |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Derivative instruments (non-designated hedges) | | | |
| Forward exchange contracts | $ - | $ 12,169 | $ - |
| Financial liabilities held for trading | | | |
| Derivative instruments (non-designated hedges) | | | |
| Forward exchange contracts | $ - | $ 496 | $ - |
| Swap contracts | - | 95,248 | - |
| | $ - | $ 95,744 | $ - |

As of December 31, 2021 and 2020, there was no financial instrument that was measured at fair value on a non-recurring basis.

Valuation techniques and assumptions applied for the purpose of measuring fair value

(1) The fair value of financial instruments traded in active markets is based on quoted market price at the balance sheet date. For financial instruments with fair value not traded in active markets, the Company uses valuation techniques, which maximize the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(2) Swap contracts and forward exchange contracts were determined using discounted cash flows. Future cash flows are estimated based on observable forward exchange rates at balance sheet dates and contract forward exchange rates, discounted at rates that reflected the credit risk of various counterparties.

(3) There were no transfers between Level 1 and 2 for the years ended December 31, 2021 and 2020.

(4) Financial Risk Management

The Group's activities expose it to a variety of financial risk: market risk (including currency risk and interest rate risk), credit risk and liquid risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Derivatives are used exclusively for currency hedging purposes and not as trading or speculative instruments.

A. Market risk

(a) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, the CNY and the JPY. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Group implements the policy of natural hedging and monitors the foreign exchange rate fluctuation closely to manage the risk. The Group entered into forward foreign exchange contracts and swap contracts to hedge exchange rate risk. However, these forward foreign exchange contracts and swap contracts are not accounted for under hedge accounting (shown as financial instruments at FVTPL). The Group's exposure to foreign exchange risk is as follows:

| | As of December 31, 2021 | | | |
|---|---|---|---|---|
| | | | Sensitivity analysis | |
| (Foreign currencies: functional currencies) | Foreign Currencies in thousands | Exchange rates | Movement | Impact to profit and loss before tax (NT$) |
| Financial assets | | | | |
| Monetary assets | | | | |
| USD:NTD | $ 714,875 | 27.680 | 1% | $ 197,877 |
| USD:CNY | 54,055 | 6.3757 | 1% | 14,962 |
| Financial Liabilities | | | | |
| Monetary liabilities | | | | |
| USD:NTD | 335,543 | 27.680 | 1% | 92,878 |
| USD:CNY | 173,172 | 6.3757 | 1% | 47,934 |
| JPY:NTD | 5,379,739 | 0.2405 | 1% | 12,938 |
| JPY:CNY | 782,645 | 0.0554 | 1% | 1,882 |

| | As of December 31, 2020 | | | |
|---|---|---|---|---|
| | | | Sensitivity analysis | |
| (Foreign currencies: functional currencies) | Foreign Currencies in thousands | Exchange rates | Movement | Impact to profit and loss before tax (NT$) |
| Financial assets | | | | |
| Monetary assets | | | | |
| USD:NTD | $ 714,681 | 28.480 | 1% | $ 203,541 |
| USD:CNY | 34,693 | 6.5249 | 1% | 9,881 |
| CNY:NTD | 345,162 | 4.3648 | 1% | 15,066 |
| Financial Liabilities | | | | |
| Monetary liabilities | | | | |
| USD:NTD | 255,633 | 28.480 | 1% | 72,804 |
| USD:CNY | 115,193 | 6.5249 | 1% | 32,807 |
| JPY:NTD | 3,385,966 | 0.2763 | 1% | 9,355 |
| JPY:CNY | 565,236 | 0.0632 | 1% | 1,562 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

The significant realized and unrealized foreign exchange gains (losses) were as follows:

| | For the Year Ended December 31, 2021 | | For the Year Ended December 31, 2020 | |
|---|---|---|---|---|
| Functional Currencies | Exchange Rate | Net Foreign Exchange Gain (Loss) | Exchange Rate | Net Foreign Exchange Gain (Loss) |
| NTD | | ($ 214,235) | | ($ 447,340) |
| CNY | CNY 1=NTD 4.3415 | 111,079 | CNY 1=NTD 4.3648 | 262,661 |
| | | ($ 103,156) | | ($ 184,679) |

(b) Interest rate risk

The Group's interest rate risk arises from cash, interest bearing time deposits, other receivables, other payables and borrowings. Mostly, residual cash will be held as deposit. For the fixed rate of time deposits, the change of interest rate will have no impact on future cash flow. As of December 31, 2021 and 2020, the Group held financial assets with cash flow interest rate risk of $20,314,852 and $17,473,613, respectively, and financial liabilities with cash flow interest rate risk of $11,889,984 and $9,761,304, respectively. If the interest rate had been increased or decreased by 10 basis points (0.1%), with foreign exchange rates held constant, income before income tax for the years ended December 31, 2021 and 2020 would have increased or decreased by $8,425 and decreased or increased by $7,712, respectively.

B. Credit risk

The Group's credit risk mainly arises from cash and cash equivalents, financial assets at amortized cost, accounts and notes receivable, other receivables and refundable deposits and etc. The Group's maximum exposure to credit risk was the carrying amounts of financial assets in the consolidated balance sheets.

(a) For risks from banks and financial institutions, the Group periodically assesses their credit ratings based on information provided by external independent rating institutes. Furthermore, to minimize the credit risk, the Group allocates deposits based on each bank's credit rating results. After the assessment, most of banks and financial institutions the Group transacts with are with minimum rating of "A", which represents low credit default risks.

(b) For risks arising from accounts and notes receivable, the Group assesses customers' credit quality through internal risk assessment, taking into account of their current financial conditions and past transaction experiences. After the assessment, management does not expect significant losses from non-performance by these counterparties.

(c) 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 trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor, an analysis of the debtor's current financial position, impact of Covid-19, and an assessment of the forecast direction of economic conditions at the reporting date. 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 according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over 360 days past due, whichever occurs earlier. For trade receivables 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.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

The Group used forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. The following tables detail the loss allowance of accounts receivables and contract assets based on the Group's provision matrix.

| | | Overdue | | | | | |
|---|---|---|---|---|---|---|---|
| As of December 31, 2021 | Not Past Due | 1 to 30 days | 31 to 90 days | 91 to 180 days | 181 to 365 days | Over 1 year | Total |
| Expected credit loss rate | 0% | 0% | 0%-1% | 1%-6% | 12%-34% | 100% | |
| Gross carrying amount | $ 22,689,803 | $ 228,607 | $ 7,833 | $ 1,553 | $ 15 | $ - | $ 22,927,811 |
| Loss allowance | $ - | $ - | $ 1,502 | $ 32 | $ 5 | $ - | $ 1,539 |

| | | Overdue | | | | | |
|---|---|---|---|---|---|---|---|
| As of December 31, 2020 | Not Past Due | 1 to 30 days | 31 to 90 days | 91 to 180 days | 181 to 365 days | Over 1 year | Total |
| Expected credit loss rate | 0% | 0% | 0%-1% | 1%-11% | 12%-29% | 100% | |
| Gross carrying amount | $ 19,791,751 | $ 65,002 | $ 16,594 | $ 777 | $ 294 | $ 46 | $ 19,874,464 |
| Loss allowance | $ - | $ - | $ 1,370 | $ 38 | $ 85 | $ 46 | $ 1,539 |

(d) As of December 31, 2021 and 2020, the Group's ten largest customers accounted for 67% and 68% of accounts receivables, respectively. The Group considers the concentration of credit risk for the remaining accounts receivables is immaterial.

C. Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business needs, and to maintain adequate cash and banking facilities to repay the borrowings. By considering its debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets, and other important factors, the Company's finance department monitors the Group's cash requirements and forecasts its future cash flow.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including principals and interests payments).

| | As of December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | Over 3 years | Total |
| Non-derivative financial liabilities | | | | | |
| Short-term Loans | $ 3,461,954 | $ - | $ - | $ - | $ 3,461,954 |
| Accounts Payable | 14,302,848 | - | - | - | 14,302,848 |
| Other Payables (include related parties) | 15,670,786 | - | - | - | 15,670,786 |
| Lease liabilities (include the current portion) | 309,491 | 231,887 | 188,141 | 2,659,209 | 3,388,728 |
| Other Current Liabilities - Others | 1,311,119 | - | - | - | 1,311,119 |
| Long-term Loans (include the current portion) | 1,854,796 | 2,110,891 | 1,082,135 | 3,897,759 | 8,945,581 |
| Other Non-current Liabilities - Others | - | 415,333 | 283,262 | 278,788 | 977,383 |
| | $ 36,910,994 | $ 2,758,111 | $ 1,553,538 | $ 6,835,756 | $ 48,058,399 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

| | As of December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | Over 3 years | Total |
| Non-derivative financial liabilities | | | | | |
| Short-term Loans | $ 827,586 | $ - | $ - | $ - | $ 827,586 |
| Accounts Payable | 10,875,264 | - | - | - | 10,875,264 |
| Other Payables (include related parties) | 15,435,527 | - | - | - | 15,435,527 |
| Lease liabilities (include the current portion) | 144,976 | 95,418 | 91,566 | 1,757,269 | 2,089,229 |
| Other Current Liabilities - Others | 797,719 | - | - | - | 797,719 |
| Long-term Loans (include the current portion) | 755,460 | 2,013,158 | 2,032,935 | 4,748,179 | 9,549,732 |
| Other Non-current Liabilities - Others | - | 1,481 | - | - | 1,481 |
| | $ 28,836,532 | $ 2,110,057 | $ 2,124,501 | $ 6,505,448 | $ 39,576,538 |

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments settled on a net basis, and the undiscounted gross cash inflows and outflows on those derivatives that require gross settlement.

As of December 31, 2021

| | On Demand or Less than 1 Month | 1 to 3 Months |
|---|---|---|
| Net settled | | |
| Forward exchange contracts | ($ 13,949) | ($ 3,035) |
| Gross settled | | |
| Swap contracts | | |
| Inflows | $ 5,413,524 | $ 4,302,372 |
| Outflows | ( 5,397,600) | ( 4,290,400) |
| | $ 15,924 | $ 11,972 |

As of December 31, 2020

| | On Demand or Less than 1 Month | 1 to 3 Months |
|---|---|---|
| Net settled | | |
| Forward exchange contracts | $ 6,074 | $ 4,499 |
| Gross settled | | |
| Swap contracts | | |
| Inflows | $ 9,049,758 | $ 4,807,600 |
| Outflows | ( 9,113,600) | ( 4,841,600) |
| | ($ 63,842) | ($ 34,000) |

13. Seperaely Disclosed Items

(1) Information about significant transactions

A. Financing provided to others: Please refer to Table 1.

B. Endorsements/guarantees provided: None.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None.

D. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Please refer to Table 2.

E. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Please refer to Table 3.

F. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 4.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.

I. Trading in derivative instruments: Please refer to Note 6 (2).

J. Intercompany relationships and significant intercompany transactions: Please refer to Table 6.

(2) Information on investees

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

(3) Information on investments in mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

14. Segment Information

(1) General Information

The Group's packaging and testing services are provided in Taiwan and China. The chief operating decision maker determines the Group's performance based on the geographic perspective. The nature of services, production process, type of customers and service delivery model at these two geographical locations are similar. While the chief operating decision maker receives separate reports for each location, these two operating segments have been aggregated into one reportable segment as they have similar long-term average gross margins and have similar economic characteristics. As a result, the Group discloses a single reporting segment. The operating basis of the Group is measured on the same basis when preparing of the financial statements.

(2) Breakdown of the Revenue From Different Products and Services

| | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|
| Packaging | $ 89,113,808 | $ 79,124,699 |
| Testing | 16,483,768 | 19,894,835 |
| Others | 2,241,044 | 3,016,312 |
| | $ 107,838,620 | $ 102,035,846 |

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(3) Operations in Different Geographic Areas

Revenues are summarized by the areas where our customers' group headquarters locate. Non-current assets, including equity method investment, property, plant and equipment, and other assets, but not including financial instruments and deferred tax assets, are categorized by their locations.

| | For the Years Ended December 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Revenues | Non-current Assets | Revenues | Non-current Assets |
| USA | $ 55,899,869 | $ 77,866 | $ 40,471,961 | $ 91,734 |
| China | 18,605,049 | 20,440,982 | 35,470,973 | 17,248,970 |
| Taiwan | 28,070,912 | 68,346,776 | 19,973,902 | 59,556,949 |
| Europe | 4,691,887 | - | 5,449,916 | - |
| Others | 570,903 | - | 669,094 | - |
| | $ 107,838,620 | $ 88,865,624 | $ 102,035,846 | $ 76,897,653 |

(4) Major Customers

For the years ended 2021 and 2020, operating revenues of $20,305,944 and $14,682,460 were generated from customer A, the operating revenues of $16,017,682 and $10,566,363 were generated from customer B, and the operating revenues of $0 and $27,218,815 were generated from customer C, respectively.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

Table 1

Financings provided

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars, unless stated otherwise)

| No. | Financing Company | Counter-party | Financial Statement Account | Related Party | Maximum Balance for the Period | Ending Balance | Amount Actual Drawn | Interest Rate (%) | Nature for Financing | Transaction Amounts | Reason for Financing | Allowance for Bad Debt | Collateral Item | Collateral Value | Financing Limits for Each Borrowing Company (Note 1) | Financing Company's Total Financing Amount Limits (Note 1) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | Siliconware Precision Industries Co., Ltd. | ASE Technology Holding Co., Ltd. | Other receivables from related parties | Yes | $ 10,000,000 | $ 10,000,000 | $ 10,000,000 | 0.59 | The need for short-term financing | $ - | Operating capital | $ - | – | – | $ 37,530,555 | $ 37,530,555 | |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Other receivables from related parties | Yes | 1,392,500 | 1,384,000 | 1,384,000 | 0.63~3.49 | The need for short-term financing | - | Operating capital | - | – | – | 37,530,555 | 37,530,555 | Note 2 |

Note 1: Where an inter-company or inter-firm short-term financing facility is necessary provided that the total amount of such financing facility and the total amount lending to a company shall not exceed 40% of the net worth of the lending company.

Note 2 : Eliminated under consolidation.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

Table 2

Securities for which total buying or selling exceeds the lower of NT$300,000 or 20 percent of the Company's paid-in capital

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars, unless stated otherwise)

| | | | | | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Company Name | Marketable Securities Type and Name | Financial Statement Account | Counter-party | Nature of Relationship | Shares/Units (In Thousands) | Amount | Shares/Units (In Thousands) | Amount | Shares/Units (In Thousands) | Amount | Carrying Value | Gain/Loss on Disposal | Shares/Units (In Thousands) | Amount (Note 1) |
| Siliconware Precision Industries Co., Ltd. | SPIL (B.V.I.) Holding Limited (Stock) | Investments accounted for using the equity method | Cash capital increase or decrease | - | 319,400 | $ 17,648,701 | 15,000 | $ 424,650 | 135,000 | $ - | $ 3,843,450 | $ - | 199,400 | $ 16,340,566 (Note 2) |
| SPIL (B.V.I.) Holding Limited | SPIL (Cayman.) Holding Limited (Stock) | Investments accounted for using the equity method | Cash capital increase or decrease | - | 321,200 | 17,489,648 | 15,000 | 424,650 | 135,000 | - | 3,843,450 | - | 201,200 | 16,102,196 (Note 2) |
| SPIL (Cayman.) Holding Limited | Siliconware Technology (Suzhou) Limited (Capital) | Investments accounted for using the equity method | Cash capital increase | - | - | 13,274,459 | - | 424,650 | - | - | - | - | - | 15,740,362 (Note 2) |

Note 1 : The ending balance includes share of profits or losses of investees and other adjustment related to equity.

Note 2 : Eliminated under consolidation.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

Table 3

Acquisition of real estate with an amount exceeding the lower of NT$300,000 or 20 percent of the Company’s paid-in capital

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars, unless stated otherwise)

| Company Name | Types of Property | Transaction Date | Transaction Amount | Payment Term | Counter-party | Nature of Relationships | Prior Transaction of Related Counter-party: Owner | Prior Transaction of Related Counter-party: Relationships | Prior Transaction of Related Counter-party: Transfer Date | Prior Transaction of Related Counter-party: Amount | Price Reference | Purpose of Acquisition | Other Terms |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Siliconware Precision Industries Co., Ltd. | Facility engineering | January 1, 2021 - December 31, 2021 | $ 2,519,183 | Based on the terms agreed upon by both parties | LeeMing Construction Co., Ltd. | None | - | - | - | $ - | Request for quotation, price comparison and price negotiation | For operating purpose | - |
| Siliconware Precision Industries Co., Ltd. | Facility engineering | January 1, 2021 - December 31, 2021 | 2,033,433 | Based on the terms agreed upon by both parties | Chung Yuang Electrica Consulting Co., Ltd. | None | - | - | - | - | Request for quotation, price comparison and price negotiation | For operating purpose | - |
| Siliconware Precision Industries Co., Ltd. | Facility engineering | January 1, 2021 - December 31, 2021 | 1,823,218 | Based on the terms agreed upon by both parties | Acter Group Corporation Limited | None | - | - | - | - | Request for quotation, price comparison and price negotiation | For operating purpose | - |
| Siliconware Precision Industries Co., Ltd. | Facility engineering | January 1, 2021 - December 31, 2021 | 833,555 | Based on the terms agreed upon by both parties | Sheng Yi Fa Construction Co., Ltd. | None | - | - | - | - | Request for quotation, price comparison and price negotiation | For operating purpose | - |
| Siliconware Technology (Suzhou) Limited | Facility engineering | January 1, 2021 - December 31, 2021 | 1,232,695 | Based on the terms agreed upon by both parties | China MCC20 Group Corp. Ltd. | None | - | - | - | - | Request for quotation, price comparison and price negotiation | For operating purpose | - |

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

Table 4

Related party transactions with purchases and sales amounts exceeding the lower of NT$100,000 or 20 percent of the Company's paid-in capital

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars, unless stated otherwise)

| | | | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Buyer | Related Party | Relationships | Purchases/ Sales | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | Note |
| Siliconware Precision Industries Co., Ltd. | ASE Electronics Inc. | The ultimate parent company is the same | Purchases | $ 511,676 | 1.36% | Net 60 days from the end of the month of when invoice is issued | - | - | ($ 150,322) | ( 1.33%) | |
| Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirectly owned subsidiary | Sales | ( 127,528) | ( 0.14%) | Net 60 days from the end of the month of when invoice is issued | - | - | 30,769 | 0.20% | Note |
| Siliconware Technology (Suzhou) Limited | Siliconware Precision Industries Co., Ltd. | parent company | Purchases | 127,528 | 1.58% | Net 60 days from the end of the month of when invoice is issued | - | - | ( 30,769) | ( 0.97%) | Note |

Note : Eliminated under consolidation.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

Table 5

Receivables from related parties exceeding the lower of NT$100,000 or 20 percent of the Company's paid-in capital

December 31, 2021

(Expressed in thousands of New Taiwan Dollars, unless stated otherwise)

| | | | Receivables from Related Parties Amount | | | | Overdue | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Company Name | Related Party | Nature of Relationships | Accounts receivable | Other receivables (Note 1) | Totals | Turnover Rate (Note 2) | Amount | Action taken | Amounts Received in Subsequent Period | Allowance for Bad Debts |
| Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirect owned subsidiary | $ 30,769 | $ 1,525,131 | $ 1,555,900 (Note 3) | 1.52 | $ 4,241 | Received in subsequent period | $ 36,887 | $ - |
| Siliconware Precision Industries Co., Ltd. | ASE Technology Holding Co., Ltd. | Parent company | - | 10,000,000 | 10,000,000 | - | - | - | - | - |

Note 1 : Intercompany loans.
Note 2 : Exclude other receivables.
Note 3 : Eliminated under consolidation.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

Table 6

Intercompany relationships and significant intercompany transactions

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars, unless stated otherwise)

| | | | | Transaction | | | |
|---|---|---|---|---|---|---|---|
| No. | Company name | Counterparty | Relationship | General ledger Account | Amount (Note 2) | Transaction terms | Percentage of consolidated revenues or total assets |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware USA, Inc. | Indirectly owned subsidiary | Commision | $ 463,329 | As specified in contract | 0.43% |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirectly owned subsidiary | Other receivables | 1,525,131 | (Note 1) | 1.03% |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirectly owned subsidiary | Property, plant, and equipment | 697,894 | (Note 1) | 0.47% |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirectly owned subsidiary | Property, plant, and equipment | 129,258 | (Note 1) | 0.09% |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirectly owned subsidiary | Sales | 127,528 | (Note 1) | 0.12% |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirectly owned subsidiary | Other revenues | 205,381 | (Note 1) | 0.19% |

Note 1 : The purchase prices and payment terms provided by subsidiaries were determined in accordance with mutual agreement due to no comparable transactions.

Note 2 : Eliminated under consolidation.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

Table 7

Names, locations and other information of investee companies (not including investees in Mainland China)

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars, unless stated otherwise)

| | | | | Original Investment Amount | | The Company / majority owned subsidiary owns | | | Current period | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Investor | Name of Investee | Location | Main activities | December 31, 2021 | December 31, 2020 | Shares (in thousands) | Ownership percentage | Book value | Net income (loss) of investee | Income (loss) recognized by the Company | Notes |
| Siliconware Precision Industries Co., Ltd. | SPIL (B.V.I.) Holding Limited | British Virgin Islands | Investment activities | US$ 199,400 thousand | US$ 319,400 thousand | 199,400 | 100.00% | $ 16,340,566 | $ 2,133,271 | $ 2,133,271 | Notes 1 and 3 |
| Siliconware Precision Industries Co., Ltd. | Siliconware Investment Co., Ltd. | Taiwan | Investment activities | $ 2,401,000 | $ 2,401,000 | 116,241 | 100.00% | 10,262,612 | 110,484 | 110,484 | Notes 1 and 3 |
| Siliconware Precision Industries Co., Ltd. | ChipMOS Technologies Inc. | Taiwan | Engaged in the packaging and testing of semiconductors | 1,309,699 | 1,309,699 | 78,910 | 10.85% | 2,730,466 | (Note 4) | 497,868 | Note 2 |
| Siliconware Precision Industries Co., Ltd. | Vertical Circuits, Inc. | U.S.A | Engaged in the packaging of semiconductors | US$ 5,000 thousand | US$ 5,000 thousand | 15,710 | 30.68% | - | - | - | Note 2 |
| Siliconware Investment Co., Ltd. | Yann Yuan Investment Co., Ltd. | Taiwan | Investment activities | $ 2,400,000 | $ 2,400,000 | 48,000 | 29.45% | 10,164,945 | 373,486 | (Note 5) | Note 2 |
| SPIL (B.V.I.) Holding Limited | Siliconware USA, Inc. | U.S.A | Communications and relationship maintenance with companies headquartered in North America | US$ 1,250 thousand | US$ 1,250 thousand | 1,250 | 100.00% | 272,369 | 32,604 | (Note 5) | Note 1 |
| SPIL (B.V.I.) Holding Limited | SPIL (Cayman) Holding Limited | British Cayman Islands | Investment activities | US$ 201,200 thousand | US$ 321,200 thousand | 201,200 | 100.00% | 16,102,196 | 2,100,984 | (Note 5) | Note 1 |

Note 1: The Company's 100% owned subsidiary.

Note 2: The Company's associates which are accounted for using equity method.

Note 3 : Eliminated under consolidation.

Note 4: The information is available at the Market Observation Post System website.

Note 5: The share of profits/losses of investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

Table 8

Information on investments in mainland China: Basic Information

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars, unless stated otherwise)

| Name of investee in Mainland China | Main activities of investee | Capital | Investment method | Accumulated remittance as of January 1, 2021 | Remitted or collected during this period: Remitted | Remitted or collected during this period: collected | Accumulated remittance as of December 31, 2021 | Ownership held by the Company (Direct and indirect) | Current period income (loss) of the investee | Investment income (loss) recognized by the Company during the period | Ending balance of investment | The investment income (loss) remitted back as of December 31, 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Siliconware Technology (Suzhou) Limited | Provision of assembly and testing service | $ 6,916,682 (US$ 204,577 thousand) | (Note 2) | $ 8,912,163 (US$ 270,000 thousand) | $ 424,650 (US$ 15,000 thousand) | $ 2,562,300 (US$ 90,000 thousand) (Note 7) | $ 6,774,513 (US$ 195,000 thousand) | 100% | $ 2,181,493 | $ 2,110,889 (Notes 3 , 4 and 5) | $ 15,740,362 (Note 5) | $ - |

| Accumulated remittance from Taiwan to Mainland China | The investment balance approved by Investment Commissions, Ministry of Economic Affairs | The ceiling of investment in Mainland China according to Investment Commissions, Ministry of Economic Affairs |
|---|---|---|
| $ 6,774,513 (US$ 195,000 thousand) | $ 6,857,960 (US$ 224,577 thousand) (Note 1) | (Note 6) |

Note 1: There is US$29,577 thousand difference between MOEA approved investment amount and accumulated outflow of investment from Taiwan. It includes capital increased by earnings.

Note 2: The Company set up a subsidiary in the third country (SPIL(Cayman) Holding Limited) to invest in Mainland China.

Note 3: The investment income (loss) was recorded based on the Company's audited financial statements audited by the same auditors of the Company.

Note 4: The current recognized investment income (loss) had excluded the amounts of unrealized intercompany profit or (loss).

Note 5: Eliminated under consolidation

Note 6: Based on the Rule No. 09704604680, "Regulations Governing Security Investment and Technical Cooperation in the Mainland Area" set by Ministry of Economic Affairs, the Company received documents from the Industrial Development Bureauof Ministry of Economic Affairs which proved that the Company's operation is qualified for operations of operating headquarters. Therefore, the Company is not required to impute the ceiling of investment in Mainland China.

Note 7: The reinvestment company SPIL(Cayman) Holding Limited, a subsidiary of SPIL(BVI) Holding Limited, received a capital reduction of USD 135,000 thousand, of which USD 90,000 thousand belongs to Siliconware Technology (Suzhou) Limited and USD 45,000 thousand belongs to Siliconware Electronics (Fujian) Co., Limited which was disposed of in October 2020.

**Siliconware Precision Industries Co., Ltd.**

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