Stock Code: 3264

Ardentec

A testing partner you can trust

欣銓科技股份有限公司

2021 Annual Report

Links to websites related to this annual report
Market Observation Post System http://mops.twse.com.tw
Company website http://www.ardentec.com

Issued in April 27, 2022

1. Spokesperson and deputy spokesperson's names, titles, contact numbers and e-mail addresses

   Spokesperson name: Leslie Guh
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3. Stock transfer agency's name, address, URL and telephone number

   Name: Transfer Agency Department, CTBC Bank
   Address: 5F, No. 83, Section 1 Chongqing South Road, Taipei City
   Website: http://www.ctbcbank.com
   Tel: 02-6636-5566

4. Auditor's name, firm, address, URL and telephone number

   Name of auditors: Chien-Yu ,Liu CPA, Irene Wen CPA
   Name of firm: PricewaterhouseCoopers Taiwan
   Address: 27F, No. 333, Section 1 Keelung Road, Taipei City
   Website: http://www.pwc.tw/
   Tel: 02-2729-6666

5. Overseas Securities Listing Exchange and Information: None.

6. Company website: https://www.ardentec.com

7. Publication of information required for initial listing on (overseas) emerging stock market: Not applicable.

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Chapter 1. Letter to Shareholders

I. 2021 Business Results

(I) Business plan implementation

World Semiconductor Trade Statistics (WSTS) estimated that the global semiconductor market was worth 552.96 billion USD in 2021. Post-COVID economic recovery saw a 5.5% jump in global GDP. Rapid economic growth and the effects of geopolitics led to serious imbalances in supply-and-demand in the semiconductor industry. Chip shortages everywhere led to a push for in-house semiconductor manufacturing. In 2021 and 2022 alone there were 29 wafer foundries in the planning phase. The new foundries will pave the way for the sustained growth of the semiconductor industry over the next few years.

Thanks to the effort of our employees as well as the support of our shareholders and customers, Ardentec's 2021 individual and consolidated operating revenues reached 7,649,014 thousand NTD and 11,925,871 thousand NTD, while annual growth rates were 18.6% and 23.3% respectively. Net income after tax was 2,580,294 thousand NTD and grew by 44.8% compared to 2020, while and earnings per share of 5.46 NTD.

In 2022, WSTS expects semiconductor sales to grow by 8.8% and surpass the 600 billion USD mark for the first time. Supply chain disruptions and shortages in production capacity due to the continued fallout from COVID-19 however will bring new challenges and opportunities for the semiconductor industry as well. Nevertheless, end-user demand suggests that the roll-out of 5G communications, demand for high-performance computing, emerging IoT applications, as well as the popularization of electric and smart vehicles will all continue to serve as sources of growth over the next few years. The completeness of Ardentec's regional strategy means that we can provide our customers with stable production resources and risk diversification despite all the uncertainty surrounding the pandemic and the impact of geopolitics.

Despite the high level of global uncertainty in the external environment as well as a fast-changing industry, the Ardentec philosophy remains the same: to continue focusing on the core business. We will continue to refine our testing technology and business performance in order keep on top of market trends and competition. In terms of R&D, we are continuing to invest and develop testing technologies and their corresponding management systems for high-quality, high-standard products such as automotive electronics and security surveillance to meet the needs of the automotive electronics and 5G application industries. At the same time, we are actively working on the testing and development of advanced power management and analog IC, image sensors, artificial intelligence, vehicle radars, and testing technologies for radio frequency devices. The breadth and depth of our company's services are now being developed and refined in response to the vibrant development of 5G applications, Artificial Intelligence of Things (AIoT), high-performance computing, and automotive electronics.

(II) Budget execution: Ardentec did not publicly disclose our financial forecasts for 2021.

(III) Analysis of Income and Profitability

Unit: Thousand NTD

Analytical item \ Year		2020	2021	Change (%)
Financial income	Revenues	9,674,949	11,925,871	23.27 %
	Gross profit	3,405,427	4,430,593	30.10 %
	Net profit of the term	1,782,498	2,580,294	44.76 %
Profitability	Return on assets (%)	9.06	10.91	20.42 %
	Return on equity (%)	14.97	19.48	30.13 %
	Pre-tax income to paid-in capital ratio (%)	45.88	64.96	41.59 %
	Net profit ratio (%)	18.42	21.64	17.48 %
	Earnings per share (NTD)	3.78	5.46	44.44 %

(IV) Research and development

Based on market trends and our company's own expertise, 5G, IoT, AI, CIS and automotive IC will be the future growth areas in the semiconductor market. More R&D manpower has now been assigned to these areas to ensure that the direction of development for testing technologies at Ardentec are aligned with market growth. Particular emphasis will be put on the development of testing technologies for HPC (High Performance Computing) IC, communication IC, CIS, Compound semiconductor GaN, power switch and radar IC.

To satisfy the functional and quality requirements of customer applications, Ardentec is continuing to refine and improve our testing technologies to keep pace with improvements in product specifications and production processes.

MIS technology has always been another key R&D area for Ardentec along with testing technology. Improving production quality and efficiency in order to realize the twin goals of better product reliability/quality and lower testing costs has been our longstanding development policy. In terms of automated production, our Industry 4.0 project is focused primarily on prober automation system, Radio Frequency Identification (RFID), Automated Guided Vehicles (AGV), and Automated Defect Classification AI (ADC AI) system for wafers. The prober automation system is used to manage the automated setting of testing parameters. Replacing the manual setting of testing parameters by operators prevents

human error and allows for a systematic production process. The technology has been introduced on all production lines at domestic/foreign Ardentec subsidiaries to spectacular effect. Process integration of prober automation with RFID and AGV enables the system to manage the transportation, loading/unloading and testing of lots. Automated setting of testing parameters means the entire process can now be managed the system. The 40% increase to productivity meant that despite labor shortages during the height of the COVID-19 epidemic, the automated production capacity of Ardentec continued to deliver an exceptional performance.

Ardentec also integrated Artificial Intelligence (AI) with machine learning to build the AVI Automatic Defect Classification (ADC) system. The system assists with the testing process through automated defect analysis and measurement. It improves the speed, accuracy, consistency and reliability of automated inspection machines.

The Ardentec Industry 4.0 project not only increase human productivity. It also increased testing efficiency and accuracy by eliminating human error.

II. Outline of 2022 Business Plan

(I) Business strategy

1. Ardentec and our subsidiaries will use existing testing technologies and quality systems as a basis for the continued improvement and development of testing technologies. We will strive to serve world-class customers while maximizing returns for shareholders, employees and customers.
2. Actively develop automotive electronics, cyber-security IC and other fields with high-quality testing requirements in order to become the No. 1 brand in that market. Focus all of our efforts on testing of logic and mixed-signal products, RF IC, high-performance analog IC and micro-electromechanical system (MEMS) IC in order to ensure our continued business/profit growth and industry leadership.
3. Strengthen and expand services for strategic customers, actively expand our testing technology and production capacity of power management IC, and integrate Giga Solution's RF IC testing services to increase the number of target customers, boost customers' trust in the company and identify opportunities for steady growth.
4. Actively compete for strategic customers by expanding the scope of services at our Singapore and Korea subsidiaries; Boost overall growth at Ardentec by investing in the Nanjing subsidiary to increase our production capacity and approach strategic customers and markets.

5. Upgrade the existing CIM, ERP and B2B automation systems to effectively realize the customer requirements for transparent, accurate and timely production information.

(II) Sales forecast and its basis

The rapid recovery of the global economy and trade in 2021 led to a 5.5% surge in global GDP. Fast-growing demand for semiconductors and the effects of geopolitics meant supply and demand within the industry was badly unbalanced. Wafers were in short supply and this spurred a shift to in-house production. According to World Semiconductor Trade Statistics (WSTS), the global semiconductor market generated total sales of US$552.96 billion in 2021, an increase of 27.7% compared to 2020.

Semiconductor sales in 2022 are expected to grow by 8.8%, making this the first time it had exceeded the US$600 billion. The fallout from COVID-19 is continuing to disrupt supply chains. Chain disruption concerns and lack of industry production capacity will continue to bring new challenges and opportunities to the semiconductor industry. Nevertheless, end-user demand suggests that the roll-out of 5G communications, demand for high-performance computing, emerging IoT applications, as well as the popularization of electric and smart vehicles will all continue to serve as sources of growth over the next few years. The completeness of Ardentec's regional strategy means that we can provide our customers with stable production resources and risk diversification despite all the uncertainty surrounding the pandemic and the impact of geopolitics. We will continue to be prudent with our investments, maintain robust management practices, refine our customer services and enhance our competitiveness. Continuous improvements in quality will give Ardentec an edge over our competitors so that we can continue to maximize profits for customers, shareholders,

(III) Key production and sales policies

1. Production strategy
   (1) Continue to improve efficiency, develop automated production technology and reduce costs in response to intensifying market competition and declining profit margins.
   (2) Continue expanding our testing capacity to keep pace with the output of advanced production processes at wafer foundries.
   (3) Invest in WLCSP fab to win more customers; Expand post-bumping testing in

response to growing demand from RF, high-performance analog IC and Wafer Level Package (WLP) markets.

(4) Expand capacity for final testing with a particular emphasis on micro-pitch, System-In-Package (SIP) testing, and System-Level-Test (SLT) testing.

(5) Establish production capacity for high-performance IC and RF IC testing to cater for demand from the IoT market.

2. Marketing strategy

(1) Actively develop world-class domestic and overseas customers based on continued efforts in logical IC and mixed-signal IC.

(2) Expand the wafer testing market for RF IC, high-performance power management IC and CIS IC to lay a solid foundation for the next wave of business growth.

(3) Achieve steady and profitable growth through the development of automotive electronic and cyber-security product testing.

(4) Cooperate with other domestic and overseas packaging & testing companies to compete for turnkey orders.

(5) Take advantage of Japan's accelerated outsourcing strategy to expand our Japanese customer base.

(6) Continue to develop the international wafer testing market in Singapore, Korea and Asia-Pacific.

(7) Adapt to changes in the Red Supply Chain to actively develop the China market.

III. Future development strategy

Ardentec will not only continue to provide high-quality testing services but also engage in the development of advanced testing technologies. In addition to the expanding production lines for RF IC, high-performance analog IC and SIP-related testing, particular emphasis will be given to improving the testing environment and systems for cyber-security and automotive electronic products. Information system technology will be integrated to deliver testing services that offer higher quality, high efficiency and low cost.

In recent years, the growth of the mobile phone industry has slowed down. The traditional model of growth being driven by a single killer application is now evolving into a riot of different applications. The next wave of growth can be expected to come from 5G communication applications, electrification of vehicles, assisted and autonomous driving, the trend towards lighter, thinner and energy-saving portable products, as well as integration of IoT and AI applications. WLCSP post-bump services were introduced by Ardentec after the

above trend was identified several years ago. Ardentec also integrated the RF testing service of Giga Solution and Raytek Semiconductor's investment in wafer level package fabs to provide customers with broader and more in-depth services to achieve faster, and more steady growth.

IV. Effects of the external competition, compliance and overall business environments

(I) External competition environment

1. The increasing complexity of product functions, rising costs, and shorter application life-cycles all make it difficult to achieve returns on investment in equipment and machinery. The withdrawal and consolidation of testing equipment companies have also led to less flexibility on equipment acquisition costs. All of these have put pressure on the profitability of our core business.
2. New production processes are continuously being introduced by wafer foundries. The new materials and smaller IC in these new processes represent greater challenges to probe technology. Constant mergers among domestic and overseas packaging & testing companies as well as aggressive production expansion all suggest a future of even more intense competition.
3. Customers are now increasingly insisting on turnkey, one-stop services. Other testing companies are therefore looking at building their own packaging capacity or integrating with assembly houses in a bid to provide more complete services. Ardentec will seek to win over customers through a strategy of service quality differentiation and closer proximity to wafer fabrication sites.
4. The increasing maturity of the semiconductor market means large international players are now boosting their competitiveness through mergers and consolidation. The map of the global industry will undoubtedly be rewritten by this trend. The consolidation of customers will inevitably lead to a shakeup of the existing market and result in even more intense competition between peers in the future.
5. China considers semiconductors to be an industry of national strategic importance. Massive resources are now being poured into the industry through the Big Funds in response to the US-China trade war to increase China's self-sufficiency. This represents not only a challenge but also new opportunities.

(II) Compliance environment

In addition to environmental laws and regulations, the semiconductor industry must now contend with an increasing number of product safety requirements. The slowdown in global economic growth, increasing protectionism as well as coopetition in regional

economies will all undoubtedly lead to further upheavals in the compliance environment for the industry.

China's semiconductor policies and laws in recent years may impact on global semiconductor customers' willingness to place orders and their purchasing strategies. Taiwanese vendors should therefore prepare early and position themselves accordingly.

(III) Overall business environment

In 2022, the global economy and overall market remain unsettled due to COVID-19 and US-China trade war. There is a good chance that the semiconductor industry will continue to grow due to industry efforts and strong demand. Ardentec is responding to this challenging environment by adopting a strategy of greater prudence in order to ensure our steady growth.

We would like to take this opportunity to thank all of our shareholders for your continued support and encouragement for Ardentec. We also hope that our shareholders can continue to offer your advice and support from this point on.

Yours sincerely

Chairman: Chih-Yuan Lu President: Chi-Ming Chang Accounting Manager: Leslie Guh

Chapter 2. Company Profile

I. Date of establishment: October 11, 1999

II. Company history:

1999.10	—	Ardentec Corporation established with a paid-in capital of 1,754,670,000 NTD.
1999.12	—	K-Site commissioned.
2000.02	—	Mass production begins.
2000.08	—	Cash capital increase of 250,000,000 NTD. Paid-in capital increased to 2,004,670,000 NTD.
2001.04	—	T-Site was commissioned.
2001.05	—	K-Site granted bonded factory status.
2001.11	—	Earning and employee bonuses converted into capital increase of 31,670,000 NTD. Paid-in capital increased to 2,036,340,000 NTD.
2002.02	—	T-Site was granted bonded factory status.
2003.04	—	Approval for public issue of shares granted by Securities and Futures Commission in Official Letter Tai-Cai-Zheng-1 No. 0920109253 dated April 14, 2003.
2003.09	—	Cash capital increase of 250,000,000 NTD. Paid-in capital increased to 2,286,340,000 NTD.
2004.03	—	Company shares registered on Emerging Stock Market.
	—	Cash capital increase of 300,000,000 NTD. Paid-in capital increased to 2,586,340,000 NTD.
2004.09	—	Earning and employee bonuses converted into capital increase of 158,387,780 NTD. Paid-in capital increased to 2,744,727,780 NTD.
2004.11	—	Employee stock option certificates worth 295,000 NTD from 2004 Q3 converted into ordinary shares. Paid-in capital increased to 2,745,022,780 NTD.
2005.01	—	Cash capital increase of 88,888,890 NTD. Paid-in capital increased to 2,833,911,670 NTD.
	—	Ardentec is listed on the Taipei Exchange.
2005.03	—	Employee stock option certificates worth 14,080,000 NTD from 2004 Q4 converted into ordinary shares. Paid-in capital increased to 2,847,991,670 NTD.
2005.05	—	Employee stock option certificates worth 6,045,000 NTD from 2005 Q1 converted into ordinary shares. Paid-in capital increased to 2,854,036,670 NTD.

2005.08	—	Surplus and employee bonuses worth 340,653,620 NTD converted into capital increase, and employee stock option certificates worth 1,565,000 NTD from 2005 Q2 converted into ordinary shares. Paid-in capital increased to 3,196,255,290 NTD.
2005.10	—	First issue of 800,000,000 NTD in domestic convertible bonds.
2005.11	—	Employee stock option certificates worth 1,672,500 NTD from 2005 Q3 converted into ordinary shares. Paid-in capital increased to 3,197,927,790 NTD.
2005.12	—	Purchased testing machines from Aegis Semiconductor Technology Inc. (a subsidiary of Acer Group) to expand the driver IC production line.
2006.02	—	Employee stock option certificates worth 16,237,500 NTD from 2005 Q4 converted into ordinary shares. 35,396,000 NTD from first issue of domestic convertible bonds converted into ordinary shares. Paid-in capital increased to 3,249,561,290 NTD.
2006.04	—	Signed contract for 2 billion NTD in syndicated credit from syndicate banks.
2006.06	—	Ardentec Singapore Pte. Ltd. was established as Singapore subsidiary.
	—	Employee stock option certificates worth 13,900,000 NTD from 2006 Q1 converted into ordinary shares. 39,320,520 NTD from first issue of domestic convertible bonds converted into ordinary shares. Paid-in capital increased to 3,302,781,810 NTD.
2006.09	—	Surplus and employee bonus worth 311,511,730 NTD converted into capital increase, employee stock option certificates from 2006 Q2 worth 10,350,000 NTD converted into ordinary shares, and 131,886,000 NTD from first domestic issue of convertible bonds converted into ordinary shares. Paid-in capital increased to 3,756,529,540 NTD.
2006.11	—	Employee stock option certificates worth 5,522,500 NTD from 2006 Q3 converted into ordinary shares. Paid-in capital increased to 3,762,052,040 NTD.
2007.04	—	Employee stock option certificates worth 6,430,000 NTD from 2006 Q4 converted into ordinary shares. Paid-in capital increased to 3,768,482,040 NTD.
2007.05	—	Employee stock option certificates worth 16,280,000 NTD from 2007 Q1 converted into ordinary shares. 17,235,580 NTD from first issue of domestic convertible bonds converted into ordinary shares. Paid-in capital increased to 3,801,997,620 NTD.

	—	Surplus and employee bonus worth 146,366,640 NTD converted into capital increase, employee stock option certificates from 2007 Q2 worth 6,237,500 NTD converted into ordinary shares, and 1,851,080 NTD from first domestic issue of convertible bonds converted into ordinary shares. Paid-in capital increased to 3,956,452,840 NTD.
2007.11	—	Employee stock option certificates worth 7,157,500 NTD from 2007 Q3 converted into ordinary shares. 28,054,280 NTD from first issue of domestic convertible bonds converted into ordinary shares. Paid-in capital increased to 3,991,664,620 NTD.
2008.03	—	Employee stock option certificates worth 8,882,500 NTD from 2007 Q4 converted into ordinary shares. 7,472,900 NTD from first issue of domestic convertible bonds converted into ordinary shares. Paid-in capital increased to 4,008,020,020 NTD.
2008.05	—	Employee stock option certificates worth 7,585,000 NTD from 2008 Q1 converted into ordinary shares. Paid-in capital increased to 4,015,605,020 NTD.
2008.09	—	Employee stock option certificates worth 5,305,000 NTD from 2008 Q2 converted into ordinary shares. Paid-in capital increased to 4,020,910,020 NTD.
2008.11	—	Surplus and employee bonuses worth 110,232,940 NTD converted into capital increase, and employee stock option certificates worth 1,192,500 NTD from 2008 Q3 converted into ordinary shares. Paid-in capital increased to 4,132,335,460 NTD.
2009.02	—	Employee stock option certificates worth 1,265,000 NTD from 2008 Q4 converted into ordinary shares. Paid-in capital increased to 4,133,600,460 NTD.
2009.08	—	Surplus and employee bonuses worth 286,411,370 NTD converted into capital increase, and employee stock option certificates worth 2,452,500 NTD from 2009 Q2 converted into ordinary shares. Paid-in capital increased to 4,422,464,330 NTD.
2009.11	—	Employee stock option certificates worth 1,995,000 NTD from 2009 Q3 converted into ordinary shares. Paid-in capital increased to 4,424,459,330 NTD.
2010.04	—	Signed contract for 2.28 billion NTD in syndicated credit from syndicate banks.
	—	Employee stock option certificates worth 3,000,000 NTD from 2010 Q1 converted into ordinary shares. Paid-in capital increased to 4,427,459,330 NTD.

2010.09	—	Employee stock option certificates worth 17,050,000 NTD from 2010 Q2 converted into ordinary shares. Paid-in capital increased to 4,444,509,330 NTD.
2010.11	—	Employee stock option certificates worth 7,470,000 NTD from 2010 Q3 converted into ordinary shares. Paid-in capital increased to 4,451,979,330 NTD.
	—	G-Site commissioned.
2010.12	—	Ardentec Korea Co., Ltd. established as Korea subsidiary.
2011.01	—	Employee stock option certificates worth 32,395,000 NTD from 2010 Q4 converted into ordinary shares. Paid-in capital increased to 4,484,374,330 NTD.
	—	Ardentec Hsin-Chu Science Park Branch Company was established.
2011.05	—	Employee stock option certificates worth 17,385,000 NTD from 2011 Q1 converted into ordinary shares. Paid-in capital increased to 4,501,759,330 NTD.
2011.06	—	Korea fab was granted bonded factory status.
2011.09	—	Surplus worth 45,017,600 NTD converted into capital increase, and employee stock option certificates worth 1,050,000 NTD from 2011 Q2 converted into ordinary shares. Paid-in capital increased to 4,547,826,930 NTD.
2011.11	—	Employee stock option certificates worth 1,785,000 NTD from 2011 Q3 converted into ordinary shares. Paid-in capital increased to 4,549,611,930 NTD.
2012.03	—	Employee stock option certificates worth 20,000 NTD from 2011 Q4 converted into ordinary shares. Paid-in capital increased to 4,549,631,930 NTD.
2012.05	—	Employee stock option certificates worth 11,690,000 NTD from 2012 Q1 converted into ordinary shares. Paid-in capital increased to 4,561,321,930 NTD.
2012.07	—	Signed contract for 2.5 billion NTD in syndicated credit from syndicate banks.
2012.09	—	Surplus worth 45,613,220 NTD converted into capital increase, and employee stock option certificates worth 3,620,000 NTD from 2012 Q2 converted into ordinary shares. Paid-in capital increased to 4,610,555,150 NTD.
2012.11	—	Employee stock option certificates worth 3,400,000 NTD from 2012 Q3 converted into ordinary shares. Paid-in capital increased to 4,613,955,150 NTD.

2013.01	—	Employee stock option certificates worth 5,060,000 NTD from 2012 Q4 converted into ordinary shares. Paid-in capital increased to 4,619,015,150 NTD.
2013.06	—	Published first Corporate Social Responsibility Report.
2013.09	—	Surplus worth 46,190,150 NTD converted into capital increase. Paid-in capital increased to 4,665,205,300 NTD.
2014.03	—	P-Site was commissioned.
2014.05	—	Issued 31,450,000 NTD in restricted stock awards. Paid-in capital increased to 4,696,655,300 NTD.
2014.09	—	Surplus worth 46,652,050 NTD converted into capital increase, and issued 18,400,000 NTD in restricted stock awards. Paid-in capital increased to 4,761,707,350 NTD.
2014.10	—	Fab VP-Site was granted bonded factory status.
2015.10	—	Retired 422,330 NTD in restricted stock awards. Surplus worth 47,617,070 NTD converted into capital increase. Paid-in capital increased to 4,808,902,090 NTD.
2016.04	—	Ardentec ranked in the top 20% of TPEx-listed companies by the 2nd Corporate Governance Evaluation.
2016.09	—	Acquired a 63.84% stake in Giga Solution Technology Co., Ltd. to boost overall competitiveness through public tender offer.
	—	Retired 1,118,000 NTD in restricted stock awards. Surplus worth 48,089,020 NTD converted into capital increase. Paid-in capital increased to 4,855,873,110 NTD.
2017.01	—	Ardentec Nanjing Co., Ltd. was established by investment through holding companies.
	—	Retired 120,000 NTD in restricted stock awards. Paid-in capital is now 4,855,753,110 NTD.
2017.03	—	Ardentec proposed a share swap with Giga Solution Technology Co., Ltd. to acquire all outstanding Giga Solution shares at a price of 24 NTD per share payable to Giga Solution shareholders (excluding Ardentec). The provisional baseline date for the share swap was set as August 30, 2017. Once the share swap is completed, Giga Solution will become a wholly-owned subsidiary of Ardentec.
2017.04	—	Retired 90,000 NTD in restricted stock awards. Paid-in capital is now 4,855,663,110 NTD.
	—	Ardentec ranked in the top 20% of TPEx-listed companies by the 3rd Corporate Governance Evaluation.
	—	Ground breaking ceremony for Ardentec Nanjing Co., Ltd.

2017.08	—	Ardentec acquired 100% stake in Giga Solution Technology Co., Ltd. after share swap.
2017.09	—	Retired 1,050,000 NTD in restricted stock awards. Paid-in capital is now 4,854,613,110 NTD.
2018.01	—	Retired 252,000 NTD in restricted stock awards and issued the first lot of 4,600,000 restricted stock awards for 2017. Paid-in capital is now 4,900,361,110 NTD.
2018.04	—	Retired 399,000 NTD in restricted stock awards. Paid-in capital is now 4,899,962,110 NTD.
	—	Ardentec ranked in the top 5% of TPEx- listed companies by the 4th Corporate Governance Evaluation.
2018.05	—	Issued the second lot of 400,000 restricted stock awards for 2017. Paid-in capital increased to 4,903,962,110 NTD.
2018.11	—	Retired 710,350 NTD in restricted stock awards. Paid-in capital is now 4,903,251,760 NTD.
2019.04	—	Ardentech ranked in the top 5% of publicly listed/traded companies by the 5th Corporate Governance Evaluation.
2019.06	—	Construction for Phase 2 of T-Site (Dingxing Factory) commenced in response to new industry innovations and to enter a new phase of continuous growth.
2019.08	—	Retired 660,000 NTD in restricted stock awards. Paid-in capital is now 4,902,591,760 NTD.
2020.04	—	Ardentec ranked in the top 5% of publicly listed/traded companies by the 6th Corporate Governance Evaluation.
2021.01	—	Tingshin Site (T-Site) Phase 2 is now complete. Mass production will begin in Q2 in response to the demands of market and business development.
	—	Retired 72,000 NTD in restricted stock awards. Paid-in capital is now 4,902,519,760 NTD.
2021.03	—	Tingshin Site (T-Site) Phase 2 was granted bonded factory status.
	—	Retired 600,000 NTD in restricted stock awards. Paid-in capital is now 4,901,919,760 NTD.
2021.04	—	Ranked one of the top 5% TPEx-listed companies during the 7th Corporate Governance Evaluation (for the 4th consecutive year), as a top 5% of best TPEx-listed companies, and ranked in the top 10% in Governance Evaluation of over 10 billions' electronic TPEx-listed companies.

2021.05	—	Retired 219,000 NTD in restricted stock awards. Paid-in capital is now 4,901,700,760 NTD.
2021.06	—	T-Site phase Ⅱ was granted bonded factory status.
2021.07	—	To purchase land and plant from EPISTAR in Longtan Park of Hsinchu Science Park, approved by Hsinchu Science Park Bureau of HSP.

Awards

Award date		Award	Award issuer
2003.10	—	T-Site rated as a Class A bonded factory by the Directorate General of Customs, Ministry of Finance.	Directorate General of Customs, Ministry of Finance
2004.07	—	2nd place in export growth at the 2003 Award for Excellent Trading Business.	Bureau of Foreign Trade, Ministry of Economic Affairs
2004.10	—	T-Site and K-Site both rated as Class A bonded factories by the Directorate General of Customs, MOF.	Directorate General of Customs, Ministry of Finance
2005.07	—	8th place in export growth at the 2004 Award for Excellent Trading Business.	Bureau of Foreign Trade, Ministry of Economic Affairs
	—	48th in total imports and exports for 2004.	
2008.10	—	T-Site and K-Site both rated as Class A bonded factories.	Directorate General of Customs, Ministry of Finance
2008.12	—	CG6004 Corporate Governance System Evaluation Certification.	Taiwan Corporate Governance Association
2009.08	—	Presented with 2008 Excellent Importer and Exporter Certificate.	Bureau of Foreign Trade, Ministry of Economic Affairs
2009.10	—	T-Site and K-Site both rated as Class A bonded factories.	Directorate General of Customs, Ministry of Finance
2009.12	—	Completed validation to obtain CG6005 Corporate Governance System Evaluation Certification.	Taiwan Corporate Governance Association
2010.07	—	51th in imports and exports at 2009 Award for Excellent Trading Business.	Bureau of Foreign Trade, Ministry of Economic Affairs
2010.10	—	T-Site, K-Site and G-Site are all rated as Class A bonded factories.	Directorate General of Customs, Ministry of Finance

2011.08	—	Premier's Award at the 2010 Award for Excellent Trading Business.	Ministry of Economic Affairs
	—	1st place in export for key market development in Korea in 2010.	Bureau of Foreign Trade, Ministry of Economic Affairs
	—	Top 500 importers and exporters for 2010.	
	—	28th in total imports for 2010.	
2011.12	—	"Internal Compliance Program" certification (Korea subsidiary).	Ministry of Knowledge Economy, Korea
2012.06	—	Excellence in labor safety and health.	Council of Labor Affairs
2012.07	—	Top 500 importers and exporters for 2011.	Bureau of Foreign Trade, Ministry of Economic Affairs
2012.10	—	T-Site, K-Site and G-Site are all rated as Class A bonded factories.	Directorate General of Customs, Ministry of Finance
2013.02	—	Identified as potential Taiwan Mittelstand enterprise in the 1st round of assessment.	Ministry of Economic Affairs
2013.05	—	CSR report given a B+ rating for GRI 3.1 compliance after BSI verification.	British Standards Institution (BSI)
2014.05	—	Special Recognition Award (ISO 14064 GHG) (Singapore subsidiary)	British Standards Institution (BSI)
2014.10	—	Singapore Sustainability Awards 2014 (Singapore subsidiary)	Singapore Business Association

Award date		Award	Award issuer
2014.11	—	2014 good safety and health manufacturer of Hsinchu Industrial Park.	Hsinchu Industrial Park Service Center, Industrial Development Bureau, Ministry of Economic Affairs
	—	2nd place for exceptional performance in the site protection group among companies engaged in civil defense corps training for 2014.	Hsinchu County Government
2014.12	—	Sustainable Governance Practice Award.	British Standards Institution (BSI)
2015.08	—	T-Site, K-Site, G-Site and P-Site were all rated as Class A bonded factories.	Directorate General of Customs, Ministry of Finance
	—	Singapore Environmental Achievement Award Winner 2015 (Singapore subsidiary).	Singapore Environment Council (SEC)
2015.10	—	Singapore Sustainability Awards Winner 2015 (Singapore subsidiary)	Singapore Business Federation (SBF)
2015.12	—	Sustainable Governance Practice Award.	British Standards Institution (BSI)
2016.07	—	Key Market Development Contribution Prize in the Award for Excellent Trading Business.	Bureau of Foreign Trade, Ministry of Economic Affairs
2016.12	—	Corporate Social Responsibility Practice Award.	British Standards Institution (BSI)
2017.10	—	2017 Energy Efficiency National Partnership Award (Singapore subsidiary)	National Environment Agency, Singapore
2017.11	—	2017 Business Continuity Pioneer Award.	British Standards Institution (BSI)
	—	2017 Year Sustainability Excellence Award.	British Standards Institution (BSI)
2018.04	—	Ranked in the top 5% by 4th Corporate Governance Evaluation	Taiwan Stock Exchange Corp. Taipei Exchange
2018.07	—	SME 100 2018 for Fast Moving Companies (Singapore subsidiary)	SME Magazine

2018.11	—	2018 Year Sustainability Excellence Award.	British Standards Institution (BSI)
	—	3rd place for exceptional performance in the site protection group among companies engaged in civil defense corps training for 2018	Hsinchu County Government
2019.01	—	RBA Validated Audit Process achieving PLATINUM Status with a full audit score of 200/200	Responsible Business Alliance (RBA)
2019.04	—	30 Best Tech Companies in Asia 2019 (Singapore subsidiary)	The Silicon Review
2019.04	—	Ranked one of the top 5% TPEx-listed companies during the 5th Corporate Governance Evaluation	Taiwan Stock Exchange Corp. Taipei Exchange
2019.07	—	SBR International Business Award (Singapore subsidiary)	SBR
2019.10	—	Singapore Health Award - Certificate of recognition (Singapore subsidiary)	Singapore Health Promotion Board
2019.11	—	2019 Sustainability Excellence Award.	British Standards Institution (BSI)
	—	Received a High-Distinction Award in the Industry category of the 2019 Ministry of Economic Affairs Implementation of Water Conservation Consulting and Improvement Awards.	Ministry of Economic Affairs
2020.01	—	Factory of Choice (FOC) Award from Responsible Business Alliance (RBA) FOC ID: hzwQBkFCyDDEn8M	U.S. Responsible Business Alliance (RBA)
2020.04	—	Ranked one of the top 5% TPEx-listed companies during the 6th Corporate Governance Evaluation (for the 3rd consecutive year)	Taiwan Stock Exchange Corp. Taipei Exchange
2020.08	—	RBA Validated Audit Process achieving PLATINUM Status with a full audit score of 200/200	Responsible Business Alliance (RBA)
2020.10	—	Outstanding SME of the Year 2020 (Singapore subsidiary)	National Environment Agency, Singapore
2020.11	—	2020 BSI Award.	British Standards Institution (BSI)
2020.12	—	Taiwan Continuous Improvement Awards - Self-Improvement Category - Silver 1-Star Award and Bronze 1-Star Award	Corporate Synergy Development Center

2021.04	—	Ranked one of the top 5% TPEx-listed companies during the 7th Corporate Governance Evaluation (for the 4th consecutive year)	Taiwan Stock Exchange Corp.
2021.08	—	2021 President award of TZU-CHIANG group of Taiwan Continuous Improvement Awards in the Northern region.	
2021.10	—	T-Site, K-Site, G-Site and P-Site were all rated as Class A bonded factories.	Directorate General of Customs, Ministry of Finance
2021.11	—	2021 BSI AWARD	British Standards Institution (BSI)
	—	2021 Harmonious Labor Relationship Association in Pukou District (Nanjing).	Labor Relations Adjustment Association of 3 parties in Pukou District, Nanjing City.

Starting year of validity for all types of verification/certification from previous years

Starting year	Headquarters	Subsidiary			
		Singapore	South Korea	Nanjing	Giga Solution
2000	ISO 9002				ISO 9002
2001					ISO 9001
2002	QS 9000				
2003	ISO 9001				
2004	ISO 14001				
	ISO/TS 16949				
2007	OHSAS 18001	ISO 9001			
2008	ISO/IEC 27001				
2009	TOSHMS	ISO 14001			
		OHSAS 18001			
2010	ISO 14064	ISO/IEC 27001			
	IECQ QC080000				
	Authorized Economic Operator, AEO				
2011		ISO/TS 16949	ISO 9001		ISO 14001
2012	Internal Compliance Program (ICP)	ISO 14064	ISO/TS 16949		
2013	CNS 15506 (Note 1)	Strategic Trade Scheme (STS) Tier 3 Permit	ISO 14001		
	Common Criteria (Site Certification) T-Site		OHSAS 18001		
	AA1000 AS				
2014	ANSI/ESD S20.20	Approved Contract Manufacturer and Trader (ACMT)	ISO /IEC 27001		
	Common Criteria (Site Certification) K-Site	TradeFirst & STP Certificate	CP (Compliance Program) AA Grade		
	ISO/IEC 17025	Common Criteria (Site Certification)	Automatic Customs Approval		

Starting year	Headquarters	Subsidiary			
		Singapore	South Korea	Nanjing	Giga Solution
2015	Common Criteria (Site Certification) EAL 6 (Note 2)	ISO 22301			
	Health Promotion Mark for Healthy Workplace certification				
2016	ISO 22301				
2017					ANSI/ESD S20.20
2018	ISO 45001		IATF 16949	ISO 9001	IATF 16949
	ISO 26262			IATF 16949	
	IATF 16949			ISO/IEC 27001	
2019	ISO50001	ISO50001 SA IATF 16949	ISO26262	ISO 14001	IEC-61340-5-1: 2016
	(RBA) VAP Audit Platinum certification (200 points)			ISO 45001	
2020	GSMA SAS-UP	ISO 45001	ISO 45001	Common Criteria	ISO 45001
	verification of the Taiwan Intellectual Property Management System (TIPS) Grade A				
	ISO 14064			Authorizes Economic Operator,AEO	
	RBA (FOC)				
	ISO 14067				
2021		GSMA SAS-UP			

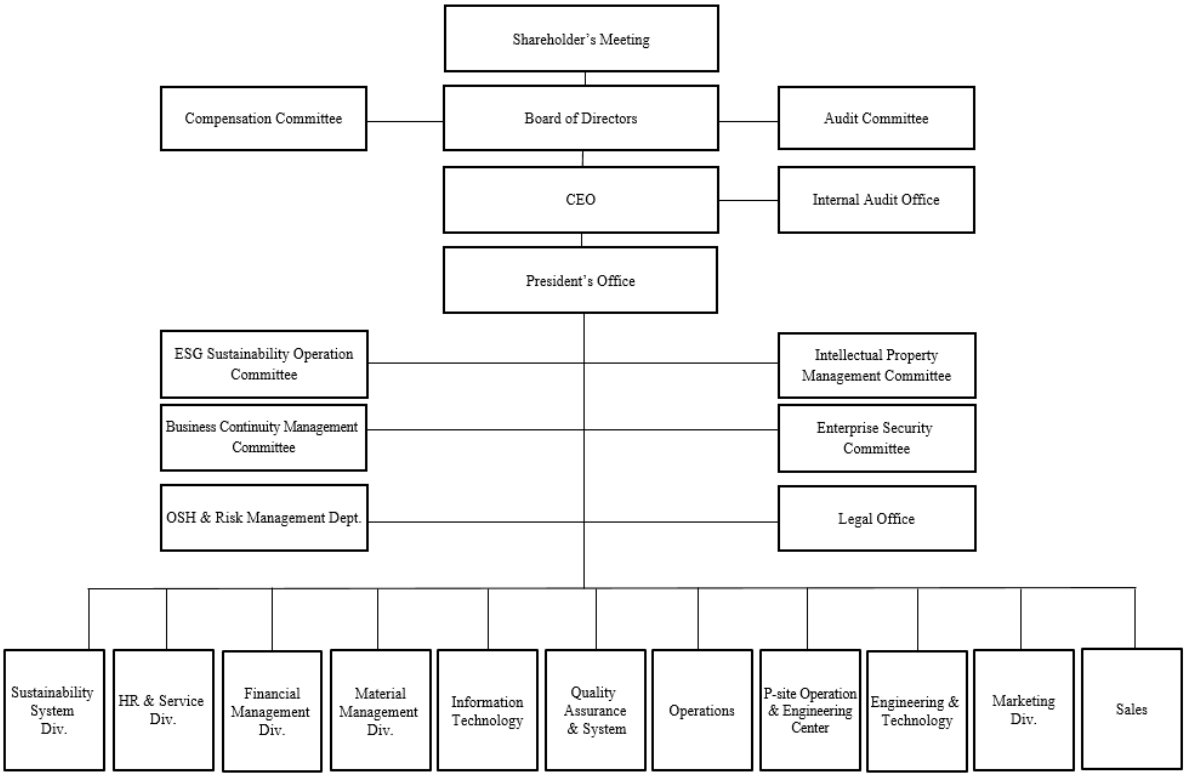
Note 1: No further applications for validation after 2015

Note 2: Includes the server rooms at G and P-Site

Chapter 3. Corporate Governance Report

I. Organization

(I) Organization structure



(II) Major business units and functions

Unit	Function
Internal Audit Office	Planning and execution of internal audit activities
ESG Sustainability Operation Committee	For the proposal and implementation of ESG policies, systems or related management plans and specific plans, and reporting to the board of directors every year.
Intellectual Property Management Committee	Responsible for submission and implementation of management policies, systems, and specific intellectual property objectives. Reporting to BOD each year.
Business Continuity Management Committee	Responsible for submission and implementation of management policies, systems and specific objectives of continuing operation. Reporting to BOD each year.
Enterprise Security Committee	Responsible for submission and implementation of policies, systems and various operations of information security and reviewing management policies every half year.

Unit	Function
Legal Office	For requirements and other matters about legal affairs
OSH & Risk Management Dept.	Environmental Safety Security Management, Employee Health Management and ESG Management
Sustainability System Division	For assuring to comply with relevant management systems and customer-related standards, we promote and manage integration and performance of the supply chain of ESG.
Operation Group	All production and operational activities including testing & manufacturing, equipment engineering, final testing, production management & customer service, industrial engineering and plant engineering
Quality Assurance & System Group	Quality system and quality assurance; enforcement of quality policy
Engineering & Technology Group	The development of testing technologies as well as activities related to product and test engineering
Sales and Marketing Division	Sales activities, market and customer development, analysis of industry development trends, optimization of company growth and competitiveness
Baoqing Site Operation and Engineering Center	Product management as well as activities related to product and test engineering at P-Site
Information Technology Group	Planning and deployment of information & communication system structure based on the company's strategic business development and management needs, information management, as well as improving the performance and effectiveness of information related to operational management. Provide information process integration services for the customer industry chain as well as information system services related to internal production and engineering
Corporate Social Responsibility Division	Promotion and management of the company and its suppliers' CSR performance to ensure compliance with the relevant management systems and customer guidelines
HR & Service Division	Planning and allocation of suitable human resources based on company operations and development strategy. Carry out HR development, management and employee services
Financial Management Division	Accounting and taxation management, fund management and investment planning, financial risk management, business and cost analysis, execution of related corporate governance matters, as well as investor relations management
Material Management Division	Material management, purchasing, import/export and bonded activity management

II. Profile of Directors, Supervisors, President, Vice President, Senior Director and Department Directors

(I) Directors

March 28, 2022; Unit: Share

Title	Nationality or place of registration	Name	Date of Appointment	Gender Age	Term (Year)	Date first elected	Shareholding at Appointment		current shareholding		Shares currently held by spouse and underage children		Shareholding by nominee arrangement		Previous experience & academic background	Other current positions within the company and other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Remarks
							No.of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Chairman	R.O.C.	Chih-Yuan Lu	2020.05.28	Male 71-80	3	1999.10.01	5,552,611	1.13%	5,744,611	1.17%	265,204	0.05%	0	0	Ph.D. in Physics, Columbia University, U.S.A. General Manager, Ardentec Corporation General Manager, Vanguard International Semiconductor Corporation Deputy General Director of ERSO, ITRI	CEO of Ardentec Chairman, Sheng Tang Investment Ltd. (Institutional Representative) Chairman, Ardentec Semiconductor.,Ltd. (Institutional Representative) Chairman, Giga Solution Technology Co., Ltd. (Institutional Representative) Director, Ardentec Singapore Pte. Ltd. Director, Ardentec Korea Co., Ltd. Director, Valucom Investment Inc. Director, ValuTest Incorporated Director and General Manager, Macronix International Co., Ltd. Director, Macronix (Hong Kong) Co., Ltd. Chairman, Macronix America Inc. Director, Macronix Europe NV. Independent Director, Hong Tai Electric Industrial Co., Ltd. Board Director, Feng Chia University	None	None	None	Note 1
Vice Chairman	R.O.C.	Chi-Ming Chang	2020.05.28	Male 61-70	3	2005.06.03	3,965,070	0.81%	4,194,070	0.86%	0	0	0	0	Ph.D. in Industrial Engineering, Texas Tech University, U.S.A. Deputy General Manager, Ardentec Corporation Division Director, Vanguard International Semiconductor Corporation Deputy Division Director of ERSO, ITRI	President of Ardentec Chairman, Ardentec Nanjing Co., Ltd. Director, Sheng Tang Investment Ltd. (Institutional Representative) Director, Ardentec Semiconductor.,Ltd. (Institutional Representative) Director, Valutek, Inc. Director, Valucom Investment Inc. Director, ValuTest Incorporated	None	None	None	None
Director	R.O.C.	Macronix International Co., Ltd.	2020.05.28	—	3	1999.10.01	35,951,871	7.33%	35,951,871	7.33%	0	0	0	0	—	—	None	None	None	None

	R.O.C.	Representative: Yen-Hie Chao		Male 61-70			0	0	0	0	0	0	0	0	Department of Material Science and Engineering, National Tsing Hua University Assistant Manager of Manufacturing, Taiwan Semiconductor Manufacturing Co., Ltd. Process Engineering, ERSO, ITRI	Vice President, Macronix International Co., Ltd.				None
Director	R.O.C.	Chiu Chiang Investment Co., Ltd.	2020.05.28	—	3	2008.06.13	1,844,138	0.38%	1,835,138	0.37%	0	0	0	0	—	—	None	None	None	None
	R.O.C.	Representative: Jing Amy Chao		Female 61-70			524,332	0.11%	600,332	0.12%	0	0	0	0	Master of in Economics, California State University, USA CFO, Chinatimes Inc. Executive Director, China Television Co., Ltd. Supervisor, CTI Television Inc.	Director, DerMauShin Capital Co., Ltd. Director, China Times Publishing Co. (Institutional Representative) Director, Hou Chuang (joint stock) Company Co., Ltd. Independent Director, Hong Tai Electric Industrial Co., Ltd. Supervisor, Si-hai Electronic Color Platemaking Co., Ltd. Supervisor,Suhai Design and Production INC.				None
Director	R.O.C.	Kingwell Investment Inc.	2020.05.28	—	3	2011.06.22	3,712,457	0.76%	3,712,457	0.76%	0	0	0	0	—	—	None	None	None	None
	R.O.C.	Representative: Ming-Hong Kuo		Male 51-60			0	0	0	0	0	0	0	0	Master of Electronics Engineering, National Chiao Tung University Senior Director of Operations, mCube Taiwan Ltd. Director, Component and Technology Division, Etron Technology Inc. Assistant Manager, Elite Flash Storage Technology Inc. Technical Assistant Manager, Taiwan Semiconductor Manufacturing Co., Ltd. Manager, Vanguard International Semiconductor Corporation Deputy manager of ERSO, ITRI	Deputy General Manager of Product & Quality Assurance Center, Etron Technology Inc.	None	None	None	None

March 28, 2022; Unit: Share

Title	Nationality or place of registration	Name	Date of Appointment	Gender Age	Term (Year)	Date first elected	Shareholding at Appointment		current shareholding		Shares currently held by spouse and underage children		Shareholding by nominee arrangement		Previous experience & academic background	Other current positions within the company and other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Remarks
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Director	BVI	BVI Valutek Inc.	2020.05.28	—	3	2017.06.28	15,972,408	3.26%	15,972,408	3.26%	0	0	0	0	—	—	None	None	None	None
	R.O.C.	Representative: Liang-Po Chen		Male 51-60			0	0	0	0	0	0	0	0	Ph.D. in Electrical Engineering, National Cheng Kung University Deputy Director, National Nano Device Laboratories	Director, Giga Solution Technology Co., Ltd. (Institutional Representative) General Manager, Giga Solution Technology Co., Ltd.				None
Director	R.O.C.	Sheng Tang Investment Ltd.	2020.05.28	—	3	2008.06.13	278,342	0.06%	278,342	0.06%	0	0	0	0	—	—	None	None	None	None
	R.O.C.	Representative: Shuh-Jiunn Liaw		Male 51-60			236,993	0.05%	316,993	0.06%	0	0	0	0	Master of Electronics Engineering, National Chiao Tung University Manager, Vanguard International Semiconductor Corporation Deputy General Manager, Ardentec Corporation	Senior Vice President and Chief Sustainability Officer , Ardentec Director, Valutek, Inc. Supervisor, Giga Solution Technology Co., Ltd. (Institutional Representative) Director, Raytek Semiconductor Inc. (Institutional Representative)				None
Independent Director	R.O.C.	Wei-Shan Hu	2020.05.28	Male 61-70	3	2002.06.28	23,939	0.00%	18,939	0.00%	0	0	0	0	Ph.D. in Financial Management, University of Oklahoma, U.S.A. Vice President of Chung Yuan Christian University Professor of Department of Business Administration/Dean of School of Business, Chung Yuan University Section Chief, National Treasury Administration, Ministry of Finance	Honorary Professor, Chung Yuan University	None	None	None	Note 2
Independent Director	R.O.C.	Chen-I Chia	2020.05.28	Male 61-70	3	2011.06.22	21,226	0.00%	21,226	0.00%	0	0	0	0	MBA, University of Wisconsin President of Retail Banking Business Group, Bank SinoPac President of Retail Banking Business Group, Chien Hua Bank Deputy General Manager and Sales Manager, Evertrust Bank Manager, Securities Department, Citibank	Director, Pegatron Corporation Supervisor, AIRITI Inc. Supervisors, Hui Hong Consulting Co., Ltd.	None	None	None	None

Independent Director	R.O.C.	Lai-Juh Chen	2020.05.28	Male 51-60	3	2017.06.28	0	0	0	0	0	0	0	0	EMBA, Thunderbird School of Global Management, Arizona, USA Ph.D. in Chemical Engineering, National Tsing Hua University CEO, SunnyHills General Manager, AU Optronics Corp.	Chairman, Ten Life Health Technology Corporation Chairman, AI GlobalGo Inc. Chairman, Green Life Technology Corporation Independent Director, Unimicron Co., Ltd. Independent Director, Egis Technology Inc. Independent Director,Wah Hong Industrial Corp.	None	None	None	None
Independent Director	R.O.C.	Bernard C. Jiang	2020.05.28	Male 61-70	3	2008.06.13	0	0.00%	0	0.00%	0	0	0	0	Ph.D. in Industrial Engineering, Texas Tech University, U.S.A. Vice-President, National Taiwan University of Science and Technology Distinguished Professor, Department of Industrial Management, National Taiwan University of Science and Technology Vice-President, Yuan Ze University Dean of Academic Affairs, Yuan Ze University Dean of College of Engineering, Yuan Ze University Professor and Head of Department, Department of Industrial Engineering, Yuan Ze University	None	None	None	None	Note 3

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors, with the majority of directors not holding concurrent positions as employees of officers):

1. The Chairman is also concurrently the CEO of the Company due to needs of company operations:
   (1) The innovative business model of the Company is based on the Chairman's understanding of development trends in the semiconductor industry. The Chairman therefore also serves as the CEO to continue directing the strategic development of the Company.
   (2) The Chairman is one of rare few in the semiconductor industry to have a background that spans the industry, government, academia and research sectors. His open-door approach to leadership keeps all members of the Board fully informed on key company strategies.
   (3) In addition to functional division of labor, the Chairman also oversees horizontal communication between Board members to boost the overall effectiveness of the Board as well as realize its governance and supervisory functions. He also maximizes the core competitiveness of the management team and their contribution to corporate value.
2. Response measures adopted by the Company:
   (1) The Company has gone above and beyond the regulatory requirements by appointing four independent directors to strengthen the supervisory and control mechanism. The four independent directors fulfill the policy of Board diversification as they have backgrounds in financial management, finance, corporate governance, business administration, semiconductor, cross-industry innovation and corporate succession.
   (2) A Compensation Committee and Audit Committee with clearly defined responsibilities have been established by the Company. The independent directors expert in thorough communication and discussion in each of the functional committees and make recommendations to the Board as part of corporate governance.
   (3) The Company invites instructors to teach classes on company premises every year. The classes encompassing corporate governance, integrity management, corporate social responsibility, financial management and professional ethics help with the effective execution of their duties as directors.
   (4) The majority of Board members do not hold concurrent positions as employees or officers.

Note 2: Independent director Wei-Shan Hu served as a director of the Company from June 28, 2002, to June 2, 2005. He became an independent director on June 13, 2008.

Note 3: Independent director Bernard C. Jiang served as a institutional representative to the Company Board from June 13, 2008, to January 7, 2014. He became an independent director on May 28, 2020.

1. Major shareholders of institutional shareholders

(Up to the most recent book closure date)

Name of institutional shareholder	Major shareholders of institutional shareholders
Macronix International Co., Ltd.	Hsueh-Jung Shen(2.78%), JP Morgan Chase Bank Custody of JP Morgan Securities Co., Ltd. Account(2.16%), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.-Equity Trading Division (Proprietary Trading Desk)(1.73%), Cathay Life Insurance Co., Ltd.(1.56%), investment account of Vanguard Emerging Markets Stock Index Fund managed by J.P. Morgan(1.40%), investment account of Vanguard Total International Stock Index Fund of Vanguard Star Funds managed by J.P. Morgan(1.25%), New Labor Pension Fund(1.24%), Shunying Investment Co., Ltd(1.22%), ROBECO CAPITAL GROWTH FUNDS(1.03%), Citi Trusted Nomura International Co., Ltd. Investment Account(1.01%)
Kingwell Investment Inc.	Etron Technology Inc. (100.00%)
Chiu Chiang Investment Co., Ltd.	Tse-Yu Chen (47.66%), Liang-Hua Chen (33.96%), Shih-I Chen(9.94%), Wei-tzu Hsu (4.64%), Chun-Fei Chang (3.8%)
Sheng Tang Investment Ltd.	Ardentec Corporation (100.00%)
BVI Valutek Inc.	Ardentec Corporation (100.00%)

2. Major shareholders in the above table who are institutional investors and their major shareholders

(Up to the most recent book closure date)

Name of institutional shareholder	Major shareholders of institutional shareholders
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd. (100.00%)
Shunying Investment Co., Ltd.	MegaChips Corporation, Japan (100.00%)
Etron Technology Inc.	Chao-Chun Lu (5.41%), Shu-Chuan Liao(4.21%), Mei-Chen Liao(1.36%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(1.27%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(1.13%), Ming-Yu Tsai(1.12%), Chao-Chun Lu(0.80%), LIANG, HSUAN-LI(0.53%), LIANG, AN(0.53%), HUANG, YU-WEN(0.46%)
Ardentec Corporation	Macronix International Co., Ltd. (7.33%), Cathay Life Insurance Co., Ltd.(6.26%), BVI Valuetek Inc. (3.26%), Fubon Insurance Co., Ltd.(2.19%), Yuanta Taiwan High-yield Leading Company Fund(1.59%), Norges Bank investment account managed by Citibank (Taiwan)(1.54%), Vanguard Total International Stock Index Fund of Vanguard Star Funds managed by J.P. Morgan(1.40%), investment account of Vanguard Total International Stock Index Fund of Vanguard Star Funds managed by J.P. Morgan(1.28%), investment account of JP Morgan Stanley Investment Fund managed by HSBC (Taiwan)(1.18%)

(II) Professional qualifications of directors, and disclosure of independence analysis of independent directors

1. Professional qualifications of directors

Terms / Name	Professional qualifications and experience (Note 1)
Chairman Chih-Yuan Lu	Ph.D.-Physics, Columbia University, as chairman and CEO of the company, a lecturer at National Chiao Tung University, with working experience in business, legal affairs, finance, accounting and business, and with knowledge of development trends of the semiconductor industry. The individual should be around the industry, government, academy, and research. Not involved in any of the situations defined in Article 30 of the Company Act.
Vice Chairman Chi-Ming Chang	Ph.D.- Industrial Engineering from Texas Tech University, as president of the company, as a lecturer at Louisiana Tech University, with working experience in business, legal affairs, finance, accounting and business. Not involved in any of the situations defined in Article 30 of the Company Act.
Director Macronix International Co., Ltd. Representative: Yen-Hai Chao	Department of Materials Engineering, National Tsing Hua University, as deputy president of Macronix, with work experience in the company's business. Not involved in any of the situations defined in Article 30 of the Company Act.
Director Chiu Chiang Investment Co., Ltd. Representative:Jing Amy Chao	Master’s in Economics from California State University, as CFO of Demaoxing Co., Ltd, as a CPA in the United States, Taiwan and China, with working experience in business, legal affairs, finance and accounting. Not involved in any of the situations defined in Article 30 of the Company Act.
Director Kingwell Investment Inc. Representative:Ming-Hong Kuo	Master’s in Electronics, National Chiao Tung University, as deputy president of Etron Technology, with working experience in the company’s business. Not involved in any of the situations defined in Article 30 of the Company Act.
Director BVI Valutek Inc. Representative: Liang-Po Chen	Ph.D. in Electrical engineering, National Cheng Kung University, as president of GIGA Solution Tech. Co., Ltd., with working experience in business, legal affairs, finance, accounting and business. Not involved in any of the situations defined in Article 30 of the Company Act.
Director Sheng Tang Investment Ltd. Representative: Shuh-Jiunn Liao	Master- Electronic Engineering, National Chiao Tung University, as Senior deputy president and ESG officer of the company, with work experience in the company's business. Not involved in any of the situations defined in Article 30 of the Company Act.

Independent director Wei-Shan Hu	Ph.D. in Financial Management from the University of Oklahoma, as a member of the Audit Committee and the Remuneration Committee, as an honorary professor, professor of business management and dean of the business school of Chung Yuan Christian University, good at financial management, investment, corporate ethics and derivative financial instruments and other professional fields, etc. Not involved in any of the situations defined in Article 30 of the Company Act.
Independent director Chen-I Chia	Master - Business Administration, the University of Wisconsin, as the convener of the remuneration committee and member of the audit committee of the company, as a director of PEGATRON Corporation, worked as president of Retail Banking Business Group, Bank SinoPac and Securities Department, Citibank, with work experience in business, legal affairs, finance and accounting, and an expert in professional fields such as finance, investment and corporate management. Not involved in any of the situations defined in Article 30 of the Company Act.
Independent director Lai-Juh Chen	Ph.D. in Chemical Engineering, National Tsing Hua University, as a member of the Remuneration Committee and Audit Committee of the company, used to be chairman of several technology companies and an independent director of a listed company, worked as General Manager, AU Optronics Corp. and CEO, SunnyHills, with working experience in business, legal affairs, finance, accounting and corporate business, and an expert in professional fields, such as cross-industry innovation, digital transformation and corporate succession. Not involved in any of the situations defined in Article 30 of the Company Act.
Independent director Bernard C. Jiang	Ph.D.-Industrial Engineering from Texas Tech University, a member of the Compensation Committee and Audit Committee of the Company, worked as Vice-President, National Taiwan University of Science and Technology, Distinguished Professor, Department of Industrial Management, National Taiwan University of Science and Technology, Vice-President, Yuan Ze University, Professor and Head of Department, Department of Industrial Engineering, Yuan Ze University, and an expert in industrial engineering, human factors engineering and other professional fields, etc. Not involved in any of the situations defined in Article 30 of the Company Act.

2. Disclosure of independence analysis of independent directors

Term / Name	Independent status (Note 2、3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Wei-Shan Hu	Directors all meet the conditions of independence in the two years before being elected or during the term of office. (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; (4) Not a managerial officer as listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2) or (3). (5) Not a director, supervisor or employee of an institutional shareholder who holds directly 5% or more of the company's shares, is one of the top five shareholders, or is a representative appointed as director or supervisor of the company pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company where a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (7) Not a director (or governor), supervisor, or employee of another company or institution where the chairperson, general manager, or person holding an equivalent position of the	0
Independent Director Chen-I Chia		0
Independent Director Lai-Juh Chen		3
Independent Director Bernard C. Jiang		0

	company and a person in any of those positions at the other company or institution are the same person or are spouses. (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding 500,000 NTD, or a spouse thereof; exception applies for members of a Compensation Committee, a take-over bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. (10) Not a spouse or relative within the second degree to other directors. (11) Not a governmental, juridical person or its representative as defined under Article 27 of the Company Act. (12) Not been a person of any conditions defined in Article 30 of the Company Act.	0

Note 1: Professional qualifications and experience: Please indicate individual directors and supervisors' professional qualifications and experience. If they are audit committee members and have accounting or finance capabilities, they shall indicate their background and work experience in accounting or finance. Besides, the company shall indicate whether there are any circumstances according to Article 30 of the Company Law.

Note 2: Independent directors shall meet the conditions of independence, including but not limited to whether they, their spouses, or relatives within the second degree of kinship do not serve as a director, supervisor or an employee of the Company or its affiliates; None of the total number or ratio of issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, (or by the name of others); Not an employee of the Company or its affiliates (Please refer to Article 3, paragraph 1, subparagraph 5-8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); Remuneration for business, legal, financial and accounting services provided by the Company or its affiliates in the last two years.

Note 3: According to Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, all independent directors submit a Statement of Independent Director to ensure conditions of their independent qualification to comply with regulatory regulations.

(III) Taking diversification and independence of BOD:

1. Taking diversification of BOD:

The aspects, complementarity and implementation of directors' diversification have met the standards set out in Paragraph 3, Article 20 of the "Corporate Governance Code". In the future, the diversification policy will be revised at times based on the operation of the board of directors, the type of operation and the development requirements, including but not limited to two aspects of standards of basic conditions:

I. basic components (such as age, gender, nationality, etc.)

II. professional knowledge and related skills (such as laws, accounting, industries, finance, marketing or technology, etc.), as well as professional skills and industry experience, etc.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To improve the functions of the board of directors and achieve the ideal goals of corporate governance, the board of directors should have the following capabilities as follows:

I. The ability to make judgments about operations

II. Accounting and financial analysis ability

III. Business management ability

IV. Crisis management ability

V. Knowledge of the industry

VI. An international market perspective

VII. Leadership ability

VIII. Decision-making ability

The company also focuses on gender equality for the board of directors, with at least one female member. The ratio of female directors is 9%. The term of office of independent directors is under 3 years for 1 director, and between 3 and 9 years for 1 director, and over 9 years for 2 directors. There is one director aged 71 to 80, six aged 61 to 70 and four aged 51 to 60.

2. Independence of the BOD

The board of directors of the company includes 11 directors, with 4 independent directors. The audit committee is composed of all independent directors to implement the job independently. Directors and independent directors have no relations as indicated in paragraphs 3 and 4 according to Article 26-3 of the Securities and Exchange Act. Their conditions have met the independence by laws and regulations, and they are familiar with the company's financial and operating conditions.

3.Implementation and current state of the Board diversification policy

Core Diversification Item / Name of Director	Basic Composition								
	Nationality	Gender	Concurrently Employee of the Company	Age			Length of Service as Independent Director		
				51 to 60 years of age	61 to 70 years of age	71 to 80 years of age	Less than 3 years	3 to 9 years	Over 9 years
Chih-Yuan Lu	R.O.C.	Male	✓			✓			
Chi-Ming Chang	R.O.C.	Male	✓		✓				
Yen-Hie Chao	R.O.C.	Male			✓				
Jing Amy Chao	R.O.C.	Female			✓				
Ming-Hong Kuo	R.O.C.	Male		✓					
Liang-Po Chen	R.O.C.	Male	✓	✓					
Shuh-Jiunn Liaw	R.O.C.	Male	✓	✓					
Wei-Shan Hu	R.O.C.	Male			✓				✓
Chen-I Chia	R.O.C.	Male			✓				✓
Lai-Juh Chen	R.O.C.	Male		✓				✓	
Bernard C. Jiang	R.O.C.	Male			✓		✓		

Name	Professional experience								
	Start-up management team	Semiconductor and high-tech industry expert	Management of international and publicly listed/traded companies	Leader and expert at national research institute	Leader and expertise in the venture capital industry	Leading academic in business management	Financial experiment and managing talent	Industry transformation, start-up, entrepreneurial elite and corporate management transition consultant mentor	Media business management talent
Chih-Yuan Lu	✓	✓	✓	✓		✓			
Chi-Ming Chang	✓	✓	✓						
Yen-Hie Chao		✓	✓						
Jing Amy Chao					✓		✓		✓
Ming-Hong Kuo		✓							
Liang-Po Chen	✓	✓	✓	✓					
Shuh-Jiunn Liaw	✓	✓	✓						
Wei-Shan Hu						✓		✓	
Chen-I Chia			✓		✓		✓		
Lai-Juh Chen	✓	✓	✓		✓			✓	
Bernard C. Jiang						✓		✓	

Name	Professional background							
	Finance and investment	Commerce	Technology	Money and banking	Operating	Chemical engineering	Accounting	Education
Chih-Yuan Lu		✓	✓		✓			✓
Chi-Ming Chang		✓	✓		✓			✓
Yen-Hie Chao			✓		✓			
Jing Amy Chao	✓	✓					✓	
Ming-Hong Kuo			✓		✓			
Liang-Po Chen		✓	✓		✓			
Shuh-Jiunn Liaw		✓	✓					
Wei-Shan Hu	✓			✓			✓	✓
Chen-I Chia	✓	✓		✓				
Lai-Juh Chen		✓	✓		✓	✓		
Bernard C. Jiang		✓						✓

(IV) Profile of President, Vice President, Senior Director, and Department Directors

March 28, 2022; Unit: Share

Title	Nationality	Name	Date of Appointment	Gender	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Previous experience & academic background	Current job position in other companies	Managerial officer who is a spouse or a relative within second degree			Remarks
					No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
CEO	R.O.C.	Chih-Yuan Lu	1999.10.11	Male	5,744,611	1.17%	265,204	0.05%	0	0	Ph.D. in Physics, Columbia University, U.S.A. General Manager, Ardentec Corporation General Manager, Vanguard International Semiconductor Corporation Deputy General Director of ERSO, ITRI	Chairman, Sheng Tang Investment Ltd. (Institutional Representative) Chairman, Ardentec Semiconductor.,Ltd. (Institutional Representative) Chairman, Giga Solution Technology Co., Ltd. (Institutional Representative) Director, Ardentec Singapore Pte. Ltd. Director, Ardentec Korea Co., Ltd. Director, Valucom Investment Inc. Director, ValuTest Incorporated Director and General Manager, Macronix International Co., Ltd. Director, Macronix (Hong Kong) Co., Ltd. Chairman, Macronix America Inc. Director, Macronix Europe NV. Independent Director, Hong Tai Electric Industrial Co., Ltd. Board Director, Feng Chia University	None	None	None	Note
President	R.O.C.	Chi-Ming Chang	2008.06.13	Male	4,194,070	0.86%	0	0.00%	0	0	Ph.D. in Industrial Engineering, Texas Tech University, U.S.A. Deputy General Manager, Ardentec Corporation Division Director, Vanguard International Semiconductor Corporation Deputy Division Director of ERSO, ITRI	Chairman, Ardentec Nanjing Co., Ltd. Director, Sheng Tang Investment Ltd. (Institutional Representative) Director, Ardentec Semiconductor.,Ltd. (Institutional Representative) Director, Valutek, Inc. Director, Valucom Investment Inc. Director, ValuTest Incorporated	None	None	None	None
Senior Vice President	R.O.C.	Shuh-Jiun Liaw	2018.11.01	Male	316,993	0.06%	0	0.00%	0	0	Master of Electronics Engineering, National Chiao Tung University Vice President, Ardentec Corporation Manager, Vanguard International Semiconductor Corporation	Chief Sustainability Officer of Ardentec Director, Valutek, Inc. Representative Director, Raytek Semiconductor Inc. (Institutional Representative) Supervisor, Giga Solution Technology Co., Ltd. (Institutional Representative)	None	None	None	None

March 28, 2022;

Unit: Share

Title	Nationality	Name	Date of Appointment	Gender	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Previous experience & academic background	Current job position in other companies	Managerial officer who is a spouse or a relative within second degree			Remarks
					No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Vice President	R.O.C.	Yung-Song Lou	2007.10.26	Male	295,673	0.06%	298,365	0.06%	0	0	Ph.D. of Electronics Engineering, National Chiao Tung University General Manager, Ardentec Nanjing Co., Ltd. President, Ardentec Singapore Pte. Ltd. Manager, Vanguard International Semiconductor Corporation	Chairman, Ardentec Singapore Pte. Ltd. Representative Director, Ardentec Korea Co., Ltd. Director, Ardentec Nanjing Co., Ltd.	None	None	None	None
Vice President	R.O.C.	C. C. Rou	2012.03.09	Male	1,090,499	0.22%	206,344	0.04%	0	0	B.S. Degree in Automatic Control Engineering, Feng Chia University Assistant Manager, Vanguard International Semiconductor Corporation	None	None	None	None	None
Vice President	R.O.C.	Jimmy Wang	2016.03.10	Male	414,040	0.08%	0	0.00%	0	0	MBA, Syracuse University, USA Senior Management Specialist, Global Mixed-Mode Technology	Director, Giga Solution Technology Co., Ltd. (Institutional Representative) Director, Ardentec Singapore Pte. Ltd. Director, Ardentec Korea Co., Ltd.	None	None	None	None
Vice President	R.O.C.	Raymond Kao	2017.04.17	Male	200,019	0.04%	0	0.00%	0	0	MBA, Tulane University, USA Division Director, Teradyne Taiwan Ltd. Division Director, Electroglas Inc. Manager, Applied Materials Taiwan	Representative Director, Raytek Semiconductor Inc. (Institutional Representative)	None	None	None	None
Senior Director	R.O.C.	Fu-Wan Sheu	2013.10.15	Male	653,505	0.13%	0	0.00%	0	0	Master of Industrial Engineering, National Tsing Hua University General Manager, Ardentec Nanjing Co., Ltd. Assistant Manager, Vanguard International Semiconductor Corporation	Director, Ardentec Nanjing Co., Ltd.	None	None	None	None
Senior Director	R.O.C.	Hui-Ling Kuo	2016.08.04	Female	355,477	0.07%	0	0.00%	0	0	Master of Industrial Engineering, National Chiao Tung University Manager, Macronix International Co., Ltd.	None	None	None	None	None
Senior Director	R.O.C.	Hui Min Wang	2016.08.04	Male	149,287	0.03%	0	0.00%	0	0	Ph.D. of Electronics Engineering, National Chiao Tung University Division Director, Yuanchuang Technology Co., Ltd. Section Chief, ERSO, ITRI	None	None	None	None	None
Project Senior Director	R.O.C.	Michael Huang	2017.12.18	Male	61,300	0.01%	0	0.00%	0	0	Master of Management Science, National Chiao Tung University Engineer, Siliconware Precision Industries Co., Ltd.	Director and General Manager, Ardentec Singapore Pte. Ltd.	None	None	None	None
Senior Director	R.O.C.	Aaron Chuang	2018.12.03	Male	0	0.00%	0	0.00%	0	0	Master of Electronics Physics, National Chiao Tung University Division Director, Texas Instruments Taiwan Ltd.	None	None	None	None	None

March 28, 2022;Unit: Share

Title	Nationality	Name	Date of Appointment	Gender	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Previous experience & academic background	Current job position in other companies	Managerial officer who is a spouse or a relative within second degree			Remarks
					No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Project Senior Director	R.O.C.	Bill Kang	2015.01.01	Male	72,195	0.01%	199,441	0.04%	0	0	B.S. In Electronics Engineering, National Taiwan University of Science and Technology General Manager, Ardentec Korea Co., Ltd. Vice President, Aegis Semiconducctor Technology Inc.	General Manager, Ardentec Nanjing Co., Ltd.	None	None	None	None
Project Senior Director	R.O.C.	Rhiannon Chen	2019.04.15	Female	538,852	0.11%	525,341	0.11%	0	0	Bachelor of Business Administration, National Chung Hsing University Assistant Manager, ProMOS Technologies Inc. Assistant Manager, Vanguard International Semiconductor Corporation Management Specialist, ERSO, ITRI	None	None	None	None	None
Division Director, Financial Management Division	R.O.C.	Leslie Guh	2011.04.28	Male	221,143	0.05%	0	0.00%	0	0	Bachelor in Industrial Management, National Taiwan University of Science and Technology Senior Director, Goyatek Technology Inc. Senior Manager, Grand Pacific Optoelectronics Corp. Assistant Manager, Deloitte Taiwan	Supervisor, Ardentec Korea Co., Ltd. Supervisors, Ardentec Nanjing Co., Ltd. Supervisor, Giga Solution Technology Co., Ltd. (Institutional Representative)	None	None	None	None

Note: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors, with the majority of directors not holding concurrent positions as employees of officers):

1. The Chairman is also concurrently the CEO of the Company due to needs of company operations:
   (1) The innovative business model of the Company is based on the Chairman's understanding of development trends in the semiconductor industry. The Chairman therefore also serves as the CEO to continue directing the strategic development of the Company.
   (2) The Chairman is one of rare few in the semiconductor industry to have a background that spans the industry, government, academia and research sectors. His open-door approach to leadership keeps all members of the Board fully informed on key company strategies.
   (3) In addition to functional division of labor, the Chairman also oversees horizontal communication between Board members to boost the overall effectiveness of the Board as well as realize its governance and supervisory functions. He also maximizes the core competitiveness of the management team and their contribution to corporate value.
2. Response measures adopted by the Company:
   (1) The Company has gone above and beyond the regulatory requirements by appointing four independent directors to strengthen the supervisory and control mechanism. The four independent directors fulfill the policy of Board diversification as they have backgrounds in financial management, finance, corporate governance, business administration, semiconductor, cross-industry innovation and corporate succession.
   (2) A Compensation Committee and Audit Committee with clearly defined responsibilities have been established by the Company. The independent directors expert in thorough communication and discussion in each of the functional committees and make recommendations to the Board as part of corporate governance.
   (3) The Company invites instructors to teach classes on company premises every year. The classes encompassing corporate governance, integrity management, corporate social responsibility, financial management and professional ethics help with the effective execution of their duties as directors.
   (4) The majority of Board members do not hold concurrent positions as employees or officers.

(V) Remunerations to Directors, Supervisors, President, and Vice Presidents in the most recent year

1. Remuneration to Directors and Independent Directors

December 31, 2020;Unit: Thousand NTD

Title	Name	Director's remuneration								(A+B+C+D) as a % of Net Income		Pay received as an employee								(A+B+C+D+E+F+G) as a % of Net Income		Remuneration from ventures other than subsidiaries or the parent company
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C) (Note 1)		Business expenses (D)				Salary, bonuses and allowances (E) (Note 2)		Retirement pension (F) (Note 3)		Remuneration for employees (G) (Note 1)						
																The Company		In financial reports All companies				
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash value	Share value	Cash value	Share value	The Company	All companies in the financial statements	
Chairman	Chih-Yuan Lu	0	0	0	0	26,760	26,760	35	70	26,795 1.04 %	26,830 1.04%	17,685	17,685	14,096	14,096	14,000	0	14,000	0	72,576 2.81 %	72,611 2.81 %	None
Vice Chairman	Chi-Ming Chang	0	0	0	0	20,127	20,127	35	70	20,162 0.78 %	20,197 0.78%	18,115	18,115	4,203	4,203	14,000	0	14,000	0	56,480 2.19 %	56,515 2.19 %	None
Director	Macronix International Co., Ltd. Representative: Yen-Hie Chao	0	0	0	0	33,562	33,562	175	245	33,737 1.31 %	33,807 1.31 %	8,820	24,449	3,007	6,736	8,600	0	18,200	0	54,164 2.10 %	83,192 3.22 %	None
Director	Chiu Chiang Investment Co., Ltd. Representative: Jing Amy Chao																					
Director	Kingwell Investment Inc. Representative: Ming-Hong Kuo																					
Director	BVI Valutek Inc.: Representative Liang-Po Chen																					
Director	Sheng Tang Investment Ltd. Representative: Shuh-Jiunn Liaw																					

Title	Name	Director's remuneration								(A+B+C+D) as a % of Net Income		Pay received as an employee								(A+B+C+D+E+F+G) as a % of Net Income		Remuneration from ventures other than subsidiaries or the parent company
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C) (Note 1)		Business expenses (D)				Salary, bonuses and allowances (E) (Note 2)		Retirement pension (F) (Note 3)		Remuneration for employees (G) (Note 1)						
																The Company		All companies in the financial statements				
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash Amount	Equities Amount	Cash Amount	Equities Amount	The Company	All companies in the financial statements	
Independent Director	Chen-I Chia	2,160	2,160	0	0	26,533	26,533	130	130	28,823 1.12%	28,823 1.12%	0	0	0	0	0	0	0	0	28,823 1.12%	28,823 1.12%	None
Independent Director	Wei-Shan Hu																					
Independent Director	Lai-Juh Chen																					
Independent Director	Bernard C. Jiang																					

1. Please describe the compensation policy, procedure, standard and package for independent directors, as well as the linkage between the amount of compensation paid and factors such as job responsibility, risk and time spent:

Compensation paid by the Company to independent directors are based on the percentage set out in the Company Articles of Incorporation and the outcomes of directors' performance evaluation. The level of involvement and contribution from each (independent) director in Company operations are reviewed by the Renumeration Committee to link the fairness and reasonableness of performance and risk to the compensation received. A recommendation that takes the Company's business performance into account is then made to the Board for its decision.

2. Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g. acting as a non-employee consultant) rendered to the Company: None.

Note 1: Calculations are based on the proposed remuneration for directors and employees passed by a resolution of the Ardentec Board of Directors on February 24, 2022.

Note 2: This includes treatment of new restricted stock awards to employees as salary expenses under "Share-based Payment" in accordance with IFRS 2.

Note 3: This amount is the amount allocated.

Range of remuneration table

Remuneration scale applicable to the Company's Directors	Name of Director			
	Total amount for the 4 preceding remunerations (A+B+C+D)		Total amount for the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Less than 1,000,000 NTD				
1,000,000 NTD (inclusive) to 2,000,000 NTD (exclusive)				
2,000,000 NTD (inclusive) to 3,500,000 NTD (exclusive)				
3,500,000 NTD (inclusive) to 5,000,000 NTD (exclusive)				
5,000,000 NTD (inclusive) to 10,000,000 NTD (exclusive)	Macronix International Co., Ltd. Representative: Yen-Hie Chao Kingwell Investment Inc. Representative: Ming-Hong Kuo Sheng Tang Investment Ltd. Representative: Shuh-Jiunn Liaw Chiu Chiang Investment Co., Ltd. Representative: Jing Amy Chao BVI Valutek Inc. Representative Liang-Po Chen Wei-Shan Hu, Chen-I Chia, Lai-Juh Chen, Bernard C. Jiang	Macronix International Co., Ltd. Representative: Yen-Hie Chao Kingwell Investment Inc. Representative: Ming-Hong Kuo Sheng Tang Investment Ltd. Representative: Shuh-Jiunn Liaw Chiu Chiang Investment Co., Ltd. Representative: Jing Amy Chao BVI Valutek Inc. Representative Liang-Po Chen Wei-Shan Hu, Chen-I Chia, Lai-Juh Chen, Bernard C. Jiang	Macronix International Co., Ltd. Representative: Yen-Hie Chao Kingwell Investment Inc. Representative: Ming-Hong Kuo Chiu Chiang Investment Co., Ltd. Representative: Jing Amy Chao BVI Valutek Inc. Representative Liang-Po Chen Wei-Shan Hu, Chen-I Chia, Lai-Juh Chen, Bernard C. Jiang	Macronix International Co., Ltd. Representative: Yen-Hie Chao Kingwell Investment Inc. Representative: Ming-Hong Kuo Chiu Chiang Investment Co., Ltd. Representative: Jing Amy Chao Wei-Shan Hu, Chen-I Chia Lai-Juh Chen, Bernard C. Jiang
10,000,000 NTD (inclusive) to 15,000,000 NTD (exclusive)				
15,000,000 NTD (inclusive) to 30,000,000 NTD (exclusive)	Chih-Yuan Lu Chi-Ming Chang	Chih-Yuan Lu Chi-Ming Chang	Sheng Tang Investment Ltd. Representative: Shuh-Jiunn Liaw	Sheng Tang Investment Ltd. Representative: Shuh-Jiunn Liaw
30,000,000 NTD (inclusive) to 50,000,000 NTD (exclusive)				BVI Valutek Inc. Representative Liang-Po Chen
50,000,000 NTD (inclusive) to 100,000,000 NTD (exclusive)			Chih-Yuan Lu,Chi-Ming Chang	Chih-Yuan Lu,Chi-Ming Chang
Greater than 100,000,000 NTD				
Total	11	11	11	11

2. Remunerations to President and Vice President

December 31, 2021
Unit: Thousand NTD

Title	Name	Salary (A)		Retirement pension (B) (Note 1)		Bonuses and allowances, etc. (C) (Note 2)		Remuneration for employees (D) (Note 3)				(A+B+C+D) as a % of Net Income		Remuneration from ventures other than subsidiaries or the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		In financial reports All companies		The Company	All companies in the financial statements	
								Cash value	Share value	Cash value	Share value			
CEO	Chih-Yuan Lu	30,112	30,112	25,228	25,228	42,313	42,313	60,300	0	60,300	0	157,953 6.12 %	157,953 6.12 %	None
President	Chi-Ming Chang													
Senior Vice President	Shuh-Jiun Liaw													
Vice President	Yung-Song Lou													
Vice President	C. C. Rou													
Vice President	Jimmy Wang													
Vice President	Raymond Kao													

Note 1: This amount is the amount allocated.
Note 2: This includes treatment of new restricted stock awards to employees as salary expenses under "Share-based Payment" in accordance with IFRS 2.
Note 3: Calculations are based on the proposed remuneration for employees passed by a resolution of the Ardentec Board of Directors on February 24, 2022.

Range of remuneration table

Range of remuneration paid to President and Vice Presidents	Name of President and Vice President	
	The Company	All companies in the financial statements
Less than 1,000,000 NTD		
1,000,000 NTD (inclusive) to 2,000,000 NTD (exclusive)		
2,000,000 NTD (inclusive) to 3,500,000 NTD (exclusive)		
3,500,000 NTD (inclusive) to 5,000,000 NTD (exclusive)		
5,000,000 NTD (inclusive) to 10,000,000 NTD (exclusive)		
10,000,000 NTD (inclusive) to 15,000,000 NTD (exclusive)	Yong-Song Lou ,C. C. Rou, Raymond Kao	Yong-Song Lou ,C. C. Rou, Raymond Kao
15,000,000 NTD (inclusive) to 30,000,000 NTD (exclusive)	Shu-Jun Liaw, Jimmy Wang,	Shu-Jun Liaw, Jimmy Wang,
30,000,000 NTD (inclusive) to 50,000,000 NTD (exclusive)	Chih-Yuan Lu, Chi-Ming Chang	Chih-Yuan Lu, Chi-Ming Chang
50,000,000 NTD (inclusive) to 100,000,000 NTD (exclusive)		
Greater than 100,000,000 NTD		
Total	7	7

3. Manager's name and the distribution of employee bonus

December 31, 2021；Unit: Thousand NTD

	Title	Name	Share value	Cash value (Note)	Total	Percentage of total bonuses to net profit after tax (%)
Managerial Officers	Chief Executive Officer	Chih-Yuan Lu	0	101,500	101,500	3.93 %
	General Manager	Chi-Ming Chang				
	Senior Vice President	Shuh-Jiun Liaw				
	Vice President	Yung-Song Lou				
	Vice President	C. C. Rou				
	Vice President	Jimmy Wang				
	Vice President	Raymond Kao				
	Senior Director	Fu-Wan Sheu				
	Senior Director	Hui-Ling Kuo				
	Senior Director	Hui Min Wang				
	Project Senior Director	Michael Huang				
	Senior Director	Aaron Chuang				
	Project Senior Director	Bill Kang				
	Project Senior Director	Rhiannon Chen				
	Accounting Managerial Officer	Leslie Guh				

Note: Calculations are based on the proposed remuneration for employees passed by a resolution of the Ardentec Board of Directors on February 24, 2022.

(IV)Provide a comparative analysis on remuneration to Directors, Supervisors, the President and Vice Presidents as a percentage of the net income in individual or consolidated financial reports from the last two years, and also describe of the policy, standards and packages of remunerations, procedure for making such decisions, as well as how they related to business performance and future risks.

1. Remuneration paid to Directors, Supervisors, the President and Vice Presidents as a percentage of the Company's net income in the last two years:

	2021		2020	
	The Company	Included in the consolidated financial statements All companies	The Company	Included in the consolidated financial statements All companies
Director	4.25 %	4.25 %	4.33 %	4.33 %
President and Vice Presidents	6.12 %	6.12 %	5.54 %	5.54 %

2. Remuneration policy, standards and packages, the procedure for making such decisions, as well as how they relate to business performance and future risks

(1)Remuneration policy, standards and packages

Remuneration for Directors consists mainly of compensation, travel allowances and directors' remuneration. Travel allowance is paid on the basis of Directors' attendance at Board meetings; The amount of compensation paid to Directors is based on 3% of current year earnings in accordance with Article 35-1, of the Articles of Incorporation. The results of the Board performance evaluation as well as contributions to the Company's strategic direction, business management, and corporate governance are also taken into account. Recommendations are drawn up by the Compensation Committee and submitted to the Board of Directors for approval before being presented to the Shareholders' Meeting.

Compensation paid to the President and Vice President consists mainly of salary, employee remuneration, and new restricted stock awards. The salary is set at levels comparable to industry peers for the same role while taking into consideration their internal responsibilities, leadership and management ability, planning and execution ability, and contribution to the Company's business targets; Compensation paid to Employees shall be a percentage based on company profitability for the year and the Articles of Incorporation. Recommendations are drawn up by the Compensation Committee and submitted to the Board of Directors for approval before being presented to the Shareholders' Meeting. The issue of new restricted stock awards shall take years of service, seniority, work performance and overall contribution into account as determined by the Chairman and submitted to the Board for approval.

(2) Procedure for determining remuneration

A Compensation Committee has been established by the Company to review the salaries and remuneration of directors and managerial officers on a regular basis with the outcome of Board performance evaluation taken into account to ensure that reasonable compensation is being paid. Recommendations developed by the Committee are then submitted to the Board for approval.

(3)Connection with business performance and future risks

The management team's remuneration is not affected by their age and gender. Remuneration takes annual business performance, future risks, as well as domestic/international industry standards into account.

III. Implementation of corporate governance

(I) Operation of the Board of Directors

A total of 7 (A) Board of Directors meetings were convened in 2021. The attendance of the Directors was as follows:

Title	Name	Attendance (voting and non-voting) in person (B)	Attendance by proxy	Attendance (voting and non-voting) in person rate [B/A]	Remarks
Chairman	Chih-Yuan Lu	7	0	100 %	
Vice Chairman	Chi-Ming Chang	7	0	100 %	
Director	Macronix International Co., Ltd. Representative: Yen-Hie Chao	7	0	100 %	
Director	Kingwell Investment Inc. Representative: Ming-Hong Kuo	7	0	100 %	
Director	Chiu Chiang Investment Co., Ltd. Representative: Jing Amy Chao	7	0	100 %	
Director	Sheng Tang Investment Ltd. Representative: Shuh-Jiunn Liaw	7	0	100 %	
Director	BVI Valutek Inc. Representative: Liang-Po Chen	7	0	100 %	

Title	Name	Attendance (voting and non-voting) in person (B)	Attendance by proxy	Attendance (voting and non-voting) in person rate [B/A]	Remarks
Independent Director	Wei-Shan Hu	7	0	100 %	
Independent Director	Chen-I Chia	7	0	100 %	
Independent Director	Lai-Juh Chen	6	1	86 %	
Independent Director	Bernard C. Jiang	6	1	86 %	

Other matters that require reporting:

I. Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions should be recorded:

(I) Items specified in Article 14-3 of the Securities and Exchange Act:

1. 6th Meeting of the 8th Board of Directors (April 29, 2021)

Agenda item	Independent Director's opinion	The Company's response to the Independent Director's opinion	Resolution
To appoint a corporate governance officer	Agree	Not applicable	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance.

2. 7th Meeting of the 8th Board of Directors (May 27, 2021)

Agenda item	Independent Director's opinion	The Company's response to the Independent Director's opinion	Resolution
For requirement of	Agree	Not applicable	Passed unanimously as

operation in the future, the company purchases land and plant from EPISTAR CORPORATION in Longtan Park of Hsinchu Science Park, approved by Hsinchu Science Park Bureau of HSP.			proposed after the Chairman put the matter to a vote by all directors in attendance.

3. 8th Meeting of the 8th Board of Directors (July 29, 2021)

Agenda item	Independent Director's opinion	The Company's response to the Independent Director's opinion	Resolution
Proposed loan of 8 million USD to subsidiary Ardentec Nanjing Co., Ltd.	Agree	Not applicable	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance

4. 9th Meeting of the 8th Board of Directors (August 26, 2021)

Agenda item	Independent Director's opinion	The Company's response to the Independent Director's opinion	Resolution
Proposed capital increase by cash of 30 million USD to subsidiary Ardentec Nanjing Co., Ltd.	Agree	Not applicable	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance

Proposed capital increase by cash of 20 million USD (about S$ 27 million) to subsidiary Ardentec Singapore Pte. Ltd.	Agree	Not applicable	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance

5. 10th Meeting of the 8th Board of Directors (October 28, 2021)

Agenda item	Independent Director's opinion	The Company's response to the Independent Director's opinion	Resolution
Appointment of the CPA for financial and taxation affairs in 2021.	Agree	Not applicable	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance

(II) Aside from the above matters, other resolutions adopted by the Board of Directors to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.

II. Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting:

1. Name of Director: Chih-Yuan Lu, Chi-Ming Chang, Liang-Po Chen and Shuh-Jiunn Liaw.

Agenda item: Discussion of remuneration for Company managerial officer serving as the institutional representative for Giga Solution Tech. Co., Ltd. In 2020 at the 5th Meeting of the 8th Board of Directors.

Reason for recusal: Related party.

Voting on the agenda item: The directors recused themselves from the discussion and voting due to conflict of interest. Their attendance was

therefore not counted for this agenda item. The matter was put to a vote by acting Chairman and was passed unanimously by all other directors in attendance.

2. Name of Director: Chih-Yuan Lu, Chi-Ming Chang, Liang-Po Chen and Shuh-Jiunn Liaw.

   Agenda item: Discussion of employee remuneration in 2020 for Company managerial officers at the 5th Meeting of the 8th Board of Directors.

   Reason for recusal: Related party and managerial officer of a subsidiary.

   Voting on the agenda item: The directors recused themselves from the discussion and voting due to conflict of interest and being concurrently managerial officers at subsidiaries. Their attendance was therefore not counted for this agenda item. The matter was put to a vote by acting Chairman and was passed unanimously by all other directors in attendance.

3. Name of Director: Chih-Yuan Lu, Chi-Ming Chang, Liang-Po Chen and Shuh-Jiunn Liaw.

   Agenda item: Discussion of adjustments to Company managerial officers' salaries for 2021 at the 5th meeting of the 8th Board of Directors.

   Reason for recusal: Related party and managerial officer of a subsidiary.

   Voting on the agenda item: The directors recused themselves from the discussion and voting due to conflict of interest and being concurrently managerial officers at subsidiaries. Their attendance was therefore not counted for this agenda item. The matter was put to a vote by acting Chairman and was passed unanimously by all other directors in attendance.

4. Name of Director: Chih-Yuan Lu, Chi-Ming Chang, Liang-Po Chen, and Shuh-Jiunn Liaw.

   Agenda item: Discussion to “Proposed adoption of incentive bonuses for key talents and placing of employee stock awards in trust” for 2021 at the 8th Meeting of the 8th Board of Directors.

   Reason for recusal: Related party and managerial officer of a subsidiary.

   Voting on the agenda item: The directors recused themselves from the discussion and voting due to conflict of interest. Their attendance was

therefore not counted for this agenda item. The matter was put to a vote by acting Chairman and was passed unanimously by all other directors in attendance.

5. Name of Director: Chih-Yuan Lu, Chi-Ming Chang, Liang-Po Chen, and Shuh-Jiunn Liaw.

   Agenda item: Discussion to set the annual performance bonuses of Company managerial officers for 2021 at the 11th meeting of the 8th Board of Directors.

   Reason for recusal: Related party and managerial officer of a subsidiary.

   Voting on the agenda item: The directors recused themselves from the discussion and voting due to conflict of interest. Their attendance was therefore not counted for this agenda item. The matter was put to a vote by acting Chairman and was passed unanimously by all other directors in attendance.

6. Name of Director: Chih-Yuan Lu, Chi-Ming Chang, Liang-Po Chen, and Shuh-Jiunn Liaw.

   Agenda item: Discussion to an amendment to "Retirement regulations of directors who engaged in labor activities and managers appointed of Ardentec Corporation" at the 11th meeting of the 8th Board of Directors.

   Reason for recusal: Related party and managerial officer of a subsidiary.

   Voting on the agenda item: The directors recused themselves from the discussion and voting due to conflict of interest and being concurrently managerial officers at subsidiaries. Their attendance was therefore not counted for this agenda item. The matter was put to a vote by acting Chairman and was passed unanimously by all other directors in attendance.

III. Implementation of self-evaluation by the Board of Directors

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Content of evaluation
Annual	January 1, 2021 through to December 31, 2021	1. The entire Board 2. All members of the Board	Board of Directors Internal self-assessment	【Evaluation items of the Board of Directors】 1. Level of involvement in company operations 2. Quality of decision

			3. Functional committee		making 3. Composition and structure 4. Election of directors and continuing development 5. Internal control 【Evaluation items of the remuneration committee】 1. Degree of participation in the Company's operations. 2. Awareness of the responsibilities of the Committee. 3. Improvement in the decision-making quality of the Committee. 4. Composition of the Committee and election of its members. 5. Internal Control 【Evaluation items of the remuneration committee】 1. Degree of participation in the Company's operations. 2. Awareness of the responsibilities of the Committee. 3. Improvement in the decision-making quality of the Committee.

				4. Composition of the Committee and election of its members.

IV. An evaluation of the goals set for strengthening the functions of the Board (e.g. Establishment of an Audit Committee, improvement of information transparency) and implementation status during the current and immediately preceding fiscal years:

1. The Compensation Committee was established on December 22, 2011. The organic charter of the Committee requires it to be convened at least twice a year in order to set and regularly evaluate the performance of Directors and managerial officers, as well as the policies, systems, standards and structure of their salary & remuneration. The Compensation Committee was convened 3 times in 2021. All relevant personnel took an active role during the meetings ensuring the effective operation of the Committee and sound communication.
2. The Board of Directors was up for re-election at the general shareholders' meeting on May 28, 2020. Four independent directors were appointed as members of the Company's 2nd Audit Committee. The Audit Committee is convened at least once every quarter and is responsible for reviewing the Company's financial reports, the appointment/dismissal of CPAs and their remuneration, the effectiveness of internal control systems, and the formulation of company rules on laws and regulations compliance. The Audit Committee was convened 6 times during 2021. All relevant personnel took an active role during the meetings ensuring the effective operation of the Committee and sound communication.
3. The Company arranges for lecturers to hold classes for directors on company premises every year. The classes encompass topics such as corporate governance in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." Progress on continuing education is also disclosed in the annual report and Market Observation Post System.
4. The "Rules Governing the Evaluation of Board Performance" providing for annual internal self-assessments at the end of each year was passed by the Board on November 1, 2018, to ensure effective corporate governance, enhance the role of the Board, and set performance targets that strengthen the operating efficiency of the Board. In the 2020 self-assessment, "The entire Board", "Board Members" and "Functional Committee"all received a rating of Excellent with no major improvements required. The outcomes of the internal self-assessment was reported to the Board on February 24, 2022.

(II) Operation of the Audit Committee

1. The Committee is made up of all independent directors and is convened at least once every quarter. Key activities during the year were as follow:
   (1) Proper presentation of the Company's financial reports.
   (2) Selection/dismissal, independence and performance of CPAs.
   (3) Effective implementation of the Company's internal control system.
   (4) Compliance with relevant laws and regulations by the Company.
   (5) Major asset investment, loan to others and endorsement guarantee transaction review.
   (6) Management of existing or potential risks by the Company.
2. Operation of the Audit Committee:
   The Audit Committee was convened 6 times (A) in 2021. Attendance by Independent Directors was as follows:

Title	Name	Attended in person B	Attendance by proxy	Actual attendance rate [B/A]	Remarks
Independent Director	Wei-Shan Hu	6	0	100 %	
Independent Director	Chen-I Chia	6	0	100 %	
Independent Director	Lai-Juh Chen	5	1	83%	
Independent Director	Bernard C. Jiang	6	0	100 %	

Other matters that require reporting:

I. In case of any of the following circumstances in the operation of the Audit Committee, state the date of the board meeting, the number of the meeting session, the contents of the motion, the resolution of the Audit Committee and the Company's handling of the opinions of the Audit Committee:

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

1. 3th Meeting of the 2th of the Audit Committee (February 25, 2021)

Agenda item	The contents of the objection, retained opinion and important suggestions of the Audit Committee	Resolution of the Audit Committee	The Company's response to Audit Committee's opinion
The Company's 2020 financial report	None	Passed unanimously as proposed after the Chairman	Not applicate

		put the matter to a vote by all directors in attendance.	
2020 internal control statement	None	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance.	Not applicate

2. 5th Meeting of the 2th of the Audit Committee (May 27, 2021)

Agenda item	The contents of the objection, retained opinion and important suggestions of the Audit Committee	Resolution of the Audit Committee	The Company's response to Audit Committee's opinion
For requirement of operation in the future, the company purchases land and plant from EPISTAR in Longtan Park of Hsinchu Science Park, approved by Hsinchu Science Park Bureau of HSP.	None	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance.	Not applicable

3. 6th Meeting of the 2th of the Audit Committee (July 29, 2021)

Agenda item	The contents of the objection, retained opinion and important suggestions of the Audit Committee	Resolution of the Audit Committee	The Company's response to Audit Committee's opinion
The Company's 2021 Q2 financial report	None	Passed unanimously as proposed after the Chairman put the matter to	Not applicable

		a vote by all directors in attendance.	
Proposed loan of 8 million USD to subsidiary Ardentec Nanjing Co., Ltd.	None	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance.	Not applicable

4. 7th Meeting of the 2th of the Audit Committee (August 26, 2021)

Agenda item	Resolution of Audit Committee	The Company's response to Audit Committee's opinion	Board of Director resolution
Proposed capital increase by cash of 30 million USD to subsidiary Ardentec Nanjing Co., Ltd.	None	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance.	Not applicable
Proposed capital increase by cash of 20 million USD (about S$ 27 million) to subsidiary Ardentec Singapore Pte. Ltd.	None	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance.	Not applicable

5. 8th Meeting of the 2th of the Audit Committee (October 28, 2021)

Agenda item	Resolution of Audit Committee	The Company's response to Audit Committee's	Board of Director resolution

		opinion	
The appointment of the CPA for financial and taxation affairs in 2022	None	Passed unanimously as proposed after the Chairman put the matter to a vote by all directors in attendance.	Not applicable

(II) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.

II. The Independent Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: None.

III. Communication between Independent Directors, internal audit officer and accountants (should include matters of import relating to company finances and business activities, method of communication and the outcome)

(I) Nature and form of communication between Independent Directors and internal audit officer and accountants:

1. Direct channels of communication are maintained between the Independent Directors and the internal audit officer of the Company. Communication has been effective and the Audit Committee is convened every quarter to review the annual audit plan and discuss internal audit progress. The internal audit officers presents a monthly audit reports to the Independent Directors for review and communicate with them if necessary.
2. There is effective communication between Independent Directors and CPA. The financial reports of the Company and domestic/overseas subsidiaries are reviewed by the CPAs and the outcomes reported to the Independent Directors during the quarterly meetings of the Audit Committee. Any adjustments to the financial statements or the impact of regulatory changes on accounting treatments are also discussed.

(II) A summary of key communications between Independent Directors and the internal audit officer in 2021 is provided below:

There was effective communication with the Independent Directors of the Company on the execution and results of audit activities.

Date	Communication subject	Communication outcome
2021.10.28	Report on the execution of the 2021 Q3 internal audit and its outcome 2022 internal control statement	Fully understood by the Independent Directors and acknowledged in the minutes of that Audit Committee meeting.
2021.07.29	Report on the execution of the 2021 Q2 internal audit and its outcome	Fully understood by the Independent Directors and acknowledged in the minutes of that Audit Committee meeting.
2021.04.29	Report on the execution of the 2021 Q1 internal audit and its outcome	Fully understood by the Independent Directors and acknowledged in the minutes of that Audit Committee meeting.
2021.02.25	Report on the execution of the 2020 Q4 internal audit and its outcome 2020 Internal control	Fully understood by the Independent Directors and acknowledged in the minutes of that Audit Committee meeting.

(III) A summary of key communications between Independent Directors and CPA in 2021 is provided below:

There was effective communication between Independent Directors and CPA.

Date	Communication subject	Communication outcome
2021.10.28	The review checks on results of the 2021 Q3 consolidated financial report	Fully understood by the Independent Directors and acknowledged in the minutes of that Audit Committee meeting.
2021.07.29	The review checks on results of the 2021 Q2 consolidated financial report	Fully understood by the Independent Directors and acknowledged in the minutes of that Audit Committee meeting.
2021.04.29	The review checks on results of the 2021 Q1 consolidated financial report	Fully understood by the Independent Directors and acknowledged in the minutes of that Audit Committee meeting.
2021.02.25	The audit checks on Officers and results of the 2020 consolidated and individual financial reports	Fully understood by the Independent Directors and acknowledged in the minutes of that Audit Committee meeting.

(III) Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons

Assessed areas	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Has the Company set and disclosed principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?"	✓		A set of "Corporate Governance Best Practice Principles" has been drawn up by the Company and published on the corporate website to serve as a guide and reference for governance. All Company operations adhere to the six major governance principles of "Establish an effective corporate governance structure", "Protect shareholder interests", "Strengthening the functions of the Board", "Effective functioning of the Audit Committee", "Respect for stakeholder interests" and "Improving information transparency."	No deviation
II. The Company's shareholding structure and shareholders' rights and interests				
(I) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures properly ?	✓		(I) The Company has appointed a spokesperson and deputy spokesperson to handle shareholder inquiries, shareholder suggestions or disputes.	No deviation
(II) Does the Company have a list of major shareholders of companies over which the	✓		(II) The share registry and related statements are provided by the Company's stock transfer agent on a	No deviation

Assessed areas	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
Company has actual control and the list of ultimate owners of those major shareholders?			regular basis. Related information is also disclosed as required by law and sound channels of communication maintained with key shareholders.	
(III) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations?	✓		(III) Ardentec and subsidiaries have all established management regulations relating to internal controls. Risk management is also carried out by the Company.	No deviation
(IV) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	✓		(IV) A "Procedure for Prevention of Insider Trading and Handling of Material Internal Information" has been formulated by the Company. Directors, managerial officers and employees have all been notified to adhere strictly to the rules set out in the procedure.	No deviation
III. Composition and duties of the Board of Directors				
(I) Has the Board of Directors devised and implemented a plan for a more diverse composition of the Board?	✓		(I) The composition of the Board of Directors is in line with the policy on diversification of board of directors. The professional backgrounds of Board members include finance, investment, business, technology, finance, operation, chemical engineering, accounting, corporate governance, business administration and education; Professional experience included start-up teams, semiconductor industry experts, management of international or	No deviation

Assessed areas	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			publicly listed companies, leader of national research institute, leader and expert in the venture capital industry, leading academic in business management, financial expert and managing, talent cross-industry entrepreneurial elite, industry transformation and corporate management transition mentor, and media business management talent. The Company will keep evaluating and implementing the Board diversification policy. The concrete objective spans at least one female Director and the seats of independent directors for more than 1/3 of the seats of the board of directors. The Company Board has 11 members including 1 female Director (9%), 4 Directors that also employees (36%), and 4 Independent Directors (36%). The Independent Directors included 1 that served for less than 3 years, 1 that has served between 3~9 years, and 2 that had served for over 9 years. There is one director aged 71 to 80, six aged 61 to 70 and four aged 51 to 60. The details on the Company's implementation of the	

Assessed areas	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Board diversification policy please refer to pages 33-36 and disclosed on the corporate website, and through the Market Observation Post System.	
(II) In addition to establishing a Compensation Committee and an Audit Committee as required by law, is the company willing to also voluntarily establish other types of functional committees?	✓		(II) In addition to establishing a Compensation Committee and an Audit Committee as required by law, other functional committees will be established by the Company as required by law or in response to operational requirements.	No deviation
(III)Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Are the outcomes of the performance assessments reported to the Board and used as a reference for deciding the renumeration of directors, and their nomination for re-election?	✓		(III) Under the Rules Governing the Evaluation of Board Performance adopted by the Company, an internal performance assessment is conducted each year. An external assessment is also conducted by a professional, independent organization or expert group once every three years. At the end of each year, the members of the Board, functional committees and agenda affairs unit will conduct an internal self-performance evaluation of "the Board as a whole", "Board members" and "functional committees." The results of the 2021 Board performance self-assessment were all "excellent" with no major improvements required, and were reported to the	No deviation

Assessed areas	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(IV) Does the company periodically evaluate the level of independence of the CPA?	✓		Board on February 24, 2022. (IV) A CPA is appointed by the Board of Directors every year. The independence of the CPA is reviewed to verify that there is no conflict of interest with the Company's directors and shareholders, and that they do not receive a salary from the Company. The CPA must also recuse him/herself if there is any conflict of interest with the CPA or their contracted work. Rotation of CPAs is also conducted in accordance with the relevant regulations.	No deviation

Assessed areas	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
IV. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications, and have appointed a chief corporate governance officer in charge of corporate governance affairs (including, but not limited to, providing directors and supervisors with the information they need to carry out their duties, assisting the directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings in accordance with the law, and producing minutes of board meetings and shareholders meetings)?	✓		The Board of the Company has appointed the Director of Financial Management Division as Corporate Governance Officer to lead corporate governance working group. The primary responsibilities is to provide Directors with the information they need to perform their duties, maintaining the Company Articles of Incorporation and key regulations, assisting Directors with legal compliance, arranging continuing education courses for Directors, processing of company registrations, organizing Board meetings and shareholders meetings in accordance with the law, maintaining proper disclosure, as well as safeguarding the rights and interests of shareholders and stakeholders. Implementation of corporate governance is as follows in 2021: 1. The Board of Directors met 7 times and the Audit Committee 6 times in 2021. 2. The Company has convened the regular shareholders' meeting in 2021. 3. To take 6 hours of education courses for each director.	No deviation

Assessed areas	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			4. The Head of Corporate Governance completes an 18-hour course after being promoted. 5. To take liability insurance for directors and managers, and report it to BOD. 6. The result of self-assessment of BOD and the functional committee was superior. 7. Ranked one of the top 5% TPEx-listed companies during the 7th Corporate Governance Evaluation (for the 4th consecutive year), as a top 5% of best TPEx-listed companies. 8. Total 4 communication meetings among independent directors, accountants and internal audit.	
V. Has the Company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated stakeholder area on the company website, as well as responded appropriately to important corporate and social responsibility issues of concern to stakeholders?	✓		The corporate website provides various functional communication channels for all types of stakeholders to make suggestions or communicate with the Company including a stakeholder area, CSR and whistle blower contact information. Issues of concern to stakeholders have been studied every year since 102 to serve as a reference for business operations. A CSR report is also published every year as a response to stakeholder issues of concern and to communicate the Company's efforts on each issue.	No deviation
VI. Has the Company hired a professional agency to	✓		The Transfer Agency Department of CTBC Bank has	No deviation

Assessed areas	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
handle tasks and issues related to holding the shareholder's meeting?			been hired by the Company to handle tasks and issues related to the holding of shareholders' meetings.	
VII. Public Disclosure				
(I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	✓		(I) Financial, business and corporate governance information are disclosed in the Investor Relations area on the Ardentec website. They are also announced on the Market Observation Post System website as required by law.	No deviation
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	✓		(II) An English version of the Ardentec website is available. Dedicated personnel have also been assigned to collect and disclose company information. A spokesperson system has been implemented with information from institutional investor conferences and their contents disclosed on the Market Observation Post System and the Ardentec web-site's "Investor Relations"area.	No deviation
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	✓		(III) The Company published and reported our annual financial report within two months after the end of a fiscal. The financial statements for the first, second and third quarters as well as our operating status for each month were all published and reported before the deadline.	No deviation

Assessed areas	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
VIII. Does the Company have other information that is helpful for understanding its status of corporate governance (including but not limited to employee rights and interests, employee well being, investor relations, supplier relations, rights of stakeholders parties, further education sought by Directors and Supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the taking out of liability insurance for Directors and Supervisors)?	✓		Ardentec conducts an analysis on the issues of concern to stakeholders such as employees, customers, government and competent agencies, suppliers and contractors, investors, support organizations, communities and creditors every year. A survey is also used to determine the materiality of issues and their impact on the Company. The Company's corporate governance operations and handling of related issues are disclosed in detail in the annual CSR report. Continuing education of Directors is also disclosed through the Market Observation Post System. Liability insurance is purchased for Directors every year.	No deviation

IX. Please described improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement will be needed.

1. For enhancing the Structure and Operations of BOD

(1) The company disclosed the board member's objectives and implementation of the diversity policy on the website and annual report.

(2) The company set up a corporate governance officer with a resolution of BOD in April 2021, and disclosed his/her implementation and training situations on the s website and annual report.

(3) The company edited the "Corporate Governance Best Practice Principles", for appointment, dismissal, evaluation, and remuneration of internal auditors, and reported to the BOD or with approval by the Internal auditing officer to Chairman.

(IV) Composition, duties, and operation of the Compensation Committee if there is one

1. Information on members of the Compensation Committee:

Title (Note 1)	Terms / Name	Professional qualifications and experience (Note 2)	Conditions of Independence (Note 3)	Number concurrently serving as members of the remuneration committees of other publicly issued companies
Independent director	Wei-Shan Hu	Please see pages 29-32 for relevant content of information on directors	To meet the conditions of independence, including but not limited to whether they, their spouses, or relatives within the second degree of kinship do not serve as a director, supervisor or an employee of the Company or its affiliates; The number of shares held in the company is 18,939, 0.004%.; Not a director, supervisor, or an employee of a specified company that has a specific relationship with the company; Has not received any remuneration for business, legal, financial or accounting services provided to the Company or its affiliates in the last two years.	0

Independent director Convener	Chen-I Chia		To meet the conditions of independence, including but not limited to whether they, their spouses, or relatives within the second degree of kinship do not serve as a director, supervisor or an employee of the Company or its affiliates; The number of shares held in the company is 21,226, 0.004%.; Not a director, supervisor, or an employee of a specified company that has a specific relationship with the company; Has not received any remuneration for business, legal, financial or accounting services provided to the Company or its affiliates in the last two years.	0

Independent director	Lai-Juh Chen		To meet the conditions of independence, including but not limited to whether they, their spouses, or relatives within the second degree of kinship do not serve as a director, supervisor or an employee of the Company or its affiliates; None of the total number or ratio of issued shares of the Company are held ; Not a director, supervisor, or an employee of a specified company that has a specific relationship with the company; Has not received any remuneration for business, legal, financial or accounting services provided to the Company or its affiliates in the last two years.	1

Independent director	Bernard C. Jiang		To meet the conditions of independence, including but not limited to whether they, their spouses, or relatives within the second degree of kinship do not serve as a director, supervisor or an employee of the Company or its affiliates; None of the total number or ratio of issued shares of the Company are held ; Not a director, supervisor, or an employee of a specified company that has a specific relationship with the company; Has not received any remuneration for business, legal, financial or accounting services provided to the Company or its affiliates in the last two years.	0

Note 1: Please fill in the form for the relevant working years, professional qualifications and experience and independence of each member of Remuneration Committee. If an independent director, please refer to Appendix 1 - information on directors and supervisors on page ○○. (1) Relevant contents

Please fill in titles as independent directors or others respectively (if it is the convener, please add a note).

Note 2: Professional qualification and experience: To indicate each member's professional qualification and experience in the Remuneration Committee

Note 3: Conditions of Independence

The remuneration committee members shall meet the conditions of independence, including but not limited to whether they, their spouses, or relatives within the second degree of kinship do not serve as a director, supervisor or an employee of the Company or its affiliates.

None of the total number or ratio of issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, (or by the name of others)

Not a director, supervisor, or an employee of a specified company that has a specific relationship with the company. (Please refer to Article 6, paragraph 1, subparagraph 5-8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)

Has not received any remuneration for business, legal, financial or accounting services provided to the Company or its affiliates in the last two years.

2. Roles and Responsibilities of the Compensation Committee:

Carry out the following duties in good faith and submit recommendations for discussion by the Board of Directors:

(1) Establishing and periodically reviewing the performance assessments for directors and managerial officers and the policies, systems, standards, and structure for their compensation.

(2) Periodically evaluating and formulating directors' and managerial officers' compensation.

"Compensation" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures.

3. Operation of Compensation Committee:

(1) The Ardentec Compensation Committee has 4 members.

(2) Current term for the members: From May 28, 2020 through to May 27, 2023. The Compensation Committee was convened 3 times (A) in 2021. The members' qualifications and attendance were as follow:

Title	Name	Attended in person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Remarks
Convener	Chen-I Chia	3	0	100 %	
Committee Member	Wei-Shan Hu	3	0	100 %	
Committee Member	Lai-Juh Chen	3	0	100 %	
Committee Member	Bernard C. Jiang	2	1	66.67 %	

Other matters that require reporting:

I. If the Board of Directors did not adopt or revised the recommendations of the Compensation Committee, it should describe the date and session of the Board meeting, agenda item, resolutions adopted by the Board, and actions taken by the Company in response to the opinion of the Compensation Committee (if the salary or remuneration approved by the Board was higher than that recommended by the Compensation Committee then describe the difference and the reason): None.

II. If a member opposes a resolution the Committee has adopted or has reservations with a written record or a statement, the date and session of the meeting, agenda item, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: None.

(3) The agenda of the Compensation Committee in 2021, resolutions made by the Committee and the Company's handling of Committee members' opinions:

a. 2th Meeting of the 4th Compensation Committee (February 25, 2021)

Agenda item	Resolution	The Company's response to Compensation Committee's opinion:
Proposed remuneration for Directors in 2020	Passed unanimously as proposed after the Chairman put the matter to a vote by all Committee members in attendance.	Not applicable
Remuneration for Company managerial officer serving as the representative for Giga Solution Tech. Co., Ltd. in 2020	Passed unanimously as proposed after the Chairman put the matter to a vote by all Committee members in attendance.	Not applicable
Proposed employee remuneration for the Company's managerial officers in 2020	Passed unanimously as proposed after the Chairman put the matter to a vote by all Committee members in attendance.	Not applicable
Adjustment Company managerial officers' salaries for 2021	Passed unanimously as proposed after the Chairman put the matter to a vote by all Committee members in attendance.	Not applicable

b. 3th Meeting of the 4th Compensation Committee(July 29, 2021)

Agenda item	Resolution	The Company's response to Compensation Committee's opinion:
Proposal for “Key Talents Incentive Bonuses with Employee Stock Ownership Trust” in 2021.	Passed unanimously as proposed after the Chairman put the matter to a vote by all Committee members in attendance.	Not applicable

c. 4th Meeting of the 4th Compensation Committee(December 16, 2021)

Agenda item	Resolution	The Company's response to Compensation Committee's opinion:
Annual performance bonus for Company managerial officers in 2021	Passed unanimously as proposed after the Chairman put the matter to a vote by all Committee members in attendance.	Not applicable
Discussion to an amendment to “Retirement regulations of directors who engaged in labor activities and managers appointed of Ardentec Corporation”	Passed unanimously as proposed after the Chairman put the matter to a vote by all Committee members in attendance.	Not applicable

(V) Status and causes of inconsistency with Sustainable Development Best Practice

Items	Implementation (Note 1)			Status and causes of inconsistency with Sustainable Development Best Practice
	Yes	No	Summary	
A. Did the company implement a governance framework and establish a full- (part-) time unit for sustainable development, with senior management authorized by the Board to handle the related matters, and what is the status of Board supervision?	✓		The Company and all its subsidiaries (hereinafter referred as “the Group”) have established the "ESG Committee". The Headquarter has appointed the president as chairman of the committee by the Board of Directors, the senior deputy president as the vice chairman and the group sustainability chief. Also, the chairman appoints senior inter-departments officers as committees. Each subsidiary’s Chairperson of ESG Committee shall be its president, and members be its senior officer. The committee consists of seven groups promotion of our organization: "Smart Manufacturing and Environmental Management Group", "Safety and Health Group", "Human Rights and Care Group", "Social Care Group", "Sustainable Supply Chain Group", "Ethics Group" and "Governance Group". ARDENTEC focuses on corporate social responsibility, sustainable development and promotion on headquarters and all subsidiaries, reaches the short-term and	No difference.

			long-term goals of ARDENTEC to enhance sustainable operation, and reports the annual result to BOD by the president every year. The implement results were reported to the Board on February 24, 2022. The board of directors reviews the development policy of ESG each year, implementation performance of environment, society and governance, and continues to improve implementation of the development policy of ESG.	
B. Did the company assess by materiality the risks of environmental, social, and governance issues relating to corporate operations and establish related policies or strategies for risk management? Note 2	✓		1. Disclosures of the Group include ESG performance of the main sites from January to December 2021. Scope of assessment scope includes our headquarters, subsidiaries in Singapore, Korea, Nanjing, China and GIGA Solution Tech. Co., Ltd. (subsidiary). 2. According to the principle of materiality, ESG Committee communicates with internal and external stakeholders by reviewing domestic and foreign research reports, documents, and integrating evaluation data of departments and subsidiaries, and evaluating projects for assessment, monitoring and control of risk management policies, in order to reduce the impact of relevant sustainability risks. 3. The Group set up policies or strategies of relevant risk management as follows: Import / Evaluation / remarks	No difference.

			ant issues	items of risks		
			Environment	Management of waste	To not affect any species' ecology or diversity, the headquarters and all locations control waste disposal to avoid environmental pollution or flow to any biological habitats.	
				Greenhouse Gas Reduction and Climate Changes Action	1. We commit to energy conservation, carbon reduction, and maintenance of the ecological environment, implement ESG policy, and the concept of development of ESG. 2. We follow the relevant environmental regulations of government with integrated management system, through the input of management system-ISO 14001 and ISO 50001, and put this system into our organization to improve environmental security, and energy performance.	
			Society	Human rights	1. To comply with the "Responsible Business	

					Alliance" and "United Nations Guiding Principles on Business and Human Rights", set up a "Code of Practice for Human Rights Protection", and conduct annual risk assessments to avoid violations of human rights. 2. Except for formulating relevant measures to protect employees, we improve human rights management, for education on human rights, ethics and corporate social responsibility to enhance employees' awareness of human rights.	
C. Environmental (A) Did the company establish environmental management systems appropriate to the characteristics of its industry?	✓		1. The Group complies with laws and international standards for environmental protection, supports procurement and design of energy performance, improves energy conservation and carbon reduction, and improves climate changes and sustainable resource utilization by reviewing goals of environmental performance and environmental sustainability. 2. We follow the relevant environmental regulations of			No difference.

			government with integrated management system, through the input of management system-ISO 14001: 2015 and put this system into our organization for improving environmental security, and energy performance.	
(B) Did the company make efforts to enhance energy efficiency and use recycled materials to lower the impact on environmental load?	✓		1. As for working with contractors to reach a goal of reducing carbon emissions in the industrial chains, the consumption of energy and water resources in semiconductor testing is relevant to the consumption of waste and the number of test equipment, for energy-saving and waste-saving projects and reaching goals to incorporate into long-term improvement strategies to achieve reductions and influence of external suppliers. The group carried out measures, such as facility renewal, operation improvement, and energy-saving control in 2021, for improving performance of environmental management The company sets up an average power saving rate of no less than 1% as the target of energy management from 2015 to 2024. 2. The headquarters plan and set up facilities of solar power in 2021, scheduled to be completed in 2022 Q2, with an installation capacity of 499 KW. The headquarter starting using renewable energy in October 2021, with a consumption of 648,000 kWh, representing 0.5% of the total electricity consumption in 2021. To increase recycling and reuse rates of packaging materials and implement waste reduction, the Group cooperated with upstream and downstream companies. Except for specific	No difference.

<table>
<tr><td></td><td></td><td></td><td>products, which are not applicable for the reuse of packaging materials, as the company ships them back to customers, the company cooperates with customers to reuse the packaging materials for future shipments. For example, the wafer boat boxes for future shipments will be cleaned and then used for shipment, and also the carton will be reused.</td><td></td></tr>
<tr><td>(C) Did the company assess the present and future potential risks and opportunities from climate change and take the relevant countermeasures?</td><td>✓</td><td></td><td>1. The Group has established an "ESG Committee", and the "Smart Manufacturing and Environmental Management Group" for assessment and identification of climate risks, through the quarterly discussion of committee goals to achieve improvement and implementation results.
2. The Group follows the suggestion on Climate-related Financial Disclosures of TCFD to identify climate-related risks and opportunities every 3 years, integrate this method with corporate risk management, and review it every year for confirmation of results to be reasonably in line with the current situation. For the 2021 results of TCFD, please see 2021 ESG Report of the Group.</td><td>No difference.</td></tr>
<tr><td>(D) Did the company produce statistics on GHG emissions, water consumption, and the total weight of waste and establish policies to reduce GHG emissions and water consumption or other waste management policies in the last two years?</td><td>✓</td><td></td><td>1. The table below shows the emissions of greenhouse gas of the group for the past 2 years
Unit: tCO2e
<table><tr><th>Year</th><th>2020</th><th>2021</th></tr><tr><td>Direct (Scope 1)</td><td>1,917</td><td>1,525</td></tr><tr><td>Indirect (Scope 2)</td><td>90,555</td><td>102,460</td></tr><tr><td>Indirect (Scope 3)</td><td>18,475</td><td>24,072</td></tr><tr><td>Total</td><td>110,947</td><td>128,057</td></tr></table></td><td>No difference.</td></tr>
</table>

2. The table below shows the water consumption for the past 2 years

Unit: Tons

Year	2020	2021
Tap water consumption	296,239	321,404

3. The table below shows the total weight of waste for the past 2 years

Unit: Tons

Year	2020	2021
General Industrial Waste	466	598
Hazardous Industrial Waste	4	3

We follow the relevant environmental regulations of the government with an integrated management system, and put this system into our organization for improving environmental security, and energy performance. We set up environmental protection personnel to set, promote and protect environmental management systems and action plans, review the overall operation procedures, and carry out improvement measures such as inventory and reduction of greenhouse gas, inventory management of water resource, and waste reduction/recycling, etc for management of emission reduction from the beginning. Thus, to enhance competitiveness and reach environmental sustainability goals, we are committed to energy-saving projects to reduce environmental consumption, improve cost management, and reduce the impact of climate warming.

IV. Social issues (A) Did the company establish related management policies and procedures in accordance with the related laws and regulations and the International Bill of Human Rights?	✓		1. To comply with the "Responsible Business Alliance" and "United Nations Guiding Principles on Business and Human Rights", set up a "Code of Practice for Human Rights Protection", and conduct annual risk assessments to avoid of violations of human rights. 2. Except for formulating relevant measures to protect employees, we improve human rights management, for education on human rights, ethics and corporate social responsibility to enhance employees' awareness of human rights.	No difference.
(B) Did the company establish and implement reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflect its operational performance or achievements in the employee’s remuneration?	✓		The Group complies with the local labor laws and regulations on salaries in each location, regularly evaluates the salary market, industry salary levels and other related indicators, and reviews the performance of the Company's operations. In the first quarter of each year, the Company reviews performance appraisals and salary adjustments based on each employee's contribution, performance and responsibility in the previous year to ensure that we maintain a highly competitive salary policy for them in the local talent market. Remuneration and benefits for fairness and justice and remuneration and reward according to performance and contribution.	No difference.

(C) Did the company provide employees with a safe and healthy work environment and arrange regular safety and health education for employees?	✓		1. All Group locations follow relevant regulations on occupational safety and domestic or foreign management system of health and job safety, and we set up policies of safety and health to promote different measures to prevent risks and provide a safe and friendly working environment. 2. The company and all subsidiaries have passed the ISO 45001:2018 -job safety and health management system certification. To achieve a goal of continuous improvement, we perform risk assessments of health and safety for each operation, identify possible risks, as well as audits to control risks at times and achieve the goal of continuous improvement. 3. The Group has set up the handling operation procedures to ensure all divisions can follow and respond to an accident as quickly as possible. In 2021, there were 33 occupational injury incidents, 6 incapacitating injuries by falls, contusions, cuts and bruises during work, and 6 cases were minor occupational injuries in the workplace. All followed measures of notification, first aid, rescue, investigation and improvement, and put forward improvement measures according to the reason for the accident to prevent similar incidents from happening again.	No difference.

<table>
<tr>
<td>(D) Did the company establish effective career development and training programs for employees?</td>
<td>✓</td>
<td></td>
<td>1. The Group develops a variety of training programs. By systematically constructing a learning and development blueprint and developing five major education and training systems, it has created a diverse and comprehensive environment for the continuous learning and growth of employees.
2. Five systems of training and education
<table>
<tr><td>New employee training</td><td>To understand Conduct of Company Policies and Human Rights</td><td>Company Introduction, Management, Regulations, Company Policies, Employee Rights, Human Rights and Ethics, and relevant laws and regulations regarding the job</td></tr>
<tr><td>growth management training</td><td>To increase employee knowledge and management skills</td><td>Employee knowledge, attitude, teamwork, management skills and activities</td></tr>
<tr><td>Compulsory trainings</td><td>Deepening testing and related systems</td><td>Training of capabilities or knowledge for a specific job</td></tr>
<tr><td>On-the-job training</td><td>Training for specific positions</td><td>Training of capabilities or knowledge for a specific job</td></tr>
</table>
</td>
<td>No difference.</td>
</tr>
</table>

			Compliance training	Regulations, training of compliance guidelines	The company improves policies and domestic or international standards, the training related to the sustainability and management of employees, based on relevant laws and regulations of business activities
			3. The total training hours by the Group was 90,643.5 hours in 2021, and 100% of the employees took the training. The average course per employee is 35 hours for males; 29 hours for females.		
(E) Did the company handle customer health and safety, customer privacy, marketing and labeling issues relating to products and services in compliance with related laws and regulations and international standards and establish policies and grievance procedures to protect consumers' rights and interests of consumers or customers?	✓		1. To protect customers' intellectual property, we formulated intellectual property protection policies since 2006. Based on infrastructure of the management system of the information security and information system, we protect the intellectual property of customers with integrity. By 2020 the company has passed A-level of TIPS, set up an intellectual property management committee, revised the management policy of intellectual property in coordination with corporate governance, written a report for intellectual property every year and announced it on the website. Through the report, we hope to convey its		No difference.

			spirit to internal and external stakeholders, indicating the company's intellectual and financial energy. 2. The Group focuses on customer feedback. We convert customers' opinions and requirements into goals for our internal to improve, through weekly and quarterly meetings with customers, and exchanges on engineering technology, quality and business. To improve customer service and make flexible adjustments immediately, we hold an inter-departmental group composed of different departments with effective solutions and continuous rolling reviews.	
(F) Did the company establish a supplier management policy to request suppliers to comply with the relevant standards in environmental protection, occupational safety and health, and labor human rights? And what is the status of policy implementation?	✓		1. The Group has set up supplier's CSR guidelines as the standard, and submitted the confirmation letter to be signed by suppliers. As RBA or international standards are updated, Ardentec will edit the guidelines and ask suppliers to re-sign it to ensure suppliers' corporate social responsibility management to satisfy the latest requirements. 2. To reach the goal of fulfilling corporate social responsibilities in the industrial chains, the Group requires suppliers and contractors to obey the "Suppliers' Social Responsibility and Business Ethics Guidelines". 3. The Group conducts on-the-spot audits for all aspects of	No difference.

			CSR on major suppliers (the company's process-related suppliers, labor recruitment agencies, and service providers) in accordance with management procedures of CSR performance each year to ensure the value chain of industries in accordance with the laws and regulations related to economy, environment and society.	
E. Did the company prepare and publish such reports as the sustainability report in accordance with the internationally accepted reporting standards or guidelines to disclose the company's non-financial information? Did the company apply for third-party verification and assurance to a third-party certification body for the above report?	✓		2021 ESG report complies with GRI and Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, AA1000 AP (2018) standard, TCFD and the requirements by SASB. In order to assure the quality of information disclosure, the company has commissioned a third-party, BSI Taiwan, to verify our report, which complies with the GRI standard, recommendations for climate-related financial disclosure, and the standards of the Sustainability Accounting Standards Board, AA1000 AS with Type 1 level of moderate assurance.	No difference.
F. If the company has established its own Sustainable Development Best Practice Principles with reference to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please state the differences from the CSR best-practice principles it establishes and operates: The company has set up "Sustainable Development Best Practice Principles", and the present operation has no difference.				
G. Other important information that helps understand the promotion of sustainable development: The Group improves corporate competitiveness and focuses on sustainable development of society, and establishes a society for ethics, protection of social welfare and environmental sustainability. The board of directors reviews the development policy of ESG each year,				

implementation performance of environment, society and governance, and continues to improve implementation of the development policy of ESG. In the process of implementing sustainable development activities, Ardentec supports the mission, vision and articles of corporation of the RBA Responsible Business Alliance. In addition, the Group is committed to operating in full compliance with the RBA Code of Conduct.

ESG policy by the Board of Directors is as follows:

- To focus on corporate governance, ethics and environmental sustainability
- To comply with corporate governance, ethics and environmental sustainability
- Disclosure of information related to corporate governance, ethics and environmental sustainability
- Development of sustainable environment

Please see more details on ESG report and information of the website(https://web.ardentec.com/?m=6)

Note 1: If "yes" is checked in the operation status, please indicate the important policies, strategies, measures and implementation; if "no" is checked in the operation status, please explain the reasons and explain the plans for adopting relevant policies, strategies and measures in the future in the column- “Status and causes of inconsistency with Sustainable Development Best Practice”.

Note 2: If the Company has prepared a corporate social responsibility report, the operational situation may indicate the method of consulting the corporate social responsibility report and the index page instead.

Note 3: The principle of materiality refers to those who have a significant impact on the Company's investors and other interested parties related to environmental, social and corporate governance issues.

(VI) Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons

Assessed areas	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and approaches (I) Has the company implemented a board-approved business integrity policy and stated in its regulations and external correspondence the business integrity policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?	✓		(I) Ardentec has made a public commitment to a policy of ethical management through the "Ethical Corporate Management Best Practice Principles." The "Regulations Governing Procedure for Board of Directors Meetings" also includes rules to prevent conflicts of interest. Directors of the Company and subsidiaries may offer his opinion and answer related questions but is prohibited from participating in discussion of or voting on any proposal of a board of director's meeting where the director or any institution that the director represents is an interested party, and such participation is likely to prejudice the interests of the company; neither shall a director vote on such proposal as proxy for any other director in such circumstances. All Directors and managerial officers must adhere to the	No deviation

Assessed areas	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
(II) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		regulations of the Company Act and Securities and Exchange Act, carry out their duties as a professional manager in good faith, and must not have been subjected to disciplinary action by the competent authorities due to serious faults, insider trading or similar events. (II) The "Business Ethics Risk Management Procedure" established by the Company requires regular business ethics risk identification and assessments to be conducted each year. The requirements of international standards and regulations are also examined. Conflict of interest declarations are required for all Company personnel other than production line workers. All employees also undergo anti-corruption training in order to assess the risk of unethical behavior. The Ethical Corporate Management Best Practice Principles" incorporate measures for prevention of unethical behavior that encompass all the preventive measures set out in Paragraph 2,	No deviation

Assessed areas	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
(III)Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies." These are published in the corporate governance section of the Company website. (III)The Company's "Ethical Corporate Management Best Practice Principles" prohibits all unethical behavior including unreasonable gifts, hospitality and other improper benefits, prohibitions against infringement of intellectual property rights, as well as an disciplinary and an appeals system for violations of business integrity regulations. To enforce the business philosophy and policies of the Best Practice Principles, a "Corporate Social Responsibility Policy Management Procedure" has been devised by the Company. The substantive measures and controls included in the "Ethical Guidelines" section comply with the relevant regulations and include "Guidelines on the Receiving and Giving of Gifts and Hospitality."	No deviation

Assessed areas	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			The annual unethical behavior risk assessment is used as a mechanism by the Company for reviewing and revising related systems, procedures and rules.	
II. Full Implementation of Ethical Management Principles				
(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		(I) All suppliers are expected to adhere to the "Supplier Management Regulations" and "Supplier CSR and Ethics Guidelines" to ensure that both parties have concrete agreements in place on CSR-related guideline in order to fulfill the goal of cooperation throughout the industry chain on CSR fulfillment.	No deviation
(II) Does the company have a unit responsible for business integrity on a full-time basis under the board of directors which reports the business integrity policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations?	✓		(II) The "ESG Committee" established by Ardentec is not only responsible for the formulation, proposal and implementation of ESG policies and systems. It is also responsible for promoting ethical corporate management. The Committee is chaired by the President and consists of high-level executives from across different departments. The Committee makes regular reports to the Board on ESG and ethical	No deviation

Assessed areas	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			management performance every year.	
(III) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓		(III) The "Ethical Corporate Management Best Practice Principles" define a code of conduct for Ardentec that is aimed at preventing conflicts of interests. All Company personnel other than production line workers must make a "Conflict of Interest Declarations" every year to check for any conflicts of interest. Ardentec has a dedicated channel for complaints relating to violations of conflicts of interest or ethical management that is published on the corporate website.	No deviation
(IV) Does the company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit use the results of unethical conduct risk assessments as a reference and devise appropriate audit plans to audit the systems to prevent unethical conduct, or engage accountants to perform the audits?	✓		(IV) Effective accounting systems, internal controls and internal management regulations have already been put into place. Internal auditors regularly audit compliance at Ardentec and subsidiaries to prepare audits reports. The chief auditor attends meetings of the Board and Audit Committee to report on audit operations.	No deviation
(V) Did the Company periodically provide internal and external training programs on integrity	✓		(V) "CSR and RBA Code of Conduct" training is conducted by the Company every year to teach	No deviation

Assessed areas	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
management?			employees the importance of ethical management. "Supplier CSR and Ethics Guidelines" are sent out to suppliers every year to lay out the ethical management policy and requirements of the Company. Suppliers are also required to sign the "Supplier Undertaking on CSR Code of Conduct."	
III. Implementation of the Company's Whistleblowing System				
(I) Has the Company established concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	✓		(I) Ardentec provides online suggestion boxes, physical suggestion box for anonymous submissions, and dedicated e-mail address for whistle-blowing or complaints. The Company has assigned the HR&Service Division the responsibility for processing complaints and for providing whistle-blowers with appropriate protection.	No deviation
(II) Does the company have in place standard operating procedures for investigating and	✓		(II) The "Whistleblower Regulations" defines the standard operating procedure for processing	No deviation

Assessed areas	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
processing reports, follow-measures and the associated confidentiality mechanism?			whistle-blower complaints and the corresponding confidentiality mechanism.	
(III) Did the Company adopt measures for protecting the whistle-blower against improper treatment or retaliation?	✓		(III) The "Whistleblower Regulations" protect whistleblowers against improper retaliation.	No deviation
IV. Enhancing information disclosure Does the company disclose the ethical corporate management best practice principles and its results on the corporate website and the Market Observation Post System?	✓		The Company's "Ethical Corporate Management Best Practice Principles" has been published in the Corporate Governance area of the Ardentec website. A ESG report is published every year to the Ardentec website and Market Observation Post System to disclose progress made on promoting ethical management. All Company operations comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, regulations relating to publicly listed/trade companies, and other regulations governing business behavior.	No deviation

Assessed areas	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
V. If the Company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," describe the difference between the principles and implementation status: Current Ardentec operations does not deviate from the Company's "Ethical Corporate Management Best Practice Principles."				
VI. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: (such as the status of the Company's efforts to review and revise its Ethical Corporate Management Best Practice Principles) 1. The company's implementation of ethical corporate management: In 2021, The Ethical Management Education Training cause at Anti-Corruption Training a total of 1,635 participants and hours. 2. Signing of the Statement of Ethical Management: In 2021, All employees of the Company have completed conflict of interest declarations, except for production line operators who are not required to participate in the purchase. A total of 964 participants. (The number of people who should report is 100%; the ratio of all employees is 60%) 3. In 2021, all complaint/reporting channels (including telephone lines and dedicated mailboxes) were checked and no cases related to honest management were established.				

(VII) If the Company has established corporate governance principles and related guidelines, disclose the means of accessing this information:

The "CSR" and "Corporate Governance" sections of the corporate website http://www.ardentec.com can be used to search the Company's internal management regulations.

- Articles of Incorporation
- Directors and Supervisors Election Policy
- Shareholders' Meeting Policy
- Asset Acquisition or Disposal Procedures
- Procedure for Engaging in Derivative Product Trading
- Third-party Lending Procedure
- Endorsement Guarantee Procedure
- Procedure for Prevention of Insider Trading and Handling of Material Internal Information
- Corporate Governance Best Practice Principles

. Corporate Social Responsibility Best Practice Principles
. Ethical Corporate Management Best Practice Principles
. Rules Governing the Evaluation of Board Performance
. Rules of Procedure for Board of Directors Meetings

(VIII) Other significant information which may improve the understanding of corporate governance and operation may be disclosed as well

1. Continuing education and training relating to corporate governance undertaken by managerial officers

Title	Name	Date of Continuing Education	Organizer	Course Name	Hours of Continuing Education
CEO	Chih-Yuan Lu	2021/02/26	Taiwan Institute of Directors	The trend of enterprise digital transformation of AI	3
		2021/04/29	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management	3
		2021/10/28	Taiwan Corporate Governance Association	For unsustainable risks of business strategies and corporate governance around the world under the era of Covid-19.	3
President	Chi-Ming Chang	2021/04/29	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management	3
		2021/10/28	Taiwan Corporate Governance Association	For unsustainable risks of business strategies and corporate governance around the world under the era of Covid-19.	3
Senior Vice President	Shuh-Jiun Liaw	2021/04/29	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management	3
		2021/10/28	Taiwan Corporate Governance Association	For unsustainable risks of business strategies and corporate governance around the world under the era of Covid-19.	3

Title	Name	Date of Continuing Education	Organizer	Course Name	Hours of Continuing Education
Accounting Managerial Officer	Leslie Guh	2021/03/30	Accounting Research and Development Foundation of ROC	Audit of legal compliance with corporate shareholders' meeting	3
		2021/07/23	Accounting Research and Development Foundation of ROC	Practical explanation and analysis of ESG report under the policy of corporate governance 3.0	3
		2021/11/24	Accounting Research and Development Foundation of ROC	Legal compliance with ESG-renewable energy and investments in green energy	6
Corporate governance officer		2021/04/29	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management	3
		2021/06/08	Accounting Research and Development Foundation of ROC	To enhance the capabilities of corporate strategies by ESG	3
		2021/06/22	Accounting Research and Development Foundation of ROC	Thorough explanation and analysis of corporate governance 3.0-development plot of ESG	3
		2021/10/28	Taiwan Corporate Governance Association	For unsustainable risks of business strategies and corporate governance around the world under the era of Covid-19.	3
		2021/11/02	Accounting Research and Development Foundation of ROC	Audit of legal compliance with corporate "investment" and "acquisitions"	6

2. Procedure for Material Internal Information: Ardentec has defined the "Procedure for Prevention of Insider Trading and Handling of Material Internal Information" and published them on the corporate website http://www.ardentec.com. An "Investor Relations/Corporate Governance" area has also been set up to give investors a better understanding of the Company's corporate governance activities.
3. Employee Code of Conduct or Ethics: The "CSR Policy Management Procedure" was formulated to serve as a basis for the management of CSR policies and employees' code of ethics.

(IX) Status of implementation of internal control system

1. Internal Control System Statement: Please refer to page 107.
2. If the Company engages an accountant to examine its internal control system, disclose the CPA audit report: Not applicable.

(X) If there was a penalty on the Company and its personnel, or punishment imposed by the Company on personnel in violation of internal control system regulations in the past year and up to the date of report, where the outcome of the punishment may have a material effect on shareholder equity or the value of securities, the details of the punishment, the major deficiencies and corrective actions taken should be detailed: None.

(XI) Important resolutions adopted in shareholders' meetings and Board of Directors' meetings in the past year and up to the date of report

1. Report on the execution of resolutions adopted at the 2021 **general shareholders' meeting**

Date	Important resolutions	Implementation
2021.08.26	Acknowledged the Company's 2020 business report and financial statements (including the consolidated financial statements).	Outcome of resolutions sent out to each shareholder in accordance with Article 230 of the Company Act.
	Ratified the Company's 2020 earnings distribution proposal.	Set September 22, 2021, as the ex-dividend record date for cash dividends distributed on October 13, 2021.

2. Important resolutions adopted by **the Board of Directors** in 2021 and up to February 24, 2022

Date	Important resolutions
2021.02.25	(1) Passed The Company's 2020 financial report (2) Passed the proposed distribution of remuneration for employees and directors in 2020. (3) Passed proposal to retire restricted stock awards. (4) Passed the proposed distribution of Company earnings for 2020. (5) Passed the proposal time, location and reason for convening Ardentec's 2021 General Shareholders Meeting. (6) Passed matters relating to the processing of shareholder proposals.

Date	Important resolutions
2021.04.29	(1) Passed proposal to retire restricted stock awards. (2) Approved the appointment of the Head of Corporate Governance.
2021.05.27	For requirement of operation in the future, the company purchased land and plant from EPISTAR in Longtan Park of Hsinchu Science Park, approved by Hsinchu Science Park Bureau of HSP.
2021.07.29	(1) Re-passed the proposal time and location for convening Ardentec's 2021 General Shareholders Meeting. (2) Proposed loan of 8 million USD to subsidiary Ardentec Nanjing Co., Ltd.
2021.08.26	(1) Proposed capital increase by cash of 30 million USD to subsidiary Ardentec Nanjing Co., Ltd. (2) Proposed capital increase by cash of 20 million USD to subsidiary Ardentec Singapore Pte. Ltd.
2021.10.28	Passed the appointment of the CPA for financial and taxation affairs for 2022.
2021.12.16	Passed the operational plan of the company for 2022.
2022.02.24	(1) Passed the Company's 2021 financial report (2) Passed the proposed distribution of remuneration for employees and directors in 2021. (3) Passed the proposed distribution of Company earnings for 2021. (4) Passed the proposal time, location and reason for convening Ardentec's 2022 General Shareholders Meeting. (5) Passed matters relating to the processing of shareholder proposals.

(XII) Summary of dissenting or qualified opinions issued by directors or supervisors on important resolutions passed by the board of directors that are on record or stated in writing in the past year and up to the date of report: None.

(XIII) Resignation and dismissal of professional managerial officers related to the financial report including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer and Chief R&D Officer in the past year and up to the date of report: There was no dismissal or resignation of Ardentec personnel linked to the financial report.

IV. Information about CPA Professional Fees

(1) Are the non-audit public expenses paid to the certifying accountant or the certifying accountant's firm and its affiliates more than one-fourth of the audit fee: None; see the table below for details.

Currency unit: NTD thousand

Certified Public Accountant Accounting firm name	Certified Public Accountant Name	Accountant audit period	Audit fees	Non-audit fees	Total	Note
PwC Taiwan Accounting firm	LIU, CHIEN-YU	2021.01.01 ～ 2021.12.31	6,850	1,169	8,019	Note
	WEN, FANG-YU					

Note: The non-audit fee was NT$ 670 thousand, the service fee of transfer pricing was NT$ 150 thousand, the service fee of submission to MOEA was NT$ 144 thousand, the audit fee for Direct deduction method for business tax was NT$ 85 thousand, and the tax consulting service fee for Tax Incentives of Statute for Industrial Innovation was NT$ 120 thousand.

(2) It shall be disclosed for the following matters:

The professional fees for auditing services refer to the professional fees paid by the company to certified public accountants for auditing, review, and secondary reviews of financial reports and financial forecast reviews.

1. If the Company changed the accounting firm and the amount of audit fee paid in the year of change is less than that of the preceding, disclose the amount and percentage of decrease, and the reason: NA.
2. If the audit fee decreased by more than 10% compared to the previous year, disclose the amount and percentage of decrease, and the reason: NA.

V. Information on Change of CPA:

(I) Regarding the previous CPA

Date of change	October 28, 2021		
Reasons for change and remark	The 2021 CPAs were originally accountants Irene Wen and Yu-Kuan Lin from "PwC Taiwan." Due to a change of internal assignments at PwC, the CPAs for financial reports changed to accountants Chien-yu Liu and Ya-hui Cheng from "PwC Taiwan" from 2022 onwards.		
Termination initiated by client or accountant declined to accept the appointment	The Party / Scenario	Accountant	Client
	Termination initiated by client	Not applicable	Not applicable

	CPA declined to accept (continue) the appointment		Not applicable	Not applicable
Audit opinions other than unqualified opinions issued in the past two years and reasons	Not applicable			
Opinions different from those of issuer	Yes		Accounting principles or practices	
			Disclosures in the financial report	
			Scope of assurance or procedure	
			Others	
	None	✓		
	Description			
Other disclosures (matters disclosed under Item 1-4 to Item 1-7, of Subparagraph 6, Article 10 of these guidelines.	None			

(II) Regarding succeeding CPA

Name of firm	PricewaterhouseCoopers Taiwan
Name of Accountants	Chien-Yu Liu, Ya-hui Cheng
Date of appointment	October 28, 2021.
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	None
Succeeding CPAs' written opinions that are different from those of the previous CPAs	None

(III) The former CPA's reply to Article 10, Paragraph 6, Item 1 and Item 2, Point 3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

VI. If the Chairman, President and Financial or Accounting Managerial Officer of the Company had previously worked for the Independent CPA or the affiliate in the past year then their name, title, as well as their period of service with the accounting firm of the independent CPA or its affiliates should be disclosed. None.

VII. Share transfer by directors, supervisors, managerial officers and shareholders holding more than 10% equity and changes to share pledging by them in the past year and up to the date of report

(I) Changes in Directors, Supervisors, managerial officers or major shareholders

Unit: Share

Title	Name	2021		As of March 28, 2022	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairperson/ CEO	Chih-Yuan Lu	96,000	0	0	0
Vice Chairman & General Manager	Chi-Ming Chang	133,000	0	0	0
Director	Macronix International Co., Ltd.	0	0	0	0
	Representative: Yen-Hie Chao	0	0	0	0
Director	Kingwell Investment Inc.	0	0	0	
	Representative: Ming-Hong Kuo	0	0	0	0
		0	0	0	0
Director	Chiu Chiang Investment Co., Ltd.	0	0	0	0
	Representative: Jing Amy Chao	0	0	0	0
Director	BVI Valutek Inc.	0	0	0	0
	Representative:	0	0	0	0
	Liang-Po Chen	0	0	0	0
Director	Sheng Tang Investment Ltd.	0	0	0	0
	Representative:	0	0	0	0
	Shuh-Jiunn Liaw	0	0	0	0
Independent Director	Wei-Shan Hu	0	0	0	0
Independent Director	Chen-I Chia	0	0	0	0

Independent Director	Lai-Juh Chen	0	0	0	0
Independent Director	Bernard C. Jiang	0	0	0	0
Senior Vice President	Shuh-Jiun Liaw	20,000	0	0	0
Vice President	Yung-Song Lou	48,000	0	0	0
Vice President	C. C. Rou	48,000	0	0	0
Vice President	Jimmy Wang	(17,000)	0	0	0
Vice President	Raymond Kao	60,000	0	0	0
Senior Director	Fu-Wan Sheu	12,000	0	0	0
Senior Director	Hui-Ling Kuo	42,000	0	0	0
Senior Director	Hui Min Wang	30,000	0	0	0
Project Senior Director	Michael Huang	(37,500)	0	0	0
Assistant Manager	Aaron Chuang	0	0	0	0
Project Senior Director	Bill Kang	(171,000)	0	0	0
Project Senior Director	Rhiannon Chen	24,000	0	0	0
Accounting Managerial Officer	Leslie Guh	24,000	0	0	0

(II) Share transfer information:

Name	Reason of the Transfer	Transfer date	Transferee	Relation with the Transferee	share	Transfer price
Bill Kang	Gifting	2021.07.02	Yu-chun chen	None	198,000	46

(III) Share pledge information:None.

VIII. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)

March 28, 2022;Unit: Share

Name	Personal Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Title (or name)	Relationship	
Macronix International Co., Ltd.	35,951,871	7.33%	0	0	0	0	None	None	
Representative: Min-Chiu Wu	0	0%	0	0	0	0	None	None	
Cathay Life Insurance Co., Ltd.	30,674,000	6.26%	0	0	0	0	None	None	
Representative: Tiao-Kui Huang	0	0%	0	0	0	0	None	None	
BVI Valutek Inc.	15,972,408	3.26%	0	0	0	0	None	None	
Representative: Chi-Ming Chang	4,194,070	0.86%	0	0	0	0	None	None	
Fubon Life Insurance Co., Ltd.	12,244,000	2.50%	0	0	0	0	None	None	
Representative: Ming-Hsing Tsai	0	0%	0	0	0	0	None	None	
Fubon Insurance Co., Ltd.	10,715,000	2.19%	0	0	0	0	None	None	
Representative: Ben Chen	0	0%	0	0	0	0	None	None	
Yuanta Taiwan High Dividend Quality Leader Fund Special Account	7,809,000	1.59%	0	0	0	0	None	None	
Investment account of Norges Bank managed by Citibank Taiwan	7,537,998	1.54%	0	0	0	0	None	None	
Invesment account of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, managed by JPMorgan Chase Bank N.A., Taipei Branch	6,854,522	1.40%	0	0	0	0	None	None	
Advanced Starlight Advanced Integrated International Stock Index under custody of Chase Bank	6,281,391	1.28%	0	0	0	0	None	None	
Investment account of JP Morgan Stanley Investment Fund managed by HSBC (Taiwan)	5,761,231	1.18%	0	0	0	0	None	None	

IX. The shareholding of the Company, Directors, Supervisors, Managerial Officers and enterprises that are directly or indirectly controlled by the Company in the same invested company, and the consolidated shareholding ratio

December 31, 2021; Unit: Share

Investment subsidiaries (Note)	Investment by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Comprehensive investment	
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio
Sheng Tang Investment Ltd.	—	100.00%	—	—	—	100.00%
Valutek, Inc.	4,870	100.00%	—	—	4,870	100.00%
Valucom Investment, Inc.	49,876	100.00%	—	—	49,876	100.00%
Ardentec Singapore Pte. Ltd.	52,500,000	100.00%	—	—	52,500,000	100.00%
Ardentec Korea Co., Ltd.	8,096,000	100.00%	—	—	8,096,000	100.00%
Ardentec Semiconductor.,Ltd.	—	—	—	100.00%	—	100.00%
Giga Solution Tech. Co., Ltd.	120,580,539	100.00%	—	—	120,580,539	100.00%
Raytek Semiconductor Inc.	38,225,000	31.85%	—	—	38,225,000	31.85%
ValuTest Incorporated	—	—	4,980	100.00%	4,980	100.00%
Ardentec Nanjing Co., Ltd.	—	—	—	100.00%	—	100.00%

Note: Long-term company investment under the equity method.

Ardentec Corporation
Internal Control System Statement
(Stock Code: 3264)

Date: February 24, 2022

This Internal Control System Statement is based on the self-assessment results of the Company for year 2020.

I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system are the responsibility of the Board of Directors and managerial officers. In this regard the Company has already established such a system. Aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of reporting, and compliance with applicable laws and regulations.

II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the above mentioned items, please refer to the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2021 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was passed by a meeting of the Company's Board of Directors held on February 24, 2022. None of the 11 directors in attendance raised any objects and all affirm that they agree with the contents of this declaration.

Ardentec Corporation

Chairman: Chih-Yuan Lu Signature and Seal

President: Chi-Ming Chang Signature and Seal

Chapter 4. Fund Raising Situation

I. Capital and shares

(I) Sources of capital

Unit: Thousands NTD; Thousand shares

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of capital	Shares acquired by non-cash assets	Others
1999/10	10	300,000	3,000,000	175,467	1,754,670	Established	None	None
2000/08	11	300,000	3,000,000	200,467	2,004,670	Cash capital increase of 250,000 thousand NTD (Note 1)	None	None
2001/11	10	300,000	3,000,000	203,634	2,036,340	Recapitalization of 31,670 thousand NTD in earnings and employee bonuses. (Note 2)	None	None
2002/08	10	330,000	3,300,000	203,634	2,036,340	Authorized capital revised from 300,000 thousand shares to 330,000 thousand shares with 30,000 thousand shares set aside for employee stock option certificates.	None	None
2003/09	10	330,000	3,300,000	228,634	2,286,340	Cash capital increase of 250,000 thousand NTD (Note 3)	None	None
2004/03	17	330,000	3,300,000	258,634	2,586,340	Cash capital increase of 300,000 thousand NTD (Note 4)	None	None
2004/09	10	330,000	3,300,000	274,473	2,744,728	Recapitalization of 158,388 thousand NTD in earnings and employee bonuses. (Note 5)	None	None
2004/11	10	330,000	3,300,000	274,502	2,745,023	Employee stock option certificates worth 295 thousand NTD converted into ordinary shares. (Note 6)	None	None
2005/01	16	330,000	3,300,000	283,391	2,833,912	Cash capital increase of 88,889 thousand NTD (Note 7)	None	None
2005/03	10	330,000	3,300,000	284,799	2,847,992	Employee stock option certificates worth 14,080 thousand NTD converted into ordinary shares. (Note 6)	None	None
2005/05	10	330,000	3,300,000	285,404	2,854,037	Employee stock option certificates worth 6,045 thousand NTD converted into ordinary	None	None

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of capital	Shares acquired by non-cash assets	Others
						shares. (Note 6)		
2005/08	10	380,000	3,800,000	319,626	3,196,255	Employee stock option certificates worth 1,565 thousand NTD converted into ordinary shares. Recapitalization of 340,653 thousand NTD in earnings and employee bonuses. (Notes 6, 8)	None	None
2005/11	10	380,000	3,800,000	319,793	3,197,928	Employee stock option certificates worth 1,673 thousand NTD converted into ordinary shares. (Note 6)	None	None
2006/02	10	380,000	3,800,000	324,956	3,249,561	Employee stock option certificates worth 16,237 thousand NTD and bonds worth 35,396 thousand NTD converted into ordinary shares. (Notes 6, 9, 10)	None	None
2006/06	10	500,000	5,000,000	330,278	3,302,782	Employee stock option certificates worth 13,900 thousand NTD and bonds worth 39,321 thousand NTD converted into ordinary shares. (Notes 6, 9, 10)	None	None
2006/09	10	500,000	5,000,000	375,653	3,756,530	Employee stock option certificates worth 10,350 thousand NTD and bonds worth 131,886 thousand NTD converted into ordinary shares. Recapitalization of 311,512 thousand NTD in earnings and employee bonuses. (Notes 6, 9, 10, 11)	None	None
2006/11	10	500,000	5,000,000	376,205	3,762,052	Employee stock option certificates worth 5,522 thousand NTD converted into ordinary	None	None

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of capital	Shares acquired by non-cash assets	Others
						shares. (Notes 6, 9)		
2007/04	10	500,000	5,000,000	376,848	3,768,482	Employee stock option certificates worth 6,430 thousand NTD converted into ordinary shares. (Notes 6, 9)	None	None
2007/05	10	500,000	5,000,000	380,200	3,801,998	Employee stock option certificates worth 16,280 thousand NTD and bonds worth 17,236 thousand NTD converted into ordinary shares. (Notes 6, 9, 10)	None	None
2007/08	10	500,000	5,000,000	395,645	3,956,452	Employee stock option certificates worth 6,237 thousand NTD and bonds worth 1,851 thousand NTD converted into ordinary shares. Recapitalization of 146,366 thousand NTD in earnings and employee bonuses. (Notes 6, 9, 10, 12)	None	None
2007/11	10	500,000	5,000,000	399,166	3,991,664	Employee stock option certificates worth 7,158 thousand NTD and bonds worth 28,054 thousand NTD converted into ordinary shares. (Notes 6, 9, 10)	None	None
2008/03	10	500,000	5,000,000	400,802	4,008,020	Employee stock option certificates worth 8,883 thousand NTD and bonds worth 7,473 thousand NTD converted into ordinary shares. (Notes 6, 9, 10)	None	None
2008/05	10	500,000	5,000,000	401,561	4,015,605	Employee stock option certificates worth 7,585 thousand NTD converted into ordinary shares. (Notes 6, 9)	None	None
2008/09	10	500,000	5,000,000	413,114	4,131,143	Employee stock option certificates worth 5,305 thousand NTD converted into ordinary	None	None

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of capital	Shares acquired by non-cash assets	Others
						shares. Recapitalization of 110,233 thousand NTD in earnings and employee bonuses. (Notes 9, 13)		
2008/11	10	500,000	5,000,000	413,234	4,132,335	Employee stock option certificates worth 1,192 thousand NTD converted into ordinary shares. (Notes 6, 9)	None	None
2009/02	10	500,000	5,000,000	413,360	4,133,600	Employee stock option certificates worth 1,265 thousand NTD converted into ordinary shares. (Note 9)	None	None
2009/08	10	500,000	5,000,000	442,246	4,422,464	Employee stock option certificates worth 2,453 thousand NTD converted into ordinary shares. Recapitalization of 286,411 thousand NTD in earnings and employee bonuses. (Notes 6, 14)	None	None
2009/11	10	500,000	5,000,000	442,445	4,424,459	Employee stock option certificates worth 1,995 thousand NTD converted into ordinary shares. (Note 6)	None	None
2010/05	10	500,000	5,000,000	442,745	4,427,459	Employee stock option certificates worth 3,000 thousand NTD converted into ordinary shares. (Note 15)	None	None
2010/09	10	500,000	5,000,000	444,450	4,444,509	Employee stock option certificates worth 17,050 thousand NTD converted into ordinary shares. (Note 15)	None	None
2010/11	10	500,000	5,000,000	445,197	4,451,979	Employee stock option certificates worth 7,470 thousand NTD converted into ordinary shares. (Note 15)	None	None
2011/01	10	500,000	5,000,000	448,437	4,484,374	Employee stock option	None	None

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of capital	Shares acquired by non-cash assets	Others
						certificates worth 32,395 thousand NTD converted into ordinary shares. (Note 15)		
2011/05	10	500,000	5,000,000	450,175	4,501,759	Employee stock option certificates worth 17,385,000 NTD converted into ordinary shares. (Note 15)	None	None
2011/09	10	500,000	5,000,000	454,782	4,547,827	Employee stock option certificates worth 1,050 thousand NTD converted into ordinary shares. Recapitalization of 45,018 thousand NTD in earnings bonuses. (Notes 15, 16)	None	None
2011/11	10	500,000	5,000,000	454,961	4,549,612	Employee stock option certificates worth 1,785 thousand NTD converted into ordinary shares. (Note 15)	None	None
2012/03	10	500,000	5,000,000	454,963	4,549,632	Employee stock option certificates worth 20,000 NTD converted into ordinary shares. (Note 15)	None	None
2012/05	10	500,000	5,000,000	456,132	4,561,322	Employee stock option certificates worth 11,690 thousand NTD converted into ordinary shares. (Note 15)	None	None
2012/09	10	500,000	5,000,000	461,055	4,610,555	Employee stock option certificates worth 3,620 thousand NTD converted into ordinary shares. Recapitalization of 45,613 thousand NTD in earnings bonuses. (Notes 15, 17)	None	None
2012/11	10	500,000	5,000,000	461,395	4,613,955	Employee stock option certificates worth 3,400 thousand NTD converted into ordinary shares. (Note 15)	None	None
2013/01	10	500,000	5,000,000	461,901	4,619,015	Employee stock option	None	None

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of capital	Shares acquired by non-cash assets	Others
						certificates worth 5,060 thousand NTD converted into ordinary shares. (Note 15)		
2013/09	10	500,000	5,000,000	466,520	4,665,205	Cash capital increase of 46,190 thousand NTD (Note 18)	None	None
2014/05	10	500,000	5,000,000	469,665	4,696,655	Issued restricted stock awards worth 31,450 thousand NTD (Note 19)	None	None
2014/09	10	500,000	5,000,000	476,170	4,761,707	Issued restricted stock awards worth 18,400 thousand NTD. Recapitalization of 46,652 thousand NTD in earnings bonuses. (Notes 19, 20)	None	None
2015/10	10	500,000	5,000,000	480,890	4,808,902	Retired 422 thousand NTD in restricted stock awards. Surplus of 47,617 thousand NTD converted into capital increase. (Note 21)	None	None
2016/09	10	500,000	5,000,000	485,587	4,855,873	Retired 1,118 thousand NTD in restricted stock awards. Surplus of 48,089 thousand NTD converted into capital increase. (Note 22)	None	None
2017/01	10	500,000	5,000,000	485,575	4,855,753	Retired 120 thousand NTD in restricted stock awards.	None	None
2017/04	10	500,000	5,000,000	485,566	4,855,663	Retired 90 thousand NTD in restricted stock awards.	None	None
2017/09	10	500,000	5,000,000	485,461	4,854,613	Retired 1,050 thousand NTD in restricted stock awards.	None	None
2018/01	10	500,000	5,000,000	490,036	4,900,361	Retired 252 thousand NTD in restricted stock awards. Issued restricted stock awards worth 46,000 thousand NTD. (Note 23)	None	None
2018/04	10	500,000	5,000,000	489,996	4,899,962	Retired 399 thousand NTD in restricted stock awards.	None	None
2018/05	10	500,000	5,000,000	490,396	4,903,962	Issued restricted stock awards worth 4,000 thousand NTD (Note 23)	None	None

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of capital	Shares acquired by non-cash assets	Others
2018/11	10	500,000	5,000,000	490,325	4,903,252	Retired 710 thousand NTD in restricted stock awards.	None	None
2019/08	10	500,000	5,000,000	490,259	4,902,592	Retired 660 thousand NTD in restricted stock awards.	None	None
2021/01	10	500,000	5,000,000	490,252	4,902,520	Retired 72 thousand NTD in restricted stock awards.	None	None
2021/03	10	500,000	5,000,000	490,192	4,901,920	Retired 600 thousand NTD in restricted stock awards.	None	None
2021/05	10	500,000	5,000,000	490,170	4,901,701	Retired 219 thousand NTD in restricted stock awards.	None	None

Note 1: Approved by Jing (089)-Shang Letter No. 131204 on 2000.08.31.

Note 2: Approved by Jing (090)-Shang Letter No. 09001455410 on 2001.11.20.

Note 3: Approved by Tai-Cai-Zheng-1 Letter No. 0920126559 on 2003.06.17.

Note 4: Approved by Tai-Cai-Zheng-1 Letter No. 0920162055 on 2004.01.06.

Note 5: Approved by Tai-Cai-Zheng-1 Letter No. 0930124608 on 2004.06.03.

Note 6: Approved by Tai-Cai-Zheng-1 Letter No. 0920109253 on 2003.04.14.

Note 7: Approved by Jin-Guan-Zheng-1 Letter No. 0930152452 on 2004.11.19.

Note 8: Approved by Jin-Guan-Zheng-1 Letter No. 09401253210 on 2005.06.24.

Note 9: Approved by Tai-Cai-Zheng-1 Letter No. 092014773 on 2003.10.13.

Note 10: Approved by Jin-Guan-Zheng-1 Letter No. 0940141656 on 2005.09.27.

Note 11: Approved by Jin-Guan-Zheng-1 Letter No. 0950128956 on 2006.07.07.

Note 12: Approved by Jin-Guan-Zheng-1 Letter No. 0960032084 on 2007.06.26.

Note 13: Approved by Jin-Guan-Zheng-1 Letter No. 0970034220 on 2008.07.09.

Note 14: Approved by Jin-Guan-Zheng-Fa Letter No. 0980031088 on 2009.06.23.

Note 15: Approved by Jin-Guan-Zheng-1 Letter No. 0960013747 on 2007.03.29.

Note 16: Approved by Jin-Guan-Zheng-Fa Letter No. 1000032123 on 2011.07.12.

Note 17: Approved by Jin-Guan-Zheng-Fa Letter No. 1010030877 on 2012.07.12.

Note 18: Approved by Jin-Guan-Zheng-Fa Letter No. 1020027478 on 2013.07.15.

Note 19: Approved by Jin-Guan-Zheng-Fa Letter No. 1020041515 on 2013.10.23.

Note 20: Approved by Jin-Guan-Zheng-Fa Letter No. 1030029082 on 2014.07.31.

Note 21: Approved by Jin-Guan-Zheng-Fa Letter No. 1040029339 on 2015.08.03.

Note 22: Approved by Financial Supervisory Commission on 2016.07.26.

Note 23: Approved by Financial Supervisory Commission on 2017.06.20.

March 28, 2022; Unit: Share

Type of Shares	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Ordinary shares	490,170,076	9,829,924	500,000,000	

Note: 490,170,076 shares were traded over the counter; Authorized capital included 30,000,000 shares reserved for employee stock option certificates.

(II) Information for shelf registration: Not applicable.

(III) Shareholders

March 28, 2022; Unit: Share

Shareholders / Quantity	Government authorities	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreign persons	Total
Number of people	2	18	354	64,623	214	65,211
No. of shares held	60	64,002,906	80,666,993	227,944,591	117,555,526	490,170,076
Shareholding ratio	0.00 %	13.06 %	16.46 %	46.50 %	23.98 %	100.00 %

(IV) Shareholding Distribution Status

March 28, 2022; 10 NTD per share; Unit: Share

Shareholding range			Number of shareholders	No. of shares held	Shareholding ratio
1	to	999	29,629	1,618,500	0.33 %
1,000	to	5,000	28,096	56,746,436	11.57 %
5,001	to	10,000	3,992	31,039,178	6.33 %
10,001	to	15,000	1,189	14,978,154	3.06 %
15,001	to	20,000	698	12,920,9970	2.64 %
20,001	to	30,000	581	14,755,504	3.01 %
30,001	to	40,000	260	9,306,499	1.90 %
40,001	to	50,000	157	7,299,623	1.49 %
50,001	to	100,000	295	20,294,012	4.14 %
100,001	to	200,000	128	18,176,932	3.71 %
200,001	to	400,000	77	20,808,541	4.25 %
400,001	to	600,000	29	14,060,432	2.87 %
600,001	to	800,000	11	7,481,789	1.53 %
800,001	to	1,000,000	13	11,429,837	2.33 %
Over 1,000,001			56	249,253,642	50.84 %
Total			65,211	490,170,076	100.00 %

(V) List of major shareholders

Names, shares and percentage of shareholding of top ten shareholders or shareholders with more than 5% of equity:

March 28, 2022; Unit: Share

Shares / Name of main shareholder	No. of shares held	Shareholding ratio
Macronix International Co., Ltd.	35,951,871	7.33%
Cathay Life Insurance Co., Ltd.	30,674,000	6.26%
BVI Valutek Inc.	15,972,408	3.26%
Fubon Life Insurance Co., Ltd.	12,244,000	2.50%
Fubon Insurance Co., Ltd.	10,715,000	2.19%
Yuanta Taiwan High Dividend Quality Leader Fund Special Account	7,809,000	1.59%
Investment account of Norges Bank managed by Citibank Taiwan	7,537,998	1.54%
Invesment account of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, managed by JPMorgan Chase Bank N.A., Taipei Branch	6,854,522	1.40%
Advanced Starlight Advanced Integrated International Stock Index under custody of Chase Bank	6,281,391	1.28%
Investment account of JP Morgan Stanley Investment Fund managed by HSBC (Taiwan)	5,761,231	1.18%

(VI) Market price per share, net worth, earnings, dividends, and the related information for the last 2 years

Unit: NTD; Thousand shares

Item / Year			2020	2021	March 31, 2022
Stock price (Note 1)	Highest	Before retrospective adjustment	41.50	71.90	55.80
		After retrospective adjustment	—	—	—
	Lowest	Before retrospective adjustment	18.90	35.05	48.25
		After retrospective adjustment	—	—	—
	Average	Before retrospective adjustment	31.57	54.45	51.86

		After retrospective adjustment	—	—	—
Net worth per share (Note 2)	Before distribution		26.34	29.55	Not applicable
	After distribution		24.27	(Note 9)	
Earnings per share (Note 3)	Weighted average shares		471,110	472,511	
	Before adjustment		3.78	5.46	
	After adjustment		3.78	(Note 9)	
Dividends per share	Cash dividends		2	(Note 9)	
	Stock dividend	Earnings	—	—	
		Capital surplus allotment	—	—	
	Accumulated unpaid dividend (Note 4)		—	—	
Return analysis	PE ratio (Note 5)		8	10	
	Price-dividend ratio (Note 6)		16	(Note 9)	
	Cash dividend yield (Note 7)		6.3%	(Note 9)	

*Where surplus or capital bond is converted into capital increases, the number of issued shares should be disclosed. Information such as market price and cash dividend should also be retrospectively adjusted.

Note 1: Lists the maximum and minimum market price for ordinary shares in each year. The average market price for each year is also calculated based on the total volume and value of transactions for each year.

Note 2: Top ten employees that obtained new restricted stock awards refer to those other than managerial officers.

Note 3: If retrospective adjustment is necessary due to stock dividends then the EPS before and after adjustment should be listed.

Note 4: If the conditions for equity securities specify that undistributed dividends can be accumulated until a year with a surplus, please disclose the accumulated undistributed dividends up to the current year.

Note 5: Price-earnings (P/E) ratio = Average market price / Earnings per share.

Note 6: Price-dividend (P/D) ratio = Average market price / Cash dividends per share.

Note 7: Cash dividend yield = Cash dividend per share/ Average market price.

Note 8: Net worth per share and earnings per share should be sourced from the most recent quarter audited (reviewed) by the CPA up to the annual report's date of publication. The remaining fields should list the data for the current year up to the annual report's date of publication.

Note 9: The 2022 general shareholders' meeting has not yet approved the dividend distribution for 2021.

(VII) Dividend policy and implementation status

1. Dividend policy

According to Article 35 of the Ardentec Articles of Association, when there is surplus in the annual final account, in addition to tax payment and supplementation of past loss, 10% of legal reserve should be allocated, and the special reserve can also be allocated in accordance with the law or actual need. For the rest (including the special reserve reversible by law) and any undistributed earnings from the previous year, the Board of Directors shall submit proposals based on business requirements to the general shareholders' meeting for approval.

Ardentec is in a growing industry. The current and future investment environment, funding needs, domestic/overseas competition and budget, shareholder interests and capital adequacy ratio shall be taken into account during the distribution of dividends in accordance with the previous rule. In addition to the above method of distribution, shareholder dividends and bonuses may also be distributed in cash or stock. If there is a surplus in the annual final account, between 10% ~ 80% of distributable earnings for the year may be distributed to shareholders as cash or bonuses. The ratio of cash distributed may not be less than 5% of the total dividends and bonuses for that year.

2. Dividend distribution proposal proposed for the latest shareholders meeting

Unit: NTD

Item	Amount
Undistributed retained earnings at the start of the period	3,623,601,602
Subtract: Other comprehensive income	(22,399,784)
Undistributed earnings after adjustment	3,601,201,818
Add: After-tax net profit	2,580,294,375
Subtract: 10% allocated to statutory reserve	(255,789,459)
Subtract: Provision for special surplus reserve	(106,060,738)
Distributable earnings	5,819,645,996
Distribution Items:	
Shareholder－ Cash (dividend of 2 NTD per share: Note)	1,372,476,213
Undistributed retained earnings from previous years	4,447,169,783

Note: The dividend distribution for 2021 was approved by the Ardentec Board of Directors on February 24, 2022, and has not been voted on by the general shareholders' meeting.

3. Explanation of major variations anticipated in the dividend policy: No major variations.

(VIII) The effects of the stock dividends proposed by the shareholders' meeting on the Company's business performances and earnings per share: Not applicable.

(IX) Remuneration of employees, directors and supervisors

1. Percentages and ranges of employee remuneration to Directors and Supervisors, as specified in the Company's Articles of Association

Article 35-1 of the Ardentec Articles of Association specified the following:

12% of the company's profits for the year should be distributed to employee remuneration while 3% should be allocated as remuneration for Directors and Supervisors. Compensation should be provided if the Company is still has accumulated deficit.

Employee remuneration may be paid as shares or cash. They can also be distributed to employees of affiliated companies that meet the criteria specified in the Company Act.

Profits for the year as mentioned in paragraph 1 refers to the net profits before tax for the current year and before deducting employee remuneration as well as remuneration for directors and supervisors.

Employee remuneration as well as the distribution of remuneration for directors and supervisors require a majority vote by the board of directors with at least two-thirds of all directors in attendance and must be reported to the general shareholders' meeting.

2. Basis for estimating the amount of remuneration of employees, Directors and Supervisors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period.

(1) The amount of remuneration allocated to employees, and directors for this period consists of 427,928,332 NTD for employee remuneration and 106,982,083 NTD for the remuneration of directors. The amounts allocated are 12% and 3% of earnings before tax for the year and before deducting remuneration for employees, and directors in accordance with the percentages set out in the Company Articles of Association.

(2) The number of shares for employee remuneration distributed in the form of shares is based on closing price one day before the general shareholders' meeting with the effects of ex-rights and ex-dividends taken into account.

(3) If the actual amount of remuneration distributed to employees and directors varies from the allocated amount this will be treated as changes in accounting estimates. Profit/loss for the year will then be adjusted accordingly.

3. Remuneration proposals passed by the board of directors:

(1) Employee, director and supervisor remuneration is to be distributed in cash or stocks. In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses should be disclosed.

On February 24, 2022, the Ardentec Board of Directors discussed and approved the distribution of 427,928,332 NTD in cash for employee remuneration and 106,982,083 NTD in cash for directors' remuneration.

There is no difference between the distributed amount and the accounting amount.

(2) The amount of employee remuneration to be paid in stocks out of the current company-level financial statement in terms of the sum of net profit after tax and employee bonus

Not applicable. Employee remuneration was not paid in stocks this year.

4. Actual distribution of employee, Board Directors and Supervisors' remuneration in 2019 (including dividend shares, amount and stock price), discrepancies if any from the amount of employees', directors'/supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies

Unit: NTD

	Amount approved in the Board of Directors' resolution	Actual amount distributed	Discrepancy	Reason for difference and treatment
Director's remuneration	74,620,139	74,620,139	0	None
Remuneration to employees in cash	298,480,556	298,480,556	0	None

(X) Application for Buyback of Treasury Stock: None.

II. Corporate bond issuance status: None.

III. Issuance of preferred stocks: None.

IV. Issuance of global depositary receipts (GDR): None.

V. Exercise of employee stock option certificate (ESOP): None.

VI. Restricted stock awards:

(I) Status of restricted stock awards that have not met their redemption conditions and impact on shareholder equity

March 28, 2022

Types of restricted stock awards	Batch 1 of 2017 New restricted stock awards	Batch 2 of 2017 New restricted stock awards
Starting Date:	June 20, 2017	June 20, 2017
Date of Issue:	December 28, 2017	May 7, 2018
Issued restricted stock awards	4,600,000 shares	400,000 shares
Issue price	$0	$0
Ratio of newly issued restricted stock units to total number of outstanding stock	0.94 %	0.08 %
Vesting condition for newly issued restricted stock awards	Those who meet both the conditions for years of service and individual performance: (1)If an employee that received new restricted stock award is still with the company after one year and their individual performance is "Good" or higher then they receive 20% of the shares. (2)If an employee that received new restricted stock award is still with the company after two years and their individual performance is "Good" or higher then they receive 20% of the shares. (3)If an employee that received new restricted stock award is still with the company after three years and their individual performance is "Good" or higher then they receive 30% of the shares. (4)If an employee that received new restricted stock award is still with the company after four year and their individual performance is "Good" or higher then they receive 30% of the shares.	
Restrictions on newly issued restricted stock awards:	Restrictions before satisfying the vesting conditions: (1)An employee that failed to meet the vesting conditions may not sell, transfer, gift, pledge or dispose of the newly issued stock in any form except through inheritance. (2)Ardentec plans to put employees' restricted stock awards in trust. Attendance, submission of proposals, speeches and voting rights at shareholders' meeting shall therefore be conducted in accordance with the trust custodian contract.	
Custody of employees' restricted	New restricted stock awards are immediately placed in trust upon	

stock awards:	issue. The stock is placed in trust by Ardentec or a representative designated by Ardentec until the redemption conditions are met.	
Failure by employees to meet the vesting conditions after being issued or purchasing new shares	The stock are recovered by Ardentec at no cost and retired.	
New employee stock awards recovered or bought back	165,560 shares	60,000 shares
Number of newly issued shares that had their restrictions lifted	4,434,440 shares	250,000 shares
Number of newly issued shares that are still restricted	0 shares	90,000 shares
Ratio of newly issued restricted stock units to total number of outstanding stock (%)	0 %	0.02 %
Effect on Shareholder Equity	Dilution of EPS for the current period is very limited so there should be no serious impact on shareholder equity.	

Note: A total of 490,170,076 shares have been issued as of March 28, 2022.

(II) The names of company officers and the top ten employees that obtained restricted stock awards, by number of shares obtained

March 28 2022; Unit: Thousand shares

	Title (Note 1)	Name	Number of shares obtained through restricted stock awards	Ratio of newly issued restricted stock awards to total number of outstanding shares	Restrictions lifted				Still restricted			
					Number of shares that had their restrictions lifted	Issue price	Issue value	Ratio of shares with restrictions lifted to total number of outstanding	Number of shares that are still restricted	Issue price	Issue value	Ratio of restricted shares to total number
Managerial Officers	CEO	Chih-Yuan Lu	2,305	0.47 %	2,296	0	0	0.47 %	9	0	0	0.00 %
	President	Chi-Ming Chang										
	Senior Vice President	Shuh-Jiun Liaw										
	Vice President	Yung-Song Lou										
	Vice President	C. C. Rou										
	Vice President	Jimmy Wang										
	Vice President	Raymond Kao										
	Senior Director	Fu-Wan Sheu										
	Senior Director	Hui-Ling Kuo										
	Senior Director	Hui Min Wang										
	Project Senior Director	Michael Huang										
	Project Senior Director	Bill Kang										
	Project Senior Director	Rhiannon Chen										
	Division Director	Leslie Guh										
Employees	Division Director	Ken Tsai	744	0.15 %	715.5	0	0	0.14 %	28.5	0	0	0.01 %
	Division Director	YC Chen										
	Division Director	Darwin Yang										
	Division Director	R. G. Wang										
	Chief Auditor	Pan-wen Hsieh										

	Division Director	Eric Chen										
	Division Director	Y. U. Wen										
	Division Director	George Chang										
	Division Director	Chris Chou										
	Division Director	Arthur Shi										

Note 1: The names and positions of individual officers and employees (indicate if they have passed away or separated from the Company) should be provided. Stock issues or purchases can however be presented in summarized form.

Note 2: Top ten employees that obtained new restricted stock awards refer to those other than managerial officers.

Note 3: A total of 490,170,076 shares have been issued as of March 28, 2022.

VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.

VIII. Implementation of capital allocation plan

(I) Previously issued or privately offered securities of the Company that have not yet been completed, or those that have been completed but no significant results were achieved within the last three years up to the quarter preceding the publication of the annual report: None.

(II) All previous capital allocation plans for funds raised by Ardentec through the issue of securities have been completed by the quarter preceding the publication of the annual report.

Chapter 5. Business Overview

I. Business activities

(I) Business scope

1. Major business activities:

(1) Electronic component manufacturing.

(2) Wholesale of electronic materials.

(3) Retail of electronic materials.

(4) International trade.

(5) Software design services.

(6) Other industry and commerce services (testing of integrated circuits).

(7) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue distribution of main products:

Unit: Thousand NTD

Main products	2021	
	Revenues	Weight
Wafer Sort	8,271,936	69.36 %
Final Test	3,608,985	30.26 %
Others	44,950	0.38 %
Total	11,925,871	100.00 %

3. Current product/services:

(1) Wafer testing of memory IC.

(2) Wafer and final testing of digital signal IC and mixed-signal IC.

(3) Burn-in testing of wafer types.

(4) Laser repair and trimming services.

(5) Development of testing technologies for SoC and Embedded IC.

(6) Wafer testing of high-performance analog IC.

(7) Wafer and final testing of radio-frequency (RF) IC.

(8) CMOS Image Sensor (CIS) wafer and product testing.

(9) Development of IC testing technologies and product analysis.

(10) Development of post-bumping technologies.

4. New products (services) planned for development:

(1) Development of final testing technologies for RF IC.

(2) Testing services for Multi-Chip Package (MCP) modules.

(3) Back-end turnkey service.

(4) Ultra-thin wafer grinding and cutting technology.

(II) Industry overview:

1. Current industry trends and outlook:

World Semiconductor Trade Statistics (WSTS) reported that the global semiconductor market generated total sales of US$552.96 billion in 2021, an increase of 27.7% compared to 2020. In terms of international economic trends, the global semiconductor market was hampered by supply shortages for most of 2021. Chip famine became a household word and its impact on the supply chains of cars, notebooks and smart phones drew the attention of the world to the importance of semiconductors as a strategic industry. In addition to new technologies such as 5G, high-performance computing, cloud computing, and electric vehicles, the latest wave of rapid growth in the semiconductor market was also driven by the rapid digitization of governments, businesses and individuals around the world due to the COVID-19 pandemic. Strong growth in the semiconductor market was therefore mainly due to accelerated demand for all kinds of electronic devices.

WSTS expected semiconductor sales to grow by 8.8% in 2022 and surpass the US$600 billion mark fort the first size. Concerns over supply chain disruptions as well as a shortage of production capacity in the supply chain due to the persistent effects of COVID-19 will continue to bring new challenges and opportunities for the semiconductor industry. Nevertheless, end-user demand suggests that the roll-out of 5G communications, demand for high-performance computing, emerging IoT applications, as well as the popularization of electric and smart vehicles will all continue to serve as sources of growth over the next few years.

2. Up-, mid- and down-stream division process and vendors in domestic IC industry

The up-, mid- and down-stream parts of the domestic IC industry can be divided into the IC design, IC manufacturing, IC testing and package industries. Each part of the product process is represented by several distinct vendors each with their own specializations working together as shown in the following diagram:

Up-, mid- and down-stream division of labor in the domestic IC industry and industry structure

Structure	Step	Manufacturing process	Vendors
Up-stream	Design	Logic design, circuit design, graphic design	MediaTek, Realtek, Novatek, Weltrend, SUNPLUS, PHISON, Elan, ALi, ESMT, Etron etc.
Mid-stream	Manufacturing	Oxidization, mask standard, etching, impurity diffusion & ion implantation,	TSMC, UMC, Winbond, Macronix, Nanya Technology Corp., PSMC, VIS etc.

		chemical vapor deposition, metal sputtering, IC inspection		
Downstream	Testing	Testing (wafer and final product)	SIGURD, TeraPower, Global Testing Corporation, KYEC, Ardentec etc.	ASE, SPIL, ChipMOS, Walton Advanced Engineering, Inc., Powertech, Chipbond etc.
	Packaging	Trimming, insertion, soldering, molding, electro-plating	Orient Semiconductor Electronics, Greatek, etc.	

Taiwan is an IT powerhouse with fully developed up-, mid- and down-stream IC industries. As the IC industry grew in size, up-stream vendors have begun a gradual transfer of their IC testing operations to specialized testing companies after evaluating the return on investment, costs and risks. The current price war on IC products and ever-decreasing product life cycles have served to strengthen links between all parts of the domestic IC industry. The up-, mid- and down-stream parts of the IC industry are therefore closely connected and frequently interact with each other at the technology or the market level.

3. Product development trends

(1) Testing is accounting for an increasing proportion of total IC costs

According to International Technology Roadmap for Semiconductor (ITRS), the biggest challenge and requirements for tester product function are currently (1) High pin-count, (2) High frequency, (3) Timing accuracy, (4) Logic, memory and analog mixed-signal, (5) High parallelism, and (6) Interface with peripheral equipment such as wafer probers and handlers. These requirements represent a major challenge for tester design and application technology resulting in greatly increased costs for testing equipment and product tests.

(2) Improvements in testing integration technology

Embedded IC that integrates logic and memory as well as System-on-Chip (SoC) IC that integrates logic, memory and analog circuits as the government and industry push on 3D IC all point to a rapid increase in the complexity of integrated circuits.

All electronic products from conventional personal computers to mobile and IoT products will all be expected to be light, thin, compact and energy-saving. The appearance of conventional semiconductor packaging will change accordingly as well. IC stacking architecture are being adopted and different types of IC are being integrated together to expand their functionality and performance. The current is therefore towards heterogeneous integration.

Having more chips in one package makes identifying individual defective chips more difficult. Compatibility and inter-connection between each component adds more uncertainty to the reliability of IC products. There are signs that the conventional final test for individual components is being gradually replaced by Wafer Level Test and System Level Test.

(3) Specialization and outsourcing

The back-end equipment for semiconductor manufacturing requires massive investment. The technologies and production management required for the back-end process are also distinctively different to that of the front-end as well. Large semiconductor companies have therefore started outsourcing their back-end assembly and testing processes to specialist assembly & testing companies in order to reduce product costs and improve economic efficiency; The huge investments and risks involved in advanced wafer production processes at the front-end have led to more aggressive outsourcing by Japanese and Western vendors so there is a good chance that the proportion of outsourced testing will continue to increase every year.

4. State of competition

The vibrant development of front-end semiconductor manufacturing in Taiwan spurred the rapid growth of the back-end assembly and testing industries as well. High equipment costs as well as vertical integration led to the development of distinct groupings. Alliances and mergers became all the rage in the industry after 2002. Specialist IC testing companies in Taiwan include: KYEC, SIGURD, TeraPower and Global Testing Corporation. Leading packaging services provider ASE set up a joint holding company with SPIL in 2018. Assembly & testing company ChipMOS successfully integrated the testing services of WWT and ThaiLin in 2002, then acquired FICTA and CHANTEK in 2004 and 2005 respectively; Other assembly & testing companies that provide testing services include Orient Semiconductor Electronics and Walton Advanced Engineering; Powertech acquired Greatek in 2012 and made adjustments to the distribution of its testing business. It also acquired the Japanese wafer probe company TeraProbe and its assembly & testing factory in Akita from Micron Memory Taiwan; SIGURD acquired the two listed assembly & testing companies TSI and Winstek in 2016 and 2017 respectively, also the acquisition of UTAC (Taiwan) Corporation in 2021.

The pressure from across the strait is continuing to mount. Backed by the government "Big Funds", the Chinese industry engaged in a massive round of expansion, acquisitions and mergers since 2014. The massive market it offers has proved very attractive to customers and talent as well. There is no doubt that it will become the biggest source of competition given sufficient time.

Ardentec and our subsidiaries focus on providing professional wafer testing services. Relying on our industry-leading engineering capability, quality system and IT technical service, Ardentec has established a long-term cooperative relationship with big domestic and foreign semiconductor manufactures.

(III) Overview of Technology and R&D

1. Investment in R&D in the most recent year and up to the date of report publication

Unit: Thousand NTD

Item \ Year	2021	As of February 28, 2022 IFRS consolidated information
R&D expenditure	450,295	76,336
Net operating revenues	11,925,871	1,998,187
Proportion of net revenue	3.78 %	3.82 %

2. Technologies and products successfully developed

Year		Technologies and products successfully developed
2021	Ardentec	Application of RFID to UF3000 prober for automatic reading of wafer cassette lot numbers
		Electron microscope - Semi-automatic scrub mark recognition system
		Enhanced AVI function: Pad to scrub mark surface area ratio
		650V/100V GaN AC testing technology -Cg,UIS
		High-pressure, high-temperature probe card
		Development of testing technology for server-grade storage device controller IC
	Giga Solution	Development of mass production testing technology for WiFi 6E
		Development of mass production testing for wafer-grade 5G mmW
		Development of mass production testing for 5G mmW OTA
		Development of mass production testing for 5G mmW OTA SLT
		Development of mass production testing for 10 GHz motion sensor IC
		Development of mass production testing for 5G FR1 RF coupler
		Development of On-going Reliability Test (ORT) service process
		Addition of new testing platform capabilities for mass production testing of WiFi 6 FEM (Cohu Red Dragon)
		Development of mass production testing technology for UWB FEM
		Development of testing technology for WLCSP IPD mass production
2022	Ardentec	Wafer packaging recognition system - Pre/post-vacuum packaging recognition
		Wafer packaging recognition system - Shipping label recognition
	Giga Solution	Development of mass production testing technology for envelope tracking digital pre-distortion IC
		Development of wafer-level mass production testing technology for WiFi 6E SoC (Cohu DX)

3. Current R&D projects

(1) Application of image recognition to the testing of production technology. (January 2018 ~ December 2022)

a. Progress on wafer packaging recognition system: 100%(2019~2021)

This system including the automated photographing of wafer cassette contents before/after packaging removal function is being rolled out to each factory.

The transfer of existing recognition technology based on conventional morphology technology to the K-site factory and P-site factory in 2020 led to a drop in recognition rate due to differences in ambient lighting. AI technology and feature detection techniques were developed and trialled at the T-site, P-site and K-site this year producing recognition rates of over 97%. Recognition rate surpassed 99% in 2021 and the technology is now being deployed at the Nanjing factory.

b. Wafer warpage recognition system. Current progress: 65%

This system is designed to inspect and pick out during wafer IQC wafers that have been ground too thin by the preceding process to facilitate subsequent testing. Prototype design and testing for phase 1 was completed in 2019. Project was put on hold from 2020 to 2021 due to other priorities.

c. CP electron microscope camera upgrade project. Current progress: 100%

Phase 1 will replace the existing camera on the microscope and allow for output to a monitor.

Phase 2 is the assisted OP operation system (image scale conversion, PAD scrub mark surface area calculation, Bump scrub mark surface area calculation)

Phase 3 is the automatic scrub mark recognition system.

Image display method was upgraded to full screen in 2020. Brightness can also be adjusted and the image uploaded to storage. Last year, the operator had to manually circle the scrub mark's surface area. This year, a suitable AI model was found and trained on photos. It can now automatically find pad or bond at 50X magnification with around 90% accuracy, and at 20X magnification with up to 80% accuracy. Operator focus was completed in 2021. The system can now automatically identify all pads and scrub marks then calculate the scrub mark to pad ratio.

d. CP electron microscope camera upgrade project. Current progress: 25%

Phase 1 was the upgrade of FT microscope camera - Photographic recording and manual measurement of dimensions were completed.

Phase 2, the automatic capture and measurement of objects through AI image recognition, was put on hold in 2020 due to other priorities.

e. Wafer packaging recognition system - Pre-vacuum packaging recognition (2021.11 ~ 2023.12) is a new project.

A packaging learning model was set up in 2021 with two customers chosen for

pilot production.

The existing packaging learning model will be enhanced in 2022 and rolled out to other customers.

f. AVI enhancement Pad to scrub mark surface area ratio (2021.10 ~ 2021.12) of 100%

The existing AVI system can only identify defective pads. In 2021, the system became capable of identifying pads and calculating whether the scrum mark ratio complied with customer specifications.

(2) Wide Band Gap power component testing technology (January 2016 ~ December 2022)

a. 650V/100V GaN low-temperature prober (-55C). Progress: 85%

Rebuild and initial validation of the prototype was completed this year.

Pilot production can begin in 2020~2021 once the customer's automotive product arrives.

b. 650V/100V GaN AC testing technology. Current progress: 100%

Dynamic on-state resistance (milliohm), Cg, Rg, Ciss, Coss and Crss testing technologies were completed in 2019.

Cg, Rg and UIS pilot production were completed in 2021.

c. 1700V SiC component testing technology. Current progress: 60%

1700V DC testing technology has been completed and is ready to service the basic wafer test production requirements of customers.

d. MOSFET parallel testing and development platform: Progress: 100%

In 2020, a general testing program (with GUI for parameter input) for testing 4 MOSFET in parallel was developed using past MOSFET testing projects and experience. Similar customer products can now be validated by simply entering the relevant parameters, greatly shortening the testing and development time. Pilot production completed in 2021.

e. Progress on High-pressure, high-temperature probe card: 100 %

A quad sites GaN-FET probe card was designed for the Accotest machine in 2020. The PCB is rated for 1500v/10A with high voltage and low leakage to prevent high-voltage discharge. A new high-temperature ceramic base (spider) was also adopted to match component structure and high-temperature polymer probes. This should improve stability during high temperature and high voltage testing of GaN/HEMT wafer components, as well as reduce XYZ warpage of probe tips at high temperatures and shorten the preheat time. Significant progress has now been achieved with samples without stiffener added.

Development of high-temperature, low-warpage stiffener that reduces soak time by 50% was completed in 2021 and is now in mass production for key customers.

(3) Development of AI and HPC (High Performance Computing) chip testing technologies (January 2018 ~ December 2022)

Progress: 80%

a. Testing technology for server-grade storage device controller IC. Current progress: 100%
   Phase 2 customer product validation, pilot production and program optimization were completed this year and it is now in mass production.
b. The development of HPC IC testing technology is a newly created sub-project. Current progress: 50%
   In 2021, The HPC IC had completed 28 products at UFLEX and 93000 platforms. Conducting test development in ATC (active temperature control) module & calibration of FT handler. And work electric larger then 100Amp, Number of touch pins larger then 32K in chiller & power dissipation chuck of CP prober.

(4) Smart production technology development plan (2017.1 ~ 2022.12)

Progress: 80%

Four sub-projects are being conducted in this phase:

a. Prober automation: Automation of UF3000 prober with customer UI was completed in the first quarter of this year. This encompassed the J750, PS1600 and Magnum testers. Development on custom communications module for UF200 has been completed as well. It is now going through validation and pilot production, with mass production slated for 2022 Q4.
b. RFID application module: The deployment of RFID modules for automation of UF3000 probers was completed this year. Development and validation of RFID modules for OPUS3 and UF200 testers were also completed and it is now in pilot production. Mass production is slated for 2022 Q4. Development and validation of RFID modules for AVI testers have been completed. Pilot run is slated for 2022 Q2. In addition, RFID modules are now being developed for jigs to prevent the use of incorrect probe cards. Current progress: 60%.
c. For the automation of oven operations, development of an advanced oven automation process was completed and applied to mass production. A systematic validation process for product mass production was also completed to assist engineering units with validation for mass production.
d. Introduction of Automated Lot Handling System (AGV): UF3000 AGVs were introduced on Kaiyuan factory 3F, Dingxing factory 2F and Baoqing factory 7F this year. The development and validation of AGVs for AVI testers have also been completed with pilot run slated for 2022 Q2. The next step is phase 3 procurement. AGV will be introduced for AVI testers on Kaiyuan factory 2F, as well as the UF3000 series on Dingxing factory TS1-4F/TS2-2F and Baoqing factory 6F. AGV introduction should be completed by 2022 Q4.

(5) CIS testing solution (September 2020 ~ December 2022)

Progress: 50%

Evaluation and development of image signal processor were both completed in 2020. Signal processing time for 50-Megapixel products can now be reduced by 200 ~ 500%.

Completed in 2021:

1.Phase 1 of video signal module has now completed development and it is now capable of image capture and parallel processing for Dphy 2 lanes.

2.Tester/module command design and transmission.

3.Parallel processing technology for image data and memory processing technology.

(6) AVI ADC AI System (2018 Q4 ~ 2022)

Progress: 80%

a. In 2019, Ardentec partnered with ITRI to develop AI-based ADC technology. The technology was successfully used for defect sorting on our first AVI Pad product. The tool has since been rolled out to other customers and products since 2020. Joint validation found that the technology can be used for up to 85% of AVI Pad products and has an accuracy of up to 99.98%.

b. In 2020 Q4, Ardentec began working on an advanced AI with multi-category & active learning for AVI ADC 2.0. This will allow AVI ADC to be applied to bump products where there is a greater variety of defects and reduce the number of training photos required for pad and bump products by over 50%. Development of this ADC was successfully completed in 2021 Q4 and is slated for introduction on the first Bump AVI product in 2022 Q1.

c. The microscope automation project was launched in 2021 and three manually operated microscopes were successfully automated. Work on AI technology continued in 2022 and we plan to introduce automated testing and recognition technology to automated microscope operations.

(IV) Long- and Short-Term Business Development Plans

The short, medium and long-term marketing strategies are outlined below:

1. Our core business of wafer sort was used to enter the market. Initial focus was on building an engineering team and developing the necessary information technology and systems for serving customers in the memory wafer sort market. We established a reputation for quality and became the leader in the memory wafer sort market. Once we became a leader in memory wafer testing, we concentrated our efforts in the second half of 2001 on entering logic and mixed-signal wafer sort market as that was another key market. We entered the market for LCD driver IC wafer sort in 2004, entered the analog IC test market in 2006, entered the RFIC test market in 2009, and entered the CIS (CMOS Image Sensor) testing market in 2020.
2. The medium-term strategy was to establish a close partnership with leading wafer foundries in Taiwan and major international IDMs so that we can serve as their wafer sort hub in the Asia-Pacific. Once a strong partnership was established, another push was made to provide wafer sort services and support for world-class design houses in Taiwan and overseas. The

focus at this stage is to provide a complete, virtualized back-end service system based on the integration of information systems as well as investment in or acquisition of assembly & final testing companies that we have strategic partnerships with.

3. The long-term strategy is to concentrate our resources to create a localized advantage. In addition to aggressively expanding our 12" wafer sort production lines, we will also enter neighboring markets, establish our leadership there in an orderly manner and become our customer's preferred choice for wafer sort. We will also work closely with our partners to enter new fields or form new strategic partnerships.

II. Market, production and sales

(I) Market analysis

1. Areas in which core products (services) are sold (provided)

Unit: Thousand NTD

Year / Sales region	2019	2020	2021
USA	2,521,172	2,561,429	2,194,802
Europe	1,780,006	1,687,330	1,962,998
Taiwan	1,884,252	2,762,592	3,906,009
Singapore	597,265	915,129	1,380,059
Japan	342,884	1,215,724	1,515,816
Mainland China	324,608	244,179	432,909
Other	599,952	288,566	533,278
Total	8,050,139	9,674,949	11,925,871

2. Market Share

ITRI IEK and TSIA statistics indicated that the Taiwan testing market had a production output of 203.0 billion NTD in 2021. Ardentec revenues in 2021 amounted to 11.926 billion NTD, up 23.3% from 2020, and market share was 5.9% (5.6% in 2020). Ardentec can probably be ranked among the top 3 in Taiwan in our specialty of wafer sorting.

3. Future Market Supply-and-Demand and Growth

The global market for outsourced assembly & testing services is expected to continue growing as Western IDMs and Fabless companies continue to outsource more of these services. Japanese IDMs are actively outsourcing these requirements due to cost and risk diversification so this should generate another round of growth.

Production at 12" wafer foundries will grow at a rapid pace and evolve towards even smaller advanced production processes. As Taiwanese assembly & testing companies have adopted a strategy of offering advanced assembly & testing services

with high added value such as WLCSP assembly & testing, and SoC testing, demand from related assembly & testing requirements will only continue to grow.

Despite the current slowdown in the mobile phone market, other fields such as automotive electronics, 5G communications, AI and IoT products that everyone has been monitoring closely are now set to take off and this will no doubt generate new growth in the industry too.

4. Competitive niches

The key competitive advantages of Ardentec have always been our outstanding engineering, R&D and software design abilities as well as excellent IT system capability. Our own technical expertise along with the support of equipment vendors enable Ardentec and subsidiaries to provide customers with high-quality testing services at more competitive prices within a shorter period of time.

The main difference between Ardentec and our domestic peers is our internationalized services and global portfolio. Factories were built in Singapore and Korea in 2006 and 2010 respectively. The Nanjing factory also entered production in 2018. Our implementation of a "global localized service" strategy will hopefully overcome geographical constraints and provide us with better access to strategic customers.

5. Favorable and Adverse factors for Long-term Growth and Response Strategy

(1) Favorable factors:

a. The continued expansion of advanced processes by domestic upstream foundries along with further outsourcing of production to Taiwanese contract manufacturers by major international IDMs are all boosting demand for assembly & testing.

b. Intense competition in upstream IC design and manufacturing means that testing previously handled in-house are being gradually outsourced to specialized testing companies due to cost and business considerations.

c. The technical teams at Ardentec and our subsidiaries come from IDMs in the U.S. or Taiwan. We therefore enjoy an advantage over our peers when it comes to testing engineering ability and effective communication with overseas customers.

d. Ardentec and our subsidiaries have established specialized testing factories at Hsinchu in Taiwan, Singapore, Korea and Nanjing in China. We are therefore well positioned to serve upstream/downstream and foundry cluster customers from the Hsinchu Science Park in Taiwan, as well as international customers in Singapore, Korea and China.

(2) Unfavorable factors:

a. Fundamental changes to the assembly & testing industry chain due to horizontal integration within the domestic industry and the trend of international mergers.
b. 3D IC reference designs and constant innovations in manufacturing are driving changes in the industry chain. Independent testing services will have difficulties finding business without allies in the supply chain.
c. Increasing competition on price from peers and domestically built low-end machines.
d. Chinese companies are using their tremendous financial backing to engage in the aggressive acquisition and integration of the semiconductor industry chain. The face of the testing industry is changing rapidly and this will soon impact on the current balance of power.

(3) Response strategies:

a. Advanced testing equipment will be introduced and Ardentec's outstanding R&D capability applied to improve equipment utilization, increase added value and form strategic alliances with the upstream IC manufacturing industry. Ardentec has obtained certification from IC OEMs and commenced mass production. In the future, Ardentec will work to secure certification from well-known local and overseas foundries to ensure our competitive advantage.
b. Work closely with IC design houses. Help customer develop IC testing programs during the IC design phase to put obstacles to entry by our peers before IC enters mass production in the future.
c. Work actively to expand our 12" wafer sort equipment in response to customer requirements.
d. Look for opportunities to acquire or form strategic alliances with other key companies in the industry chain.
e. Expand the scope and depth of our cooperation with key customers. In addition to building a Singapore site in 2006 and a Korea site in 2010, new testing production lines were also added at Nanjing in 2018. Our goal is to provide customers with localized services in order to secure more contracts from major international players and establish ourselves near key wafer production regions.

(II) Application and production of key products

1. Key applications of major products

a. Ardentec

Main business is IC testing which is an essential specialization in the downstream part of the semiconductor manufacturing process. The wafer sort and final test services provided by Ardentec allow our customers' products to be

used in the computer, communications, consumer electronics, general industrial products, automotive electronics and information security products.

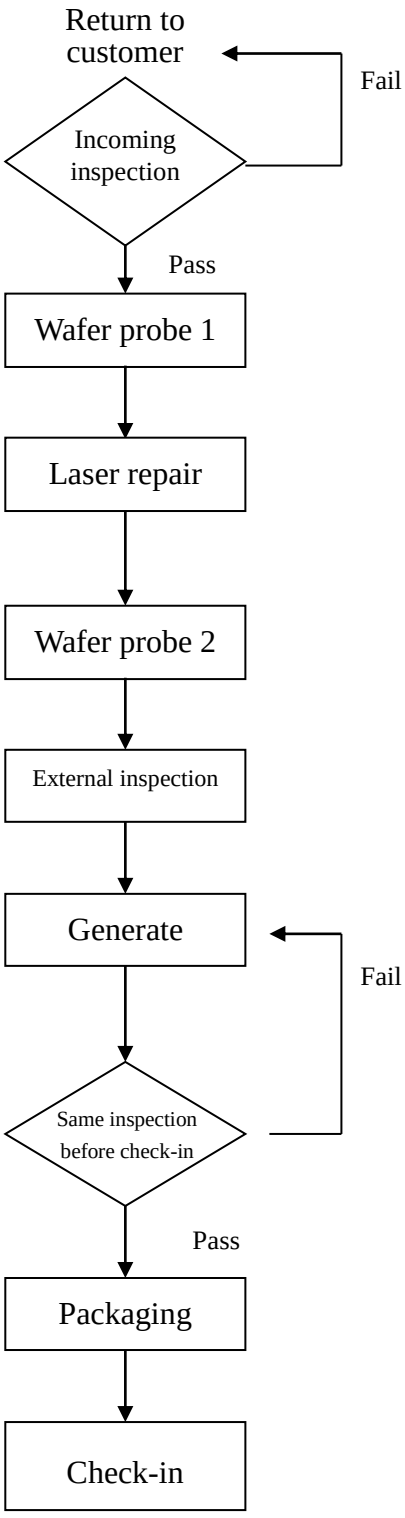
Wafer probe	Wafer probe conduct probe testing of IC functionality before packaging in order to eliminate defective products and reduce unnecessary assembly/final testing costs.
Final test service	Final test is used to verify the function, speed, tolerance, power consumption, power emission and thermal dissipation attributes of IC products after packaging to make sure they are all normal.

b. Giga Solution

Test IC is mainly used in smart phones and related communication products. These include RF power amplifier, RF switch, RF front module, WLAN IC, Bluetooth IC, LTE chipset, High Speed Digital IC, Base Band IC, and Power Management IC. New additions in recent years included IoT communications IC, Data Center optical communications IC (200 Gbps using TIA/LD), LTE Base Station high-power amplifier, GaN high-power RF switch. Development has also started on 5G mmW FEM/Phase Array IC and 5G sub-6GHz TRx IC.

2. Production processes of key products

a. Ardentec



Process

- Accept delivery
- Check quantity and documentation
- External inspection of incoming materials

- 100% (room/high-temperature) probe and self-inspection of pins and points during the production process

- Repair chips that are repairable
- Check to see if laser repair is successful

- Visual inspection

- Produce assembly map disk

- Check documentation
- Confirm test parameter flow and disk

- Verify disk
- Confirm quantity
- Print label

- Product check-in

b. Giga Solution

(1) Final Test: Development of testing program and test board → Validation of component electronic characteristics (Test correlation) → Engineering Pilot Run → Production Test → Tape&Reel → Shipping.

(2) Wafer Sort: Development of testing program and probe card → Validation of wafer characteristics (Test correlation) → Engineering Pilot Run → Production Test → Shipping.

(III) Supply status of primary raw materials

Ardentec and our subsidiaries are in the technical services sector (specialized testing company) of the IC industry so there are no primary raw materials.

(IV) Names of customers who accounted for more than 10% of the sales in the last two years, their sales as a percentage of total sales, and explain any changes

1. Major suppliers in the last two years: Ardentec and our subsidiaries are in the IC testing services industry so we have no suppliers.
2. Major customers in the last two years

Unit: Thousand NTD

Year	2020				2021			
Item	Name	Amount	Percentage of net sales %	Relationship with issuer	Name	Amount	Percentage of net sales %	Relationship with issuer
1	Company S	1,388,321	14%	None	Company S	1,531,843	13 %	None
2	Others	8,286,628	86%	None	Company X	1,187,481	10 %	None
					Others	9,206,547	77 %	None
	Net sales	9,674,949	100%		Net sales	11,925,871	100 %	

Explanation of changes:

Company S: A leading Taiwanese semiconductor design company for network communication and consumer products. Accounted for over 10% of total sales in 2020 and 2021.

Company X: The leading IC design house for mobile communications, smart homes and autotronic IC in Taiwan. Total sales grew by more than 10% in 2021 due to an increase in revenue.

(V) Output volume and value for the last two years

Unit: Thousand NTD, 1000 units/1000 pcs

Year / Production output Main Product	2020			2021		
	Production capacity	Output volume	Output value	Production capacity	Output volume	Output value
Wafer Sort	Note	2,692	4,577,834	Note	3,019	5,201,311
Final Test	Note	2,650,781	1,691,688	Note	3,599,675	2,293,967
Total		—	6,269,522		—	7,495,278

Note: Production capacity in the testing industry is calculated in terms of time rather than quantity. Disclosure is therefore based mainly on production equipment.

We owned 1,283 and 1,399 testers on December 31, 2020, and on December 31, 2021 respectively.

(VI) Sales volume and value for the last 2 years

Unit: Thousand NTD, 1000 units/1000 pcs

Year / Sales / Main Product	2020				2021			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Wafer Sort	495	1,391,702	2,197	5,553,216	549	2,181,724	2,470	6,090,212
Final Test	768,722	1,347,658	1,882,059	1,341,920	1,017,143	1,712,864	2,582,532	1,896,121
Others	—	23,232	—	17,221	—	11,421	—	33,529
Total	—	2,762,592	—	6,912,357	—	3,906,009	—	8,019,862

III. Information of employees in last two years (including number, average number of years with the company, average age, and distribution of level of education)

Year		2020	2021	As of February 28 ,2022
Number of employees	Number of managers	278	301	295
	Technical personnel	1,118	1,218	1,214
	Admin personnel	196	216	217
	Direct labor	1,047	1,115	1,090
	Total	2,639	2,850	2,816
Average age (year)		36.9 years	37.4 years	37.5 years
Average years of service		6 years	6.2 years	6.3 years
Academic qualification (%)	Ph.D.	0.30%	0.28%	0.28%
	MA	12.69%	12.14%	12.29%
	University/College	66.58%	67.12%	67.01%
	Senior High School	17.77%	18.60%	18.61%
	Below Senior High School	2.66%	1.86%	1.81%

IV. Environmental protection expenditure information

(I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

1. As of this report, Ardentec was fine NT$42,000 after a violation of environmental laws was detected during an environmental audit. The details were as follow:

(1) Incident 1:

a. Disposition Date and No.: 2021/05/19

b. Judgment No.: 40-110-050002, 40-110-050004, 40-110-050005, and 40-110-050006.

c. Violation and penalty: A fine for NT$24,000 and 4 hours of environmental education were imposed for violating Article 28, Paragraph 1, of the Waste Disposal Act.

(2) Incident 2:

a. Disposition Date and No.: 2021/06/28

b. Judgment No.: 40-110-060025 and 40-110-060027.

c. Violation and penalty: A fine for NT$18,000 and 3 hours of environmental education were imposed for violating Article 31, Paragraph 1, Sub-paragraph 1, and Article 36, Paragraph 1, of the Waste Disposal Act.

1. There were no losses or fines levied against Ardentec due to environmental pollution during the most recent year and up to the annual report publication date.
2. Estimate of possible expenses that could be incurred currently and in the future: Dedicated personnel have been appointed for the handling of environmental protection matters. Regular audits are conducted of internal and contractor operations to ensure environmental compliance and prevent losses from environmental pollution. The amount of estimated losses is therefore zero.
3. Future response strategies: Strengthened audits of waste contractors and increased the patrol frequency of internal storages area to ensure compliance.

(II) Disclosures required by the EU RoHS Directive

Ardentec provides testing and technical services to the IC industry (specialist testing plant) so we do not consume materials or produce our products. The RoHS Directive is therefore not applicable to our company. All packaging materials comply with RoHS regulations.

A Non-Hazardous Substance Policy has been formulated by Ardentec with regular internal audits and a management review of the "Non-Hazardous Substance Goal" every six months. The four factories under the Taiwan headquarters have implemented and passed certification on the IECQ QC 080000 hazardous substance process management system. All of their operational activities therefore conform to international regulations such as EU Restriction of Hazardous Substances Directive (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). The four factories have also devised management procedures for hazardous substances to ensure that Ardentec's services adhere to international laws and regulations, and comply with customers' requirement for green products and management of hazardous substances.

V. Employer-employee relations

(I) The Company's employee benefits measures, continuing education, training, retirement system, and actual state of implementation, as well as employer-employee agreements, measures for protecting employee rights and interests, employee work environment and protective measures for personal safety.

1. Welfare

(1) Established cafeteria to serve hygienic lunch and supper. Company meal subsidy: 60% of lunch and dinner; 100% of supper.

(2) Financial gifts are given for weddings, funerals, celebrations and childbirth. Gift coupons are given for New Year holidays.

(3) Organizing of health promoting activities such as health management consultations and seminars, regular health exams, promotion of weight-control competitions, and screening for different kinds of cancer.

(4) Provision of employee assistance plans (EAP)including free psychiatric and consulting services

(5) Comfortable employee dormitory.

(6) The employee recreation center offers employees with health promoting classes on belly dancing, aerobics, and office stretching exercises after work.

(7) Employees are encouraged to form into clubs such as: Softball, mountain climbing, badminton, yoga, snooker, cycling, basketball, table tennis, belly dancing, photography, volunteering, water activities, and triathlon.

(8) Employees and clubs actively take part in events and competitions organized by Hsinchu County/City and the Science Park. The badminton and triathlon clubs have been quite successful at competitions every year.

(9) Company holidays and low-carbon cycling tours are organized for employees and their families every year to help them relax, encourage employee families to socialize with each other, improve their fitness, and build a closer rapport between everyone.

2. Education and training

(1) Five training systems have been set up based on the needs of company goals and employee development. In addition to cultivating employees' professional skill set and know-how, human rights related courses are also incorporated into in-service

and orientation training. Seminars are also held on an ad hoc basis to provide more breadth and depth for education and training, enhance team support skills, instill the proper values, and realize the goal of sustainable human resources.

In 2021, focus of development and training efforts included the leadership skills of high/mid-level managers, as well as the management skills and English proficiency of junior managers. A total of 90,643.5 training hours were completed in 2021. Training was undertaken by 100% of employees. Each male employee undertook on average 35 hours of training; Each female employee undertook on average 29 hours of training.

a. Orientation training: New employees are provided with guidance on basic concepts and training upon arrival including introduction to the company, management rules, ethical standards, company policies, employee rights, quality, information security, safety and health.
b. Development and management training: Includes employee knowledge, attitude, team work, management techniques and management activities.
c. On-the-job training: Training related to the skills or expertise needed by an employee for their role.

   For example: Training on equipment engineering or information technology.
d. Compulsory training: Training employees on skills and knowledge that are needed for certain roles.
e. Compliance training: Training on compliance with business-related regulations, company policies, or domestically/internationally accepted principles/guidelines that help improve the working environment and sustainability for employees and the company.

(2) To support the career development of our employees, our annual performance evaluations are closely tied to employees' training plans. Managers and subordinates are invited to discuss their individual performance, goals, and training needed to accomplish such goals.

(3) Internal instructors for teaching employees about work-related knowledge and skills are encouraged by the Company to maintain our legacy and for knowledge management.

(4) Professional development measures include:

a、Training at overseas institutions.

b、Working at overseas subsidiary companies to gain multinational experience and

cultivate international talent through hands-on practice.

c、Quarterly managers' forums where managers may develop leadership skills by discussing trends of the industry, regulatory developments, upcoming international standards, business planning, and share practical experiences.

d、Growth management courses were held every quarter to provide junior managers with e-training on basic personnel management, project management, inter-departmental communications in order to improve their personal productivity and management ability.

(5) In 2021, an e-learning center was set up that enhanced learning effectiveness by providing employees with a platform for going over e-learning course contents and teaching materials. The ability to engage in learning in any time and place helped to mitigate the impact of COVID-19 on education and training. It also established a more comprehensive knowledge management platform.

(6) The Company has since 2012 provided undergraduates with a chance to work the industry so that they can apply what they learned and make seamless transitions into their careers. Ardentec provided corporate internship opportunities to 14 students from 9 faculties at 7 universities (National Taiwan University of Science and Technology, Yuan Ze University, Fu Jen Catholic University, Tunghai University, Chung Yuan Christian University, and Minghsin University of Science and Technology) in 2021. Internships at Ardentec have been offered to 206 students from 8 universities to date. Many interns are invited to join Ardentec straight after graduation to continue building up the depth and width of their professional value.

3. Pension Scheme

Ardentec has defined the "Labor Pension Regulations" in accordance with the "labor Standards Act “and "Labor Pension Act." A "Supervisory Committees of Labor Retirement Reserve" has also been set up. Depending on whether an employee chose to use the new or old system, Ardentec deposits its monthly salary contributions to a dedicated pension account at the Bank of Taiwan or an employee's personal account at the Labor Insurance Bureau. The Supervisory Committee of Labor Retirement Reserve is convened every quarter to review pension contributions and discuss retirement matters.

The Singaporean subsidiary complies with local regulations by contributing to the government-managed Central Provident Fund (CPF), whereas the Korean subsidiary

follows the "Employee Retirement Benefit Security Act" and makes contributions to a "Defined Contribution" (DC: Defined Contribution Retirement Pension) plan that the employer and the employees have agreed upon. The Nanjing subsidiary makes contributions to pension insurance in accordance with the pension insurance regulations of China.

4. Labor-management negotiation and communication channels
   (1) Ardentec has a number of labor-management communication committees in place for the discussion and communication of different issues including labor safety liaison meetings, Occupational Safety and Health Committee, and Staff Welfare Committee. Representatives at these committees come from both the management and employees. The opinions and rights of all employees are protected through the functional committees outlined above.
   (2) A set of "Grievance and Reporting Regulation" that offers a diverse range of communication channels from labor-management meetings to online and physical opinion/grievance boxes have been implemented to encourage employees to raise suggestions or problems concerning their work and the environment to the decision makers. The regulation was amended in 2021 in the spirit of continuous improvement to divided feedback into grievances, general administration, and other. Types of grievances included: Human rights of workers, business ethics, health and safety, and environmental protection. A timetable was also defined for processing each grievance type to improve the efficiency of the suggestion box.
   (3) Physical suggestion boxes have been installed for employees to express their opinions directly or anonymously. Queries received through the suggestion box are answered or looked into by the relevant functional units. Corrective actions are tracked until completion. Anonymous suggestions that do not involve other parties are handled by the relevant unit. If no other parties are involved, the original opinion, the action taken and the outcomes are then published in Chinese and English for the reference of the whole company. During the course of 2020, employees at Ardentec headquarters and subsidiaries made a total of 269 complaints or suggestions. 78 were signed and 191 were anonymous. All suggestions were processed, responded to, or announced. Most of the suggestions received related to improvements in general administration. There were no issues raised over human rights or working conditions.
5. Employee rights

Ardentec and subsidiaries adhere strictly to local laws on working conditions and labor rights. The "CSR Code of Conduct" and "Human Rights Protection Guidelines “were also formulated in accordance with the Responsible Business Alliance (RBA) Code of Conduct to ensure that employee rights are properly protected. There is no employment of child labor under the age of 16, no use of coercion, and all work as well as overtime are performed out of employees' own free will to ensure that employee working hours and overtime comply with the law. There is no discrimination against employees in their treatment and benefits on the basis of age, gender or marital status. We respect employees' freedom of association and right to collective bargaining.

6. Employee Working Environment and Personal Safety
   (1) OSH & Risk Management Dept at Ardentec is a tier-1 unit that reports directly to the General Manager. The Office employs a full complement of OHS-qualified health managers, nursing personnel and other staff with safety & health-related certificates to handle all OHS-related matters. A safety and health manual has been compiled to provide employees with a guide on safety and health operations.
   (2) Ardentec and subsidiaries have all established OHS management committees to review planning on workplace safety and health, their execution, as well as to coordinate and make recommendations to OSH-related organizations. All representatives are entitled to express their opinions on safety and health during meetings. The committees provide a transparent communication platform for direct participation by workers. Conclusions of every committee meeting are documented and recorded as a reference for subsequent supervision and future occupational safety and health planning.
   (3) Each site is provided with a sufficient number of first-aid personnel as required by law.
   (4) The work environment is tested every six months.
   (5) Comprehensive firefighting systems have been installed in accordance with firefighting regulations.
   (6) Firefighting training and evacuation drills are conducted every six months.
   (7) Ardentec and its operating sites follow the regulations on occupational safety and health and the regulations of domestic and foreign management systems to promote various safety and health measures. Headquarters, Nanjing, Singapore, Korea and the Giga Solution subsidiary have all obtained ISO 45001:2018 Occupational Safety and Health Management System certification. Health and

safety risk assessments are performed for each project to identify possible risks, with audits to timely control risks and achieve continuous improvement goals.

(8) Clinics, nursing personnel, and resident physicians have been established. Nursing personnel are also regularly stationed at each factory to help treat/prevent general/occupational diseases/injuries, offer health advice and provide first-aid. Resident physicians provide consultations for employees identified as being in the high-risk group while regular follow-ups and support are provided by nursing personnel to reduce the risk of serious illness among employees.

(9) Automated External Defibrillator (AED) were installed at each factory and at the Singapore subsidiary. AED operator and first-aid training were also conducted each year to maintain employee proficiency on rendering first-aid.

(10) Regularly perform employee safety and health training sessions. Employees are required to complete relevant safety and health training according to the nature of their job before they can commence with their work; Employees working with chemicals must complete general hazard education and training and perform their work only after fully understanding the chemical properties and hazards, the use of protective equipment, exposure prevention measures, and emergency response measures.

(11) An epidemic prevention committee was set up by Ardentec headquarters to protect against COVID-19. Operational guidelines and epidemic prevention plans were devised and implemented in collaboration with the relevant departments. Response measures at headquarters and subsidiaries were also unified. Related epidemic prevention mechanisms and supplies were put into place to prevent the spread of infectious diseases and viruses, and protect against their impact on company operations and workforce.

a、Operating guidelines were developed for handling COVID-19.

b、Tiered epidemic prevention measures: Tiered controls were implemented in response to epidemic developments including restrictions on business travel, meetings, work areas, cafeterias, elevators, shuttle buses, and employee dormitories.

c、Personnel classification and control: Employees were classified by level of risk. Corresponding controls and quarantine measures were then implemented.

d. Employee health management: All personnel entering the factory must wear a face mask at all times and have their temperature taking. Employee health self-assessments, contact tracing and tracking of high-risk employees were implemented. Hospital was also commissioned conduct high-risk personnel, contractor and voluntary employee screening.

e. Foreign employee dormitory management: Split shifts were introduced and each room reduced to four (or fewer) people. Employees were strong encouraged to stay home on their days off through financial incentives, buyer services and free boxed meals. Online registration was required when leaving/entering the dormitory, and a face mask must be worn at all times outside of the dorm. Face mask wearing was encouraged indoors and social distancing practiced on the shuttle buses through assigned seating. Passengers must have their temperature taken and disinfect their hands before boarding the bus. Shuttle buses are disinfected before and after use.

f. Site access restrictions for non-employees: Access can only be authorized by senior executives. Visitors must have their temperature taken, fill out a self-assessment form, go through the real-name registration process, wear a face mask at all times and stay in the assigned area. Personnel from high-risk areas must also provide a negative rapid antigen testing result.

g. Preparation of epidemic prevention supplies: Provide surgical face masks, 75% alcohol, ear/forehead thermometers, and RATs.

h. Environmental cleaning and disinfection: Sites and dormitory were cleaned and disinfected more intensively and frequently.

i. Epidemic prevention awareness: Related information and controls were announced at various times. Proper epidemic prevention measures were also promoted.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable

estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

1. Estimation of current and potential future losses suffered by the company in the most recent fiscal year and up to the annual report publication date the due to labor disputes: None.
2. Estimate of possible expenses that could be incurred currently and in the future:

   The "Grievance and Reporting Regulation" have been defined offering a variety of channels for communication. Committees focused on different aspects of labor-management communications have been set up for the thorough discussion and communication of each issue. The prevention of labor disputes through effective management means that estimated loss is therefore zero.
3. Response measures:

   In addition to strict adherence of local laws on working conditions and labor rights, the "CSR Code of Conduct" and "Human Rights Protection Guidelines" were also formulated in accordance with the Responsible Business Alliance (RBA) Code of Conduct to ensure that employee rights are properly protected. All suggestions were processed and responded to. The opinions and rights of all employees were safeguarded through each functional committee.

VI. Cyber Security Management

(1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber Security Risk Management Framework

   Information is the lifeblood of the technology industry and customers. Security-related documents such as “Cyber Security Manual” and “Intellectual Property Management Manual”, “Site Security Manual” and “GSMA Operating Procedures” were compiled to ensure the strict cyber security. All employees must adhere to the security regulations and requirements, and implement proper security measures to ensure that customers, the Company and facilities remain secure. All employees must attend information security education every year.

   All system development and maintenance, data access, backup mechanism, virus and network intrusion have rigorous protection measures. The computer room is equipped with an automatic fire extinguishing system, uninterruptable power system, and video surveillance measures.

2. Cyber Security Policy

All Company employees are required to adhere to security rules and requirements. Security must also be maintained to ensure the safety of customers and the Company.

Security Goals: Security goals based on confidentiality, integrity and accessibility should be defined and reviewed on a regular basis.

Safety Promise: Comply with the appropriate security regulations/requirements, and other requirements agreed upon with the Company.

Continuous improvement: Make continuous improvements to the security management system through audits and security management reviews.

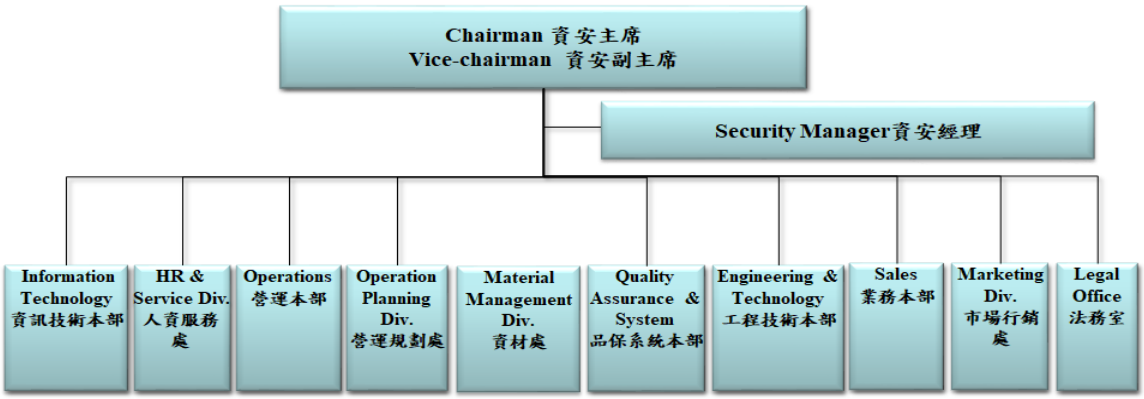
3. Actual management plans

An "Security Management Committee" was set up by the Company responsible for developing multiple information security protection mechanisms and conducting regular risk assessments. The Committee convenes a management review meeting every six months and continues to make improvements. Company headquarters as well as subsidiaries in Singapore, Korea and Nanjing have all obtained ISO 27001 certification. Ardentec headquarters' Dingxing factory, Kaiyuan factory, Gaosheng factory data room, Baoqing factory data room, Singapore subsidiary and Nanjing subsidiary have all passed the Common Criteria verification (Site Certification); Headquarters' Dingxing factory has obtained GSMA SAS-UP certification.

The Company is protected by extensive information security, physical security, product security measures as well as the intellectual property management system.

4. Investments in resources for cyber security management

A Company "Security Management Committee" has been established



ISO 27001 certification was obtained in 2008, Common Criteria certification was obtained in 2013, while GSMA SAS-IP and TIPS (Taiwan Intellectual Property Management System) Class A certification were obtained in 2020.

The Company is continuing to strengthen and improve our level of information and communication security protection through the assistance of national and international certification bodies. Ensure that a secure information and communication framework is provided for supporting customers.

(2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. None.

VII. Important contracts

(I) Ardentec

Nature of Contract	The Party	Commencement date/expiration date		Content	Restriction clauses
		Start Date	End Date		
Testing Contract	Macronix International Co., Ltd.	2005.11.01	2015.10.31 (Separate automatic renewal clause)	Testing Contract for IC and Finished Products	Maintaining the confidentiality of third-party business
Lease	RiTdisplay Corporation	2016.09.01	2024.08.31	Factory Lease	None
Long-term loan contract (107)	Bank of Taiwan, Mega International Commercial Bank, Hua Nan Commercial Bank, Cathay United Bank, Taipei Fubon Bank, E. Sun Bank, and CTBC Bank	2018.09.10	2023.09.10	Syndicated credit contract	None
Mid-to-long-term loan contract	Hua Nan Commercial Bank	2020.06.04	2023.06.04	Credit loan	None
Mid-to-long-term loan contract	KGI Bank	2020.07.28	2022.07.28	Credit loan	None
Mid-to-long-term loan contract	Hua Nan Commercial Bank	2020.06.19	2027.06.15	Investment loan for returning Taiwanese businesses	None

Nature of Contract	The Party	Commencement date/expiration date		Content	Restriction clauses
		Start Date	End Date		
Mid-to-long-term loan contract	Chang Hwa Bank	2020.09.29	2027.09.15	Investment loan for returning Taiwanese businesses	None
Mid-to-long-term loan contract	Taipei Fubon Bank	2020.10.15	2025.10.15	Investment loan for returning Taiwanese businesses	None
Mid-to-long-term loan contract	DBS Bank (Taiwan)	2020.11.09	2022.11.09	Credit loan	None
Mid-to-long-term loan contract	Mega International Commercial Bank	2021.04.15	2026.04.15	Investment loan for returning Taiwanese businesses	None
Mid-to-long-term loan contract	First Commercial Bank	2021.09.15	2028.09.15	Investment loan for returning Taiwanese businesses	None

(II) Giga Solution

Nature of Contract	The Party	Commencement date/expiration date		Content	Restriction Clauses
		Start Date	End Date		
Lease	Chingis Technology Corporation	2019.01.01	2023.08.31	Factory Lease	None
Lease	Chingis Technology Corporation	2020.12.16	2023.08.31	Factory Lease	None
Lease	Domex Technology Corporation	2021.01.01	2023.12.31	Factory Lease	None
Lease	Etron Technology Inc.	2021.01.01	2028.06.30	Factory Lease	None
Lease	PRINCO Corporation.	2021.01.01	2027.12.31	Factory Lease	None

Lease	Loop Telecommunication International, Inc	2021.04.01	2026.03.31	Factory Lease	None
Mid-to-long-term loan contract	Taiwan Cooperative Bank	2020.06.24	2027.06.15	Loan from Action Plan for Accelerated Investment by Domestic Corporations	Final deadlines for use of credit facility are 2022.12.31 and 2023.06.30.
Mid-to-long-term loan contract	Hua Nan Commercial Bank	2020.08.21	2027.08.15	Loan from Action Plan for Accelerated Investment by Domestic Corporations	Credit facility is effective until 2022.12.31.
Mid-to-long-term loan contract	Hua Nan Commercial Bank	2022.01.25	2029.01.15	Loan from Action Plan for Accelerated Investment by Domestic Corporations II	None
Mid-to-long-term loan contract	Taiwan Cooperative Bank	2022.02.18	2029.05.15	Loan from Action Plan for Accelerated Investment by Domestic Corporations II	None
Mid-to-long-term loan contract	Chang Hwa Bank	2022.03.10	2029.02.15	Loan from Action Plan for Accelerated Investment by Domestic Corporations II	None

Mid-to-long-term loan contract	E. Sun Bank	2022.03.15	2029.02.15	Loan from Action Plan for Accelerated Investment by Domestic Corporations II	None
Mid-to-long-term loan contract	E. Sun Bank	2020.11.09	2022.01.09	Credit loan	None
Mid-to-long-term loan contract	DBS Bank (Taiwan)	2020.03.12	2023.03.12	Credit loan	None
Mid-to-long-term loan contract	KGI Bank	2020.03.12	2023.03.12	Credit loan	None

Chapter 6. Financial Overview

I. Condensed balance sheets, statements of income, and audit opinions in the most recent 5 years

(I) Condensed balance sheet and statements of income

1. Combined condensed balance sheet - Based on International Financial Reporting Standards (IFRS) (consolidated)

Unit: Thousand NTD

Item \ Year		Financial analysis for the last five years (Note)				
		2017	2018	2019	2020	2021
Current assets		5,876,722	5,484,901	4,965,904	6,251,276	6,831,835
Property, plant and equipment		9,138,047	10,853,806	11,042,686	13,660,587	16,920,611
Investments recognized under the equity method		294,303	231,349	267,918	229,398	251,089
Intangible assets		618,079	629,693	606,399	605,361	568,095
Other assets		349,301	463,671	1,694,302	1,678,727	1,746,738
Total assets		16,276,452	17,663,420	18,577,209	22,425,349	26,318,368
Current liabilities	Before distribution	2,916,521	3,828,372	3,116,449	3,786,640	4,168,527
	After distribution	3,698,223	4,612,892	3,753,786	4,767,023	(Undistributed)
Non-current liabilities		3,182,192	3,182,192	2,832,348	6,152,080	8,144,244
Total liabilities	Before distribution	6,098,713	6,660,720	7,246,915	9,938,720	12,312,771
	After distribution	6,880,415	7,445,240	7,884,252	10,919,103	(Undistributed)
Equity attributable to owners of parent		10,177,739	11,002,700	11,330,294	12,486,629	14,005,697
Capital Stock		4,900,361	4,903,252	4,902,592	4,902,520	4,901,701
Capital surplus		1,250,932	1,284,154	1,308,351	1,331,153	1,366,003
Retained earnings	Before distribution	4,265,965	4,999,822	5,315,623	6,453,827	8,031,338
	After distribution	3,484,263	4,215,302	4,678,286	5,473,444	(Undistributed)
Other interests		(112,747)	(57,756)	(69,500)	(74,099)	(166,673)
Treasury stock		(126,772)	(126,772)	(126,772)	(126,772)	(126,772)
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	10,177,739	11,002,700	11,330,294	12,486,629	14,005,772
	After distribution	9,396,037	10,218,180	10,692,957	11,506246	(Undistributed)

Note: All financial reports from 2017 to 2021 were CPA-certified.

2. Combined statement of income - Based on International Financial Reporting Standards (IFRS) (consolidated)

Unit: Thousand NTD

Year / Item	Financial analysis for the last five years (Note)				
	2017	2018	2019	2020	2021
Revenues	7,860,015	8,443,804	8,050,139	9,674,949	11,925,871
Gross profit	2,457,641	2,841,152	2,540,413	3,405,427	4,430,593
Operating income/loss	1,618,318	1,837,931	1,574,351	2,229,664	3,065,393
Non-operating income and expenses	(80,894)	143,303	(83,163)	19,658	118,889
Net income before tax	1,537,424	1,981,234	1,491,188	2,249,322	3,184,282
Net income from continuing operations	1,267,571	1,548,542	1,109,596	1,782,498	2,580,294
Loss from discontinued operations	—	—	—	—	—
Net profit (loss) for current term	1,267,571	1,548,542	1,109,596	1,782,498	2,580,294
Other comprehensive income (loss) during the term (Net amount after tax)	(1,161)	(26,084)	(69,767)	(42,035)	(128,461)
Total comprehensive income for the term	1,266,410	1,522,458	1,109,596	1,740,463	2,451,833
Net income attributable to owners of the parent	1,276,988	1,548,542	1,109,596	1,782,498	2,580,294
Net Income (Loss) Attributable to Non-controlling Interests	(9,417)	—	—	—	—
Total Comprehensive income attributable Owners of the Parent	1,275,827	1,522,458	1,039,829	1,740,463	2,451,833
Total Comprehensive income attributable to Non-controlling Interests	(9,417)	—	—	—	—
Earnings per share	2.73	3.31	2.36	3.78	5.46

Note: All financial reports from 2017 to 2021 were CPA-certified.

3. Combined condensed balance sheet - Based on International Financial Reporting Standards (IFRS) (individual)

Unit: Thousand NTD

Year / Item		Financial analysis for the last five years (Note)				
		2017	2018	2019	2020	2021
Current assets		3,261,306	3,220,551	2,747,797	3,549,296	3,812,457
Property, plant and equipment		6,700,816	7,456,535	7,209,532	8,115,261	10,743,949
Investments recognized under the equity method		5,722,219	6,212,568	6,126,057	6,326,676	7,042,660
Intangible assets		12,962	25,691	32,099	53,399	44,278
Other assets		129,926	159,066	697,292	649,413	633,242
Total assets		15,827,229	17,074,411	16,812,777	18,694,045	22,276,586
Current liabilities	Before distribution	2,520,572	3,353,606	2,202,753	2,536,139	2,891,548
	After distribution	3,329,066	4,138,126	2,840,090	3,516,522	(Undistributed)
Non-current liabilities		3,128,918	3,128,918	3,279,730	3,671,277	5,379,441
Total liabilities	Before distribution	5,649,490	6,071,711	5,482,483	6,207,416	8,270.989
	After distribution	6,457,984	6,856,231	6,119,820	7,187,799	(Undistributed)
Capital Stock		4,900,361	4,903,252	4,902,592	4,902,520	4,901,701
Capital surplus		1,250,932	1,284,154	1,308,351	1,331,153	1,366,003
Retained earnings	Before distribution	4,265,965	4,999,822	5,315,623	6,453,827	8,031,338
	After distribution	3,457,471	4,215,302	4,678,286	5,473,444	(Undistributed)
Other interests		(112,747)	(57,756)	(69,500)	(74,099)	(166,673)
Treasury stock		(126,772)	(126,772)	(126,772)	(126,772)	(126,772)
Total equity	Before distribution	10,177,739	11,002,700	11,330,294	12,486,629	14,005,597
	After distribution	9,396,037	10,218,180	10,692,957	11,506,246	(Undistributed)

Note: All financial reports from 2017 to 2021 were CPA-certified.

4. Combined statement of income - Based on International Financial Reporting Standards (IFRS) (individual)

Unit: Thousand NTD

Item \ Year	Financial analysis for the last five years (Note)				
	2017	2018	2019	2020	2021
Revenues	5,895,108	6,473,474	5,817,108	6,450,102	7,649,014
Gross profit	2,090,976	2,457,435	2,081,176	2,418,378	3,182,925
Operating profits	1,579,702	1,806,771	1,519,607	1,745,966	2,309,922
Non-operating income and expenses	(57,555)	154,352	(116,049)	368,271	721,237
Net income before tax	1,522,147	1,961,123	1,403,558	2,114,237	3,031,159
Net income from continuing operations	1,276,988	1,548,542	1,109,596	1,782,498	2,580,294
Loss from discontinued operations	—	—	—	—	
Net profit (loss) for current term	1,276,988	1,548,542	1,109,596	1,782,498	2,580,294
Other comprehensive income (loss) during the term	(1,161)	(26,084)	(69,767)	(42,035)	(128,461)
Total comprehensive income for the term (Net amount after tax)	1,275,827	1,522,458	1,039,829	1,740,463	2,451,833
Earnings per share	2.73	3.31	2.36	3.78	5.46

Note: All financial reports from 2017 to 2021 were CPA-certified.

(II) Names of CPAs for the last five years and their audit opinions

Year	Name of CPA	Audit opinion
2017	Irene Wen CPA and Lin, Yu-Kuan CPA, PricewaterhouseCoopers Taiwan	Unqualified opinion
2018	Irene Wen CPA and Lin, Yu-Kuan CPA, PricewaterhouseCoopers Taiwan	Unqualified opinion
2019	Irene Wen CPA and Lin, Yu-Kuan CPA, PricewaterhouseCoopers Taiwan	Unqualified opinion
2020	Lin, Yu-Kuan CPA and Irene Wen CPA, PricewaterhouseCoopers Taiwan	Unqualified opinion
2021	Liu, Chien-Yu CPA and Irene Wen CPA, PricewaterhouseCoopers Taiwan	Unqualified opinion

II. Financial analysis for the last five years

(I) Financial Analysis - Based on IFRS

1. Financial Analysis - Based on IFRS (consolidated)

Analytical item \ Year		Financial analysis for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt-to-asset ratio (%)	37.47	37.71	39.01	44.32	46.78
	Long-term fund to property, plant and equipment (%)	146.20	127.47	140.01	136.44	130.90
Liquidity (%)	Current ratio (%)	201.50	143.27	159.34	165.09	163.89
	Quick ratio (%)	193.36	133.51	147.54	152.57	150.38
	Times interest earned	24.75	28.12	16.53	24.79	33.54
Operating ability	Average collection turnover (times)	4.87	4.92	4.68	5.01	5.10
	Days sales outstanding	75	74	78	73	72
	Average inventory turnover (times)	—	—	—	—	—
	Average payment turnover (times)	—	—	—	—	—
	Average inventory turnover days	—	—	—	—	—
	Property, plant and equipment turnover (times)	0.87	0.84	0.74	0.78	0.78
	Total assets turnover (times)	0.49	0.50	0.44	0.47	0.49
Profitability	Return on assets (%)	8.28	9.46	6.52	9.06	10.91
	Return on equity (%)	12.24	14.62	9.94	14.97	19.48
	Pre-tax income to paid-in capital ratio (%)	31.37	40.41	30.42	45.88	64.96
	Net profit ratio (%)	16.13	18.34	13.78	18.42	21.64
	Earnings per share (NTD)	2.73	3.31	2.36	3.78	5.46
Cash flows	Cash flow ratio (%)	134.41	94.43	113.65	118.91	134.44
	Cash flow adequacy ratio (%)	112.40	109.84	113.07	101.49	89.69
	Cash reinvestment ratio (%)	10.09	8.16	7.43	9.21	9.77
Leverage	Operating leverage	3.53	3.23	3.72	3.05	2.70
	Financial leverage	1.04	1.04	1.06	1.04	1.03

Describe the reasons for changes in financial ratios over the last two years. (Analysis can be waived if magnitude of changes are under 20%)

1. Times interest earned: Higher profits led to an increase of TIE over the previous period.
2. Profitability ratios (return on assets, return on equity, pre-tax income to paid-in capital ratio, net margin ratio and earnings per share):
   Higher revenues along with the recognition of gains on disposal of investment property and property, plant and equipment, and non-operating income from the recognition of exchange gains and return on investment for subsidiaries in accordance with the equity method resulted in net profit after tax being approximately 45% higher than the previous period. All profitability ratios were therefore higher than the previous period.

Note 1: All financial reports from 2017 to 2021 were CPA-certified.

Note 2: The formulas for the above table are as follow:

1. Financial structure
   (1) Debt-to-asset ratio = total liabilities / total assets.
   (2) Long-term fund to property, plant and equipment ratio = (total equity + non-current liabilities) / net amount of real estate properties, plants and equipment.
2. Liquidity
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
   (3) Time interest earned = net income before income tax and interest expense / current interest expense.
3. Operating ability
   (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
   (2) Average collection period = 365 / receivables turnover.
   (3) Inventory turnover ratio = cost of goods sold / average amount of inventory.
   (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
   (5) Average days of sales = 365 / inventory turnover.
   (6) Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment.
   (7) Fixed assets turnover = net sales / average gross assets.
4. Profitability
   (1) Return on assets = [net income + interest expense × (1 - tax rate)] / average total assets.
   (2) ROE = income after tax / net average equity.
   (3) Net margin = net income / net sales.
   (4) EPS = (income belonging to owner of parent company - stock dividend of preferred stocks)/weighted average number of issued shares. (Note 3)
5. Cash flows
   (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.
   (3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 4)
6. Leverage:
   (1) Operating leverage = (net operating revenues - current operating cost and expense) / operating profit (Note 5).
   (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 3: Please pay particular attention to the following when assessing the above EPS formula:

1. It should be based on the weighted average of ordinary shares rather than shares outstanding at the end of the year.
2. For cash capital increases or treasury stock transactions then their weighted average shares should be calculated based on their period in circulation.
3. If surplus or capital surplus was converted into capital, the EPS for the previous year/half-year should be revised based on the capital increase ratio. The circulation period for the capital increase can be disregarded.
4. If preferred shares are non-convertible cumulative preferred shares then their dividend for the current year (whether they are distributed or not) should be deducted from the net income after tax or added to net loss after tax. If the preferred shares are non-cumulative and there is net income

after tax then the dividend from preferred shares should be deducted from net income after tax; no adjustment is necessary for losses.

Note 4: Please pay particular attention to the following when assessing the cash flow analysis:

1. Net cash flow from operating activities refers to net cash income from operating activities in the cash flow table.
2. Capital expenditures refer to cash outflow from capital investments each year.
3. Increases in inventory are only included if the remainder at the end of the period is larger than the start of the period. A decrease in inventory at the end of the year is then treated as zero.
4. Cash dividend is for both ordinary shares and preferred shares.
5. Gross amount of property, plant and equipment refers to the total value of property, plant and equipment before cumulative amortization is deducted.

Note 5: The publisher should classify each item of operating cost or expense as fixed or variable. For estimates or subjective judgments please ensure they are reasonable and consistent.

Note 6: For subsidiaries whose shares are issued without face value or where the face value does not equal to 10 NTD, the calculation of paid-in capital ratio should be calculated using the equity ratio attributable to the owner of the parent company on the asset balance sheet.

2. Financial Analysis - Based on IFRS (individual)

Analytical item \ Year		Financial analysis for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt-to-asset ratio(%)	35.69	35.69	32.61	33.21	37.13
	Long-term fund to property, plant and equipment (%)	198.58	198.58	202.65	199.11	180.43
Liquidity (%)	Current ratio(%)	129.39	129.39	124.74	139.95	131.85
	Quick ratio(%)	126.10	126.10	120.18	135.26	125.42
	Times interest earned	24.62	24.62	21.24	36.34	56.24
Operating ability	Average collection turnover (times)	4.69	4.69	4.39	4.77	4.75
	Days sales outstanding	78	78	83	77	77
	Average inventory turnover (times)	—	—	—	—	—
	Average payment turnover (times)	—	—	—	—	—
	Average inventory turnover days	—	—	—	—	—
	Property, plant and equipment turnover (times)	0.86	0.86	0.91	0.84	0.81
	Total assets turnover (times)	0.39	0.39	0.39	0.36	0.37
Profitability	Return on assets (%)	8.76	8.76	9.76	10.32	12.82
	Return on equity (%)	12.82	12.82	14.62	14.97	19.48

	Pre-tax income to paid-in capital ratio (%)	31.06	40.00	28.63	43.13	61.84
	Net profit ratio (%)	21.66	23.92	19.07	27.64	33.73
	Earnings per share (NTD)	2.73	3.31	2.36	3.78	5.46
Cash flows	Cash flow ratio (%)	114.77	99.13	124.59	126.88	126.27
	Cash flow adequacy ratio (%)	113.01	117.85	126.61	120.39	99.96
	Cash reinvestment ratio (%)	7.94	8.33	6.06	7.40	6.76
Leverage	Operating leverage	2.68	2.52	2.83	2.61	2.29
	Financial leverage	1.04	1.04	1.05	1.04	1.02

Describe the reasons for changes in financial ratios over the last two years. (Analysis can be waived if magnitude of changes are under 20%)

1. Times interest earned: Higher profits together with lower interests due to a decrease in loan interest rates profits led to an increase of TIE over the previous period.
2. Profitability ratios (return on assets, return on equity, pre-tax income to paid-in capital ratio, net margin ratio and earnings per share):
   Higher revenues along with the recognition of non-operating income from the recognition of exchange gains and return on investment for subsidiaries in accordance with the equity method resulted in net profit after tax being approximately 45% higher than the previous period. All profitability ratios were therefore higher than the previous period.

Note 1: All financial reports from 2017 to 2021 were CPA-certified.

Note 2: The formulas for the above table are as follow:

1. Financial structure
   (1) Debt-to-asset ratio = total liabilities / total assets.
   (2) Long-term fund to property, plant and equipment ratio = (total equity + non-current liabilities) / net amount of real estate properties, plants and equipment.
2. Liquidity
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
   (3) Time interest earned = net income before income tax and interest expense / current interest expense.
3. Operating ability
   (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
   (2) Average collection period = 365 / receivables turnover.
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   (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
   (5) Average days of sales = 365 / inventory turnover.
   (6) Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment.
   (7) Fixed assets turnover = net sales / average gross assets.
4. Profitability
   (1) Return on assets = [net income + interest expense × (1 - tax rate)] / average total assets.
   (2) ROE = income after tax / net average equity.
   (3) Net margin = net income / net sales.
   (4) EPS = (income belonging to owner of parent company - stock dividend of preferred stocks)/weighted average number of issued shares. (Note 3)
5. Cash flows
   (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.
   (3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 4)
6. Leverage:
   (1) Operating leverage = (net operating revenues - current operating cost and expense) / operating profit (Note 5).
   (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 3: Please pay particular attention to the following when assessing the above EPS formula:

1. It should be based on the weighted average of ordinary shares rather than shares outstanding at the end of the year.
2. For cash capital increases or treasury stock transactions then their weighted average shares should be calculated based on their period in circulation.
3. If surplus or capital surplus was converted into capital, the EPS for the previous year/half-year should be revised based on the capital increase ratio. The circulation period for the capital increase can be disregarded.
4. If preferred shares are non-convertible cumulative preferred shares then their dividend for the current year (whether they are distributed or not) should be deducted from the net income after tax or added to net loss after tax. If the preferred shares are non-cumulative and there is net income

after tax then the dividend from preferred shares should be deducted from net income after tax; no adjustment is necessary for losses.

Note 4: Please pay particular attention to the following when assessing the cash flow analysis:

1. Net cash flow from operating activities refers to net cash income from operating activities in the cash flow table.
2. Capital expenditures refer to cash outflow from capital investments each year.
3. Increases in inventory are only included if the remainder at the end of the period is larger than the start of the period. A decrease in inventory at the end of the year is then treated as zero.
4. Cash dividend is for both ordinary shares and preferred shares.
5. Gross amount of property, plant and equipment refers to the total value of property, plant and equipment before cumulative amortization is deducted.

Note 5: The publisher should classify each item of operating cost or expense as fixed or variable. For estimates or subjective judgments please ensure they are reasonable and consistent.

Note 6: For subsidiaries whose shares are issued without face value or where the face value does not equal to 10 NTD, the calculation of paid-in capital ratio should be calculated using the equity ratio attributable to the owner of the parent company on the asset balance sheet.

III. Audit Committee's audit report for the most recent fiscal year

Audit Committee's Report

The Company has prepared the 2021 Financial Statements, Business Report, and Earnings Distribution Proposal, and the individual and consolidated financial statements from the 2021 financial statements were audited by PwC Taiwan. An audit report was also issued by PwC. The aforementioned Business Report, Financial Statements, and the Earnings Distribution Proposal were reviewed by the Audit Committee and no inconsistencies were found. Those documents are therefore presented here in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act.

To

2022 Annual General Shareholders Meeting

Ardentec Corporation

Chairman of the Audit Committee: Wei-Shan Hu

February 24, 2022

IV. Financial statements for the most recent year

ARDENTEC CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Ardentec Corporation (the "Consolidated FS of the Affiliates"), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2021 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the Consolidated Financial Statements of Ardentec Corporation and its subsidiaries (the "Consolidated FS of the Group") in accordance with International Financial Reporting Standard 10. In addition, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Ardentec Corporation does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

Chih-Yuan Lu,
Chairman of Ardentec Corporation
February 24, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Ardentec Corporation

Opinion

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

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

Basis for opinion

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

Key audit matters

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

The most significant key audit matters in our audit of the consolidated financial statements of the current period are as follows:

Revenue recognition

Description

The Group's operating revenue arise mainly from IC testing services. Please refer to Note 4(28) for accounting policies on revenue recognition, and Note 6(23) for details of operating revenue.

Given the significance of service revenue to the consolidated financial statements, it was identified as a key audit matter.

How our audit addressed the matter

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

1. Interviewed with management in order to obtain an understanding of and assess the accounting policies on revenue recognition, and tested the design and the operating effectiveness of internal controls in relating to revenue recognition.
2. Selected samples to perform test of detailed transactions, including review of performance obligation of transaction orders and respective prices and of supporting documents for providing service in order to ensure the existence and accuracy of transactions.
3. Examined and verified the assessment procedures and related supporting documents in relation to the stage of completion of performance obligation at the balance sheet date to ensure the reasonableness and timing of revenue recognition.

Additions to property, plant and equipment

Description

The Group increased the capital expenditure along with its operational growth. Please refer to Note 4 (14) for accounting policies on property, plant and equipment, and Note 6(8) for details of property, plant and equipment. Considering additions to property, plant and equipment is siginificant to the Company's financial statements, thus, we determined additions to property, plant and equipment a key audit matter.

How our audit addressed the matter

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

1. Assessed and tested the effectiveness of the internal control system on additions to property, plant and equipment and provision timing of depreciation, and verified respective purchase orders and invoices to ensure that transactions were approved accordingly and recognised amounts were correct. Examined the acceptance reports to validate whether the timing that assets are ready for use and are recorded in the property listing is appropriate and confirm that the timing of depreciation is provided correctly.
2. Obtained an understanding of the reasons that unfinished construction and equipment under acceptance are not ready for use, and ensure the aforementioned status are reasonable through verifying related supporting documents.
3. Sampled and conducted physical inspection of certain assets to confirm that the purchased items exist.

Other matter – Parent company only financial reports

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

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

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

preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chien-Yu Liu　　Wen, Fang-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2022

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

ARDENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,206,881	8	$ 1,787,064	8
1110	Financial assets at fair value through profit or loss - current	6(2)	10,342	-	12,193	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	605	-	460	-
1136	Current financial assets at amortised cost	6(4) and 8	1,262,454	5	1,582,517	7
1140	Current contract assets	6(23) and 7	269,500	1	185,519	1
1170	Accounts receivable, net	6(5)	2,368,135	9	2,082,385	9
1180	Accounts receivable - related parties	6(5) and 7	122,887	1	99,748	1
1200	Other receivables	7	27,639	-	27,472	-
1410	Prepayments	6(6)	560,196	2	467,527	2
1479	Other current assets, others	8	3,196	-	6,391	-
11XX	**Total current assets**		6,831,835	26	6,251,276	28
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	55,360	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	36,402	-	36,402	-
1535	Non-current financial assets at amortised cost	6(4) and 8	31,972	-	29,545	-
1550	Investments accounted for using equity method	6(7)	251,089	1	229,398	1
1600	Property, plant and equipment, net	6(8) and 8	16,920,611	64	13,660,587	61
1755	Right-of-use assets	6(9) and 7	1,256,179	5	1,268,551	6
1780	Intangible assets, net	6(10)(11)	568,095	2	605,361	3
1840	Deferred income tax assets	6(30)	241,052	1	201,771	1
1900	Other non-current assets	6(12)(17) and 8	125,773	1	142,458	-
15XX	**Total non-current assets**		19,486,533	74	16,174,073	72
1XXX	**Total assets**		$ 26,318,368	100	$ 22,425,349	100

(Continued)

ARDENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(13)	$ 659,718	2	$ 663,091	3
2120	Financial liabilities at fair value through profit or loss - current	6(14)	4,215	-	14,303	-
2150	Notes payable	7	322	-	1,019	-
2200	Other payables	6(15) and 7	2,258,693	9	1,848,656	8
2230	Current income tax liabilities	6(30)	462,919	2	329,517	2
2280	Current lease liabilities	6(9) and 7	228,432	1	173,155	1
2320	Long-term liabilities, current portion	6(16) and 8	520,419	2	727,390	3
2399	Other current liabilities, others		33,809	-	29,509	-
21XX	**Total current liabilities**		4,168,527	16	3,786,640	17
	Non-current liabilities					
2540	Long-term borrowings	6(16) and 8	6,722,515	25	4,791,935	21
2550	Provisions for liabilities - non-current	6(19)	80,235	-	74,517	-
2570	Deferred income tax liabilities	6(30)	165,259	1	126,506	1
2580	Non-current lease liabilities	6(9) and 7	931,186	4	947,139	4
2600	Other non-current liabilities	6(16)(17)	245,049	1	211,983	1
25XX	**Total non-current liabilities**		8,144,244	31	6,152,080	27
2XXX	**Total liabilities**		12,312,771	47	9,938,720	44
	Equity attributable to owners of the parent					
	Share capital	6(20)				
3110	Share capital - common stock		4,901,701	19	4,902,520	22
	Capital surplus	6(21)				
3200	Capital surplus		1,366,003	5	1,331,153	5
	Retained earnings	6(22)				
3310	Legal reserve		1,789,296	7	1,611,742	7
3320	Special reserve		60,546	-	25,467	-
3350	Unappropriated retained earnings		6,181,496	23	4,816,618	22
	Other equity interest					
3400	Other equity interest		(166,673)	(1)	(74,099)	-
3500	Treasury stocks	6(20)	(126,772)	-	(126,772)	-
31XX	**Equity attributable to owners of the parent**		14,005,597	53	12,486,629	56
3XXX	**Total equity**		14,005,597	53	12,486,629	56
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 26,318,368	100	$ 22,425,349	100

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

ARDENTEC CORPORATION AND SUBSIDIARIES
FOR THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(23) and 7	$ 11,925,871	100	$ 9,674,949	100
5000	Operating costs	6(28)(29)	(7,495,278)	(63)	(6,269,522)	(65)
5900	Gross profit from operations		4,430,593	37	3,405,427	35
	Operating expenses	6(28)(29) and 7				
6100	Selling expenses		(98,257)	(1)	(87,655)	(1)
6200	General and administrative expenses		(816,648)	(7)	(677,627)	(7)
6300	Research and development expenses		(450,295)	(3)	(410,481)	(4)
6000	Total operating expenses		(1,365,200)	(11)	(1,175,763)	(12)
6900	Operating profit		3,065,393	26	2,229,664	23
	Non-operating income and expenses					
7100	Interest income	6(24)	9,775	-	18,526	-
7010	Other income	6(25) and 7	69,960	1	71,628	1
7020	Other gains and losses	6(26)	119,611	1	64,456	1
7050	Finance costs	6(9)(19)(27)	(97,847)	(1)	(94,558)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	17,390	-	(40,394)	(1)
7000	Total non-operating income and expenses		118,889	1	19,658	-
7900	**Profit before income tax**		3,184,282	27	2,249,322	23
7950	Income tax expense	6(30)	(603,988)	(5)	(466,824)	(5)
8200	**Profit for the year**		$ 2,580,294	22	$ 1,782,498	18
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(17)	($ 25,602)	-	($ 8,269)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	145	-	4,978	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	3,202	-	1,312	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(22,255)	-	(1,979)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(132,758)	(1)	(50,070)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(30)	26,552	-	10,014	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(106,206)	(1)	(40,056)	-
8300	**Total other comprehensive loss for the year**		($ 128,461)	(1)	($ 42,035)	-
8500	**Total comprehensive income for the year**		$ 2,451,833	21	$ 1,740,463	18
	Profit attributable to:					
8610	Owners of the parent		$ 2,580,294	22	$ 1,782,498	18
8620	Non-controlling interest		$ -	-	$ -	-
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 2,451,833	21	$ 1,740,463	18
8720	Non-controlling interest		$ -	-	$ -	-
9750	Basic earnings per share	6(31)	$	5.46	$	3.78
9850	Diluted earnings per share	6(31)	$	5.36	$	3.71

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

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

		Equity attributable to owners of the parent									
				Retained earnings			Other equity interest				
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity - others	Treasury stocks	Total equity
For the year ended December 31, 2020											
Balance at January 1, 2020		$ 4,902,592	$ 1,308,351	$ 1,501,710	$ -	$ 3,813,913	($ 25,513)	$ 46	($ 44,033)	($126,772)	$ 11,330,294
Profit for the year		-	-	-	-	1,782,498	-	-	-	-	1,782,498
Other comprehensive (loss) income for the year		-	-	-	-	(6,957)	(40,056)	4,978	-	-	(42,035)
Total comprehensive (loss) income		-	-	-	-	1,775,541	(40,056)	4,978	-	-	1,740,463
Distribution of 2019 earnings	6(22)										
Legal reserve		-	-	110,032	-	(110,032)	-	-	-	-	-
Special reserve		-	-	-	25,467	(25,467)	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(637,337)	-	-	-	-	(637,337)
Compensation cost of employee restricted shares	6(18)	-	-	-	-	-	-	-	30,210	-	30,210
Retirement of employee restricted shares	6(18)(20)(21)	(72)	(197)	-	-	-	-	-	269	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	6(21)	-	21,126	-	-	-	-	-	-	-	21,126
Recognition of associates' equity	6(21)	-	1,873	-	-	-	-	-	-	-	1,873
Balance at December 31, 2020		$ 4,902,520	$ 1,331,153	$ 1,611,742	$ 25,467	$ 4,816,618	($ 65,569)	$ 5,024	($ 13,554)	($126,772)	$ 12,486,629
For the year ended December 31, 2021											
Balance at January 1, 2021		$ 4,902,520	$ 1,331,153	$ 1,611,742	$ 25,467	$ 4,816,618	($ 65,569)	$ 5,024	($ 13,554)	($126,772)	$ 12,486,629
Profit for the year		-	-	-	-	2,580,294	-	-	-	-	2,580,294
Other comprehensive (loss) income for the year		-	-	-	-	(22,400)	(106,206)	145	-	-	(128,461)
Total comprehensive (loss) income		-	-	-	-	2,557,894	(106,206)	145	-	-	2,451,833
Distribution of 2020 earnings	6(22)										
Legal reserve		-	-	177,554	-	(177,554)	-	-	-	-	-
Special reserve		-	-	-	35,079	(35,079)	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(980,383)	-	-	-	-	(980,383)
Compensation cost of employee restricted shares	6(18)	-	-	-	-	-	-	-	10,715	-	10,715
Retirement of employee restricted shares	6(18)(20)(21)	(819)	(1,953)	-	-	-	-	-	2,772	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	6(21)	-	32,502	-	-	-	-	-	-	-	32,502
Recognition of associates' equity		-	4,301	-	-	-	-	-	-	-	4,301
Balance at December 31, 2021		$ 4,901,701	$ 1,366,003	$ 1,789,296	$ 60,546	$ 6,181,496	($ 171,775)	$ 5,169	($ 67)	($126,772)	$ 14,005,597

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

ARDENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 3,184,282	$ 2,249,322
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)		522	(2,966)
Depreciation	6(8)(9)(28)	3,027,260	2,685,012
Amortization	6(10)(28)	85,133	80,651
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(26)	(8,237)	6,105
Compensation cost of employee restricted shares	6(18)(29)	10,715	30,210
Interest expense	6(9)(19)	97,847	94,558
Interest income	6(24)	(9,775)	(18,526)
Dividend income	6(25)	(25)	(23)
Share of (gain) loss of associates accounted for using equity method	6(7)	(17,390)	40,394
Gain on disposal of property, plant and equipment	6(26)	(108,872)	(76,995)
Deferred revenue transferred to other income		(14,077)	(2,471)
Gain on lease modification	6(26)	(2,002)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(83,981)	(37,726)
Accounts receivable		(320,302)	(503,391)
Other receivables		(9,722)	(4,262)
Prepayments		(95,097)	(103,881)
Net defined benefit asset		(5,725)	(188)
Changes in operating liabilities			
Notes payable		(697)	(124)
Other payables		348,106	399,810
Current provisions		(3,763)	-
Other current liabilities		4,498	18,066
Accrued pension liabilities		23,701	(3,037)
Cash inflow generated from operations		6,102,399	4,850,538
Interest received		10,965	21,209
Interest paid		(72,558)	(86,286)
Income taxes paid		(436,457)	(282,661)
Net cash flows from operating activities		5,604,349	4,502,800

(Continued)

ARDENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investment reduction of financial assets at fair value through other comprehensive income		$ -	$ 58,279
Acquisition of property, plant and equipment	6(32)	(6,037,415)	(4,765,237)
Proceeds from disposal of property, plant and equipment		125,628	82,699
Acquisition of intangible assets	6(10)	(48,280)	(79,394)
Decrease (increase) in financial assets measured by amortized cost	8	311,870	(171,535)
Decrease in restricted assets	8	7,285	10,444
Decrease (increase) in refundable deposits		5,422	(6,747)
Dividends received		25	23
Acquisition of financial assets at fair value through profit or loss		(55,360)	-
Acquisition of grants		8,072	3,038
Net cash flows used in investing activities		(5,682,753)	(4,868,430)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(33)	(1,422)	(138,847)
Proceeds from long-term debt	6(33)	3,847,000	8,769,640
Repayment of long-term debt	6(33)	(2,121,280)	(6,968,884)
Decrease in guarantee deposits received	6(33)	-	(536)
Repayment of principal portion of lease liabilities	6(9)(33)	(198,667)	(176,927)
Repayments of payments on behalf the Group	6(16)(33)	(21,705)	-
Cash dividends paid		(947,881)	(616,211)
Net cash flows from financing activities		556,045	868,235
Effects due to changes in exchange rate		(57,824)	(3,565)
Net increase in cash and cash equivalents		419,817	499,040
Cash and cash equivalents at beginning of year	6(1)	1,787,064	1,288,024
Cash and cash equivalents at end of year	6(1)	$ 2,206,881	$ 1,787,064

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

ARDENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Ardentec Corp. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in provision of integrated circuit testing services.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on February 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

(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 recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) Year ended December 31, 2021	Ownership (%) Year ended December 31, 2020
Ardentec Corp.	Sheng Tang Investment Ltd.	General investments	100	100
Ardentec Corp.	Valutek, Inc.	General investments	100	100
Ardentec Corp.	Valucom Investment, Inc.	General investments	100	100
Ardentec Corp.	Ardentec Singapore Pte. Ltd.	Provider of testing and assembly services	100	100
Ardentec Corp.	Ardentec Korea Co., Ltd.	Electronic integrated circuits, diodes, transistors and similar semiconductor devices/ Semiconductor and integrated cirucuit devices testing and trimming	100	100
Ardentec Corp.	Giga Solution Technology Co., Ltd.	Integrated circuit, module and component testing	100	100
Sheng Tang Investment Ltd.	Ardentec Semiconductor, Ltd.	Electronic components manufacturing	100	100
Valucom Investment, Inc.	ValuTest Incorporated	General investments	100	100
ValuTest Incorporated	Ardentec Nanjing Co., Ltd.	Semiconductor testing, research, and development	100	100

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

D. Adjustments are not required since the subsidiaries adopt the same accounting period.

E. Subsidiaries' ability of transferring capital to parent company has not been significantly restricted.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

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

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to 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 non-current liabilities:

(a) Liabilities 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;

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

(6) Cash equivalents

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

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

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

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

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

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

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

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

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

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

(9) Financial assets at amortised cost

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

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

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

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

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

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has not retained control of the financial asset.

(13) Investments accounted for using equity method / associates

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

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

C. When changes in an associate's equity are not recognised 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 recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

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

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

(14) Property, plant and equipment

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

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

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

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

Land improvements	10 years
Buildings and structures	5 ~ 50 years
Machinery and equipment	2 ~ 15 years
Transportation equipment	5 years
Office equipment	3 ~ 5 years
Leasehold improvements	8 years
Other facilities	2 ~ 6 years

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

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

B. The lease term is a non-cancellable period of the lease agreement. If the Group reasonably determined that the lease agreement will be renewed, then the renewable period is included in the lease term.

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

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

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

D. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

(16) Intangible assets

Intangible assets primarily consist of computer software, goodwill, customer relationships, patents, and other intangible assets. With the exception of goodwill, the aforementioned assets are amortized on a straight-line basis over their useful lives of 1 to 6 years.

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

(17) Impairment of non-financial assets

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

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

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

(18) Borrowings

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

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated

as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

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

(22) Provisions

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

iii. Past service costs are recognised immediately in profit or loss.

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

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

(24) Employee share-based payment

Issuance of employee restricted stock

A. Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

B. For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

C. For restricted stocks where employees do not need to pay to acquire those stocks, if the employees resign or pass away due to non-occupational accident before fulfilling the vesting condition, the Company will recover the shares without compensation and make retirement registration.

(25) Income tax

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

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

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

(26) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

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

(27) Dividends

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

(28) Revenue recognition

Testing revenue

A. The Group is primarily engaged in providing testing services of integrated circuit. Customers control the asset and the Group transfers its control over service over time and recognises revenue when performance obligation is satisfied over time. If the commitment is required to render a specified service, such service rely on technical experts' input and related activity. The stage of completion of service is measured by the proportion of completed testing time to the estimated total testing time. If the commitment is required to provide services in certain periods, the stage of completion of service is measured by the time incurred. Because the transfer of the promised services to the customer and payment by the customer exceeds one year, the Group does not adjust any of the transaction prices for the time value of money.
B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

The difference between the loan received and the fair value of loan calculated based on the prevailing market rate for the government loan at a below-market rate of interest is recognised as a government grant.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

None.

(2) Critical accounting estimates and assumptions

(1) Impairment of goodwill acquired in a business combination

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, that is expected to benefit from the synergies of the business combination. To calculate value-in-use, management shall estimate the future cash flows generated from cash-generating units, and determine the discout rate used to calculate present value. If the actual cash flow is lower than expected cash flow, the significant impairment loss will be incurred.

(2) Estimation of useful life of property, plant and equipment

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 208	$ 211
Checking accounts and demand deposits	1,891,669	1,233,881
Time deposits	180,101	160,743
Notes and bonds issued under repurchase agreement	134,903	392,229
	$ 2,206,881	$ 1,787,064

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

B. The Group does not pledge any cash or cash equivalents disclosed in the balance sheet as collateral. For details about cash and cash equivalents pledged as collateral (as shown in the Table "Other current assets", "Other non-current assets" and " Current financial assets at amortised cost"), please refer to Note 8.

C. On December 31, 2021 and 2020, the Group's time deposits maturing in over three months recorded in financial assets at amortised cost-current amounted to $1,236,036 and $1,555,487, respectively, please refer to Note 6(4) for more information.

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

Items	December 31, 2021	December 31, 2020
Current items:		
Derivatives	$ 10,342	$ 12,193
Non-current items:		
Wolley Inc.	$ 55,360	$ -
Valuation adjustment	-	-
	$ 55,360	$ -

A. The Group recognised net gain of $42,382 and $60,931, respectively, on financial assets at fair value through profit or loss for the years ended December 31, 2021 and 2020, respectively.

B. The derivative financial assets transaction and contract information are as follows:

	December 31, 2021		December 31, 2020	
Derivative financial assets	Contract amount (in thousand) (notional principal)	Contract period	Contract amount (in thousand) (notional principal)	Contract period
Current items:				
Forward foreign exchange contracts	US$ 53,850	2021.09.09~ 2021.04.08	US$ 24,639	2020.10.15~ 2021.04.08
Foreign exchange swap contracts	US$ 13,000	2021.12.15~ 2022.03.25	US$ 18,964	2020.10.22~ 2021.03.26

The Group entered into forward exchange contracts foreign exchange swap contracts, which are forward transactions in pre-sales or pre-order of US dollars, for the purpose of hedging exchange risks arising from export proceeds and financing for importation of machinery. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2021	December 31, 2020
Current items:		
Equity instruments		
CTBC Financial Holding Co., Ltd.	$ 477	$ 477
Valuation adjustment	128	(17)
	$ 605	$ 460
Non-current items:		
Equity instruments		
Great Team Backend Foundry, Inc.	$ 36,402	$ 36,402

A. The Group recognised $145 and $4,978, respectively, in other comprehensive income for fair value

change for the years ended December 31, 2021 and 2020, respectively.

B. The Group received proceeds from capital reduction of Great Team Backend Foundry, Inc. in the amount of $58,279 for the year ended December 31, 2020.

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Pledged time deposit	$ 26,418	$ 27,030
Time deposits-maturing in over three months	1,236,036	1,555,487
	$ 1,262,454	$ 1,582,517
Non-current items:		
Pledged time deposit	$ 31,972	$ 29,545

A. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount was $1,294,426 and $1,612,062, respectively.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable	$ 2,371,576	$ 2,085,304
Less: Allowance for bad debts	(3,441)	(2,919)
	2,368,135	2,082,385
Related parties	122,887	99,748
	$ 2,491,022	$ 2,182,133

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

	December 31, 2021	December 31, 2020
Not past due	$ 2,457,063	$ 2,132,378
Up to 30 days	36,576	52,220
31 to 90 days	401	204
91 to 180 days	-	250
181 to 365 days	423	-
	$ 2,494,463	$ 2,185,052

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to $1,678,355.

C. The Group does not hold any collateral as security.

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount was $2,491,022 and $2,182,133, respectively. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Prepayments

	December 31, 2021	December 31, 2020
Excess business tax paid	$ 205,041	$ 186,636
Prepaid expenses	157,940	136,254
Office supplies	127,944	99,566
Other prepayments	66,976	42,949
Prepaid income tax	2,295	2,122
	$ 560,196	$ 467,527

(7) Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Associates:		
Raytek Semiconductor, Inc.	$ 251,089	$ 229,398

Associates:

A. The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio	
		December 31, 2021	December 31, 2020
Raytek Semiconductor, Inc.	Taiwan	31.85%	32.02%

B. The summarised financial information of the associate that is material to the Group is shown below:

Balance sheet

	Raytek Semiconductor, Inc.	
	December 31, 2021	December 31, 2020
Current assets	$ 312,461	$ 243,816
Non-current assets	797,348	860,125
Current liabilities	(251,254)	(232,685)
Non-current liabilities	(78,591)	(152,005)
	$ 779,964	$ 719,251
Share in associate's net assets	$ 248,451	$ 230,286
Goodwill	3,371	3,371
Employee stock options	(733)	(4,259)
Carrying amount of the associate	$ 251,089	$ 229,398

Statement of comprehensive income

	Raytek Semiconductor, Inc.	
	Years ended December 31,	
	2021	2020
Revenue	$ 542,602	$ 285,900
Net income (loss)	54,593	(126,161)
Total comprehensive income (loss)	$ 54,593	($ 126,161)

C. For the years ended December 31, 2021 and 2020, the recognised investment income (loss) using equity method was $17,390 and ($40,394), respectively.

D. The Group is the single largest shareholder of Raytek Semiconductor, Inc. with a 31.85% equity interest. Given that other large shareholders (non-related parties and including Raytek Semiconductor's management team) hold more shares than the Group, which indicates that the Group has no current ability to direct the relevant activities of Raytek Semiconductor, Inc., the Group has no control, but only has significant influence, over the investee.

(8) Property, plant and equipment

	2021									
	Land	Land improvements	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment to be inspected	Total
At January 1										
Cost	$ 653,698	$ 755	$ 2,967,410	$ 31,137,276	$ 10,856	$ 226,379	$ 1,163,859	$ 345,192	$ 1,337,595	$ 37,843,020
Accumulated depreciation	-	(755)	(1,233,179)	(21,977,264)	(5,832)	(173,930)	(550,330)	(236,088)	-	(24,177,378)
Accumulated impairment	-	-	-	(5,055)	-	-	-	-	-	(5,055)
	$ 653,698	$ -	$ 1,734,231	$ 9,154,957	$ 5,024	$ 52,449	$ 613,529	$ 109,104	$ 1,337,595	$ 13,660,587
At January 1	$ 653,698	$ -	$ 1,734,231	$ 9,154,957	$ 5,024	$ 52,449	$ 613,529	$ 109,104	$ 1,337,595	$ 13,660,587
Additions	432,336	-	256,368	4,052,617	3,473	66,587	94,529	57,203	1,146,122	6,109,235
Disposals	-	-	-	(14,923)	-	(11)	(1,822)	-	-	(16,756)
Reclassifications	-	1,291	747,314	618,663	-	1,555	29,506	3,506	(1,401,835)	-
Depreciation charge	-	(88)	(151,824)	(2,411,343)	(1,443)	(28,907)	(129,395)	(45,837)	-	(2,768,837)
Net exchange differences	-	-	(17,998)	(37,794)	-	(351)	(505)	(2,185)	(4,785)	(63,618)
At December 31	$ 1,086,034	$ 1,203	$ 2,568,091	$ 11,362,177	$ 7,054	$ 91,322	$ 605,842	$ 121,791	$ 1,077,097	$ 16,920,611
At December 31										
Cost	$ 1,086,034	$ 2,046	$ 3,931,771	$ 35,110,240	$ 12,083	$ 288,748	$ 1,236,007	$ 401,897	$ 1,077,097	$ 43,145,923
Accumulated depreciation	-	(843)	(1,363,680)	(23,743,008)	(5,029)	(197,426)	(630,165)	(280,106)	-	(26,220,257)
Accumulated impairment	-	-	-	(5,055)	-	-	-	-	-	(5,055)
	$ 1,086,034	$ 1,203	$ 2,568,091	$ 11,362,177	$ 7,054	$ 91,322	$ 605,842	$ 121,791	$ 1,077,097	$ 16,920,611

	2020									
	Land	Land improvements	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment to be inspected	Total
At January 1										
Cost	$ 653,698	$ 755	$ 2,638,234	$ 28,270,563	$ 10,213	$ 219,796	$ 675,312	$ 293,544	$ 891,751	$ 33,653,866
Accumulated depreciation	-	(755)	(1,106,556)	(20,613,264)	(8,412)	(175,267)	(504,268)	(197,603)	-	(22,606,125)
Accumulated impairment	-	-	-	(5,055)	-	-	-	-	-	(5,055)
	$ 653,698	$ -	$ 1,531,678	$ 7,652,244	$ 1,801	$ 44,529	$ 171,044	$ 95,941	$ 891,751	$ 11,042,686
At January 1	$ 653,698	$ -	$ 1,531,678	$ 7,652,244	$ 1,801	$ 44,529	$ 171,044	$ 95,941	$ 891,751	$ 11,042,686
Additions	-	-	10,222	1,625,114	2,489	10,619	206,896	30,105	3,190,674	5,076,119
Disposals	-	-	-	(5,699)	-	-	-	(5)	-	(5,704)
Reclassifications	-	-	316,917	2,096,022	1,329	14,201	292,119	23,373	(2,743,961)	-
Depreciation charge	-	-	(137,106)	(2,200,597)	(595)	(17,188)	(56,396)	(38,573)	-	(2,450,455)
Net exchange differences	-	-	12,520	(12,127)	-	288	(134)	(1,737)	(869)	(2,059)
At December 31	$ 653,698	$ -	$ 1,734,231	$ 9,154,957	$ 5,024	$ 52,449	$ 613,529	$ 109,104	$ 1,337,595	$ 13,660,587
At December 31										
Cost	$ 653,698	$ 755	$ 2,967,410	$ 31,137,276	$ 10,856	$ 226,379	$ 1,163,859	$ 345,192	$ 1,337,595	$ 37,843,020
Accumulated depreciation	-	(755)	(1,233,179)	(21,977,264)	(5,832)	(173,930)	(550,330)	(236,088)	-	(24,177,378)
Accumulated impairment	-	-	-	(5,055)	-	-	-	-	-	(5,055)
	$ 653,698	$ -	$ 1,734,231	$ 9,154,957	$ 5,024	$ 52,449	$ 613,529	$ 109,104	$ 1,337,595	$ 13,660,587

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, office and transportation equipment. The lease terms are between 2 and 50 years. The Group leases machinery with a lease term of 12 months or less, and was classified as short-term lease contract.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	$ 92,815	$ 98,868
Buildings	1,148,155	1,150,908
Office equipment	7,071	8,663
Transportation equipment (Business vehicles)	8,138	10,112
	$ 1,256,179	$ 1,268,551

	Years ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 6,580	$ 6,655
Buildings	246,056	222,043
Office equipment	2,535	2,277
Transportation equipment (Business vehicles)	3,252	3,582
	$ 258,423	$ 234,557

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $312,864 and $279,481, respectively.

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

	Years ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 19,869	$ 19,864
Expense on short-term lease contracts	89,150	59,091
Expense on leases of low-value assets	4,497	2,053
Gain on sublease of right-of-use assets	8,861	8,861
Gain on lease modification	2,002	-

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases was $307,287 and $253,051, respectively.

F. In the Group's lease agreements, certain plant lease agreements are variable lease payments. These contracts will be reassessed periodically from the 4th year of lease terms. When the accumulated appreciation of consumer price index reach 5%, the rent will be increased 3% starting from the current month. Otherwise, the rent will not be increased.

G. As of December 31, 2019, the Group has entered into a lease agreement for plants, for which the lease terms of the lease components start from January 1, 2020 to June 30, 2027 and February 1, 2020 to June 30, 2027. As of December 31, 2019, the Group has prepaid the rent in the amount of $10,210, the lease agreements are reclassified to right-of-use assets in January 2020 and February 2020, respectively.

(10) Intangible assets

	2021					
	Software	Goodwill	Customer Relationships	Patents	Others	Total
At January 1						
Cost	$ 115,259	$ 494,322	$ 96,196	$ 37,730	$ 11,654	$ 755,161
Accumulated amortisation	(42,331)	-	(79,249)	(22,963)	(5,257)	(149,800)
	$ 72,928	$ 494,322	$ 16,947	$ 14,767	$ 6,397	$ 605,361
At January 1	$ 72,928	$ 494,322	$ 16,947	$ 14,767	$ 6,397	$ 605,361
Additions	47,072	-	-	-	1,208	48,280
Amortisation charge	(60,588)	-	(16,947)	(5,299)	(2,299)	(85,133)
Net exchange differences	(392)	-	-	-	(21)	(413)
At December 31	$ 59,020	$ 494,322	$ -	$ 9,468	$ 5,285	$ 568,095
At December 31						
Cost	$ 115,899	$ 494,322	$ 96,196	$ 37,730	$ 12,413	$ 756,560
Accumulated amortisation	(56,879)	-	(96,196)	(28,262)	(7,128)	(188,465)
	$ 59,020	$ 494,322	$ -	$ 9,468	$ 5,285	$ 568,095

	2020					
	Software	Goodwill	Customer Relationships	Patents	Others	Total
At January 1						
Cost	$ 94,660	$ 494,322	$ 96,196	$ 37,730	$ 8,959	$ 731,867
Accumulated amortisation	(42,923)	-	(60,961)	(17,664)	(3,920)	(125,468)
	$ 51,737	$ 494,322	$ 35,235	$ 20,066	$ 5,039	$ 606,399
At January 1	$ 51,737	$ 494,322	$ 35,235	$ 20,066	$ 5,039	$ 606,399
Additions	76,042	-	-	-	3,352	79,394
Amortisation charge	(55,031)	-	(18,288)	(5,299)	(2,033)	(80,651)
Net exchange differences	180	-	-	-	39	219
At December 31	$ 72,928	$ 494,322	$ 16,947	$ 14,767	$ 6,397	$ 605,361
At December 31						
Cost	$ 115,259	$ 494,322	$ 96,196	$ 37,730	$ 11,654	$ 755,161
Accumulated amortisation	(42,331)	-	(79,249)	(22,963)	(5,257)	(149,800)
	$ 72,928	$ 494,322	$ 16,947	$ 14,767	$ 6,397	$ 605,361

Details of amortization on intangible assets are as follows:

	Years ended December 31	
	2021	2020
Operating cost	$ 57,019	$ 49,563
Selling expenses	16,947	18,288
Administrative expenses	173	25
Research and development expenses	10,994	12,775
	$ 85,133	$ 80,651

(11) Assessment of impairment of non-financial assets

A. When Giga Solution Technology Co., Ltd. was acquired with public tender offer by cash, goodwill is accrued in case the acquisition cost exceeds the net fair value of the acquired asset.

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use management's cash flow projections based on financial budgets covering a five-year period. The assumptions in value-in-use calculations are:

(a) Revenue growth rate: It was calculated by referring to relevant information concerning the industry, market and formulated business sales plan.

(b) Gross margin:It was calculated by referring to historical values and formulated business sales plan.

(c) Operating expense rate：It was calculated by referring to historical values and formulated business sales plan.

(d) Discount rate: The discount rate used was 6.71% and 9.04% for the years ended December 31, 2021 and 2020, respectively.

The recoverable amount calculated based on the above assumptions is higher than the sum of carrying value of assets of the cash-generating unit. Thus, there is no impairment for the assets.

(12) Other non-current assets

	December 31, 2021	December 31, 2020
Refundable deposits	$ 103,849	$ 112,526
Prepaid pension expense	21,920	25,788
Prepayment for equipment	4	54
Restricted assets (Note)	-	4,090
	$ 125,773	$ 142,458

Note: Restricted assets mainly arise from demand deposit restricted as a special reserve due to long-term syndicated loan, please refer to Note 8 for more information.

(13) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range
Unsecured bank borrowings	$ 659,718	0%~3.95%

Type of borrowings	December 31, 2020	Interest rate range
Unsecured bank borrowings	$ 663,091	0.6%~3.86933%

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

Items	December 31, 2021	December 31, 2020
Current items:		
Derivative instruments	$ 4,215	$ 14,303

A. The Group recognised net loss of $27,541 and $33,571 on derivative financial liabilities for the years ended December 31, 2021 and 2020, respectively.

B. The derivative financial liabilities transaction and contract information are as follows:

	December 31, 2021		December 31, 2020	
Derivative financial Liabilities	Contract amount (in thousand) (Notional principal)	Contract period	Contract amount (in thousand) (Notional principal)	Contract period
Current items:				
Forward foreign exchange contracts	US$ 22,900	2021.03.05~ 2022.05.31	US$ 19,063	2020.07.03~ 2021.03.19
Foreign exchange swap contracts	-	-	US$ 3,300	2020.12.16~ 2021.02.24

The Group entered into contracts of forward exchange and foreign exchange swap contracts, which are forward transactions in pre-sales or pre-order of US dollars, for the purpose of hedging exchange risks arising from export proceeds and financing for importation of machinery. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial liabilities at fair value through profit or loss is provided in Note 12(2).

(15) Other payables

	December 31, 2021	December 31, 2020
Payable for machinery and equipment	$ 599,916	$ 531,036
Payable for employees' compensation	517,284	374,721
Bonus payable	358,540	262,567
Wages and salaries payable	145,587	125,377
Payable for directors' and supervisors' remuneration	120,655	86,309
Payable for maintenance expense	89,425	90,676
Others	427,286	377,970
	$ 2,258,693	$ 1,848,656

(16) Long-term borrowings / Long-term accounts payable

A Long-term borrowings

Type of borrowings	Borrowing contract period	Repayment term	Collateral (Note 2)	December 31, 2021
Long-term syndicated loan (Note 1)	2017.03.15~2022.03.15	Repayable in instalments over the agreed period	None	$ 357,140
Medium and long-term unsecured borrowings	2020.06.04~2023.06.04	Repayable at the maturity date	None	600,000
Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan (Note 4)	2020.06.19~2028.09.15	Repayable in instalments over the agreed period	None	4,264,926
Loan for Accelerated Investment by Domestic Corporations (Note 5)	2020.06.24~2028.09.15	Repayable in instalments over the agreed period	None	1,998,409
				7,220,475
Less: Current portion				(497,960)
				$ 6,722,515
Interest rate range				0.9%~1.7895%

Type of borrowings	Borrowing contract period	Repayment term	Collateral (Note 2)	December 31, 2020
Long-term syndicated loan (Note 1)	2017.03.15~2023.09.10	Repayable in instalments over the agreed period	None	$ 1,171,420
Medium and long-term unsecured borrowings	2020.06.04~2023.06.04	Repayable at the maturity date	None	1,300,000
Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan (Note 4)	2020.06.19~2027.09.15	Repayable in instalments over the agreed period	None	1,412,540
Medium and long-term borrowings (Note 3)	2020.05.08~2021.05.07	Repayable at the maturity date	Machinery and equipment	107,000
Loan for Accelerated Investment by Domestic Corporations (Note 5)	2020.06.24~2027.08.15	Repayable in instalments over the agreed period	None	1,528,365
				5,519,325
Less: Current portion				(727,390)
				$ 4,791,935
Interest rate range				0.88656%~1.7895%

Note 1：The credit contract provides that the Group is obliged to comply with certain financial ratios such as current ratio, debt ratio, interest coverage ratio, financial liability ratio and tangible assets during the year and by the end of half a year. As of December 31, 2021, the Group has not violated any of the financial ratios.

Note 2：For the carrying amount of collaterals for long-term borrowings, please refer to Note 8.

Note 3: It refers to a borrowing contract signed by the subsidiary, Giga Solution Technology Co., Ltd. The Company's direct or indirect shareholding ratio shall be maintained at 100%, or the drawn borrowing facilities are not allowed higher than $100,000.

Note 4：The Ministry of Economic Affairs implemented the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" on January 1, 2019. An entity can apply for a compliant investment project financing from financial institutions at a preferential interest rate of 0.45%~0.75% under the Action Plan. The Group qualified for acquiring the loan project from the Ministry of Economic Affairs and entered into loan contracts with financial institutions from June 2020 in succession to obtain borrowing facilities of NT$5.32 billion (in dollars) with 5 to 7 years of credit periods. The loan is used for investment in newly purchased machinery and equipment, newly purchased (expanded) plant and working capital.

Note 5：The Ministry of Economic Affairs implemented the "Action Plan for Accelerated Investment by Domestic Corporations" on July 1, 2019. An entity can apply for a compliant investment project financing from financial institutions at a preferential interest rate of 0.58%~0.80% under the Action Plan. The Group qualified for acquiring the loan project from the Ministry of Economic Affairs and entered into loan contracts with financial institutions in June 2020 to obtain borrowing facilities of NT$3.928 billion (in dollars) with 7 years of credit periods. The loan is used for investment in newly purchased machinery and equipment, newly purchased (expanded) plant and working capital.

B Long-term accounts payable (shown as 'other non-current liabilities')

	December 31, 2021	December 31, 2020
Long-term accounts payable	$ 22,459	$ 44,515
Less: Long-term accounts payable, current portion	(22,459)	-
	$ -	$ 44,515

The Management Committee of Pukou Economic Development Zone ("Development Zone") provided a payment on behalf of the Group amounting to RMB 10,170 thousand for the refundable portion of increment tax on import equipment in September 2018 to support the Group's application for entering "Enterprises Undertaking Major Integrated Circuit Projects Approved by the State". The Group shall repay the payment within three years from the date of receiving the first payment. The Group had repaid RMB 5,000 thousand (approximately NTD 22,459 thousand) of the payment in September 2021 and the remaining amount of RMB 5,170 thousand (approximately NTD 22,459 thousand) was transferred from other non-current liabilities to long-term liabilities, current portion.

(17) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. The Company also provides the pension of directors and assigned managers who actually engage in work by referring to the abovementioned regulations. The pension will be paid by the Company upon their resignation. The plan was amended by the Company's Board of Directors and determined by the Board of Directors of the subsidiary, Giga Solution Technology Co., Ltd., on December 16, 2021 and February 24, 2021, respectively. Considering that the accumulated appropriation of pension by the subsidiary Giga Solution Technology Co., Ltd. is sufficient, the appropriation ceased from January 1, 2020 to December 31, 2021, with the Competent Authority's permission. The subsidiary will file for an extension when the term is expired.

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

i.The Company:

	December 31, 2021	December 31, 2020
Present value of appropriated defined benefit obligation	($ 166,622)	($ 158,482)
Fair value of plan assets	83,752	86,754
	(82,870)	(71,728)
Present value of unappropriated defined benefit obligation	(47,423)	(32,810)
Net liabilities recognised in the balance sheet	($ 130,293)	($ 104,538)

ii.The subsidiary –Giga Solution Technology Co., Ltd.:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	($ 21,768)	($ 17,137)
Fair value of plan assets	43,688	42,925
Net assets recognised in the balance sheet	21,920	25,788
Present value of unappropriated defined benefit obligation	(13,955)	-
Net liabilities recognised in the balance sheet	(13,955)	-
	$ 7,965	$ 25,788

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

i.The Company：

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 191,292)	$ 86,754	($ 104,538)
Current service cost	(1,366)	-	(1,366)
Interest (expense) income	(956)	443	(513)
Past service cost	(13,269)	-	(13,269)
	(206,883)	87,197	(119,686)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,064	1,064
Change in demographic assumptions	(4,664)	-	(4,664)
Change in financial assumptions	-	-	-
Experience adjustments	(12,409)	-	(12,409)
	(17,073)	1,064	(16,009)
Pension fund contribution	-	4,084	4,084
Paid pension	9,911	(8,593)	1,318
Balance at December 31	($ 214,045)	$ 83,752	($ 130,293)

	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 180,666)	$ 79,653	($ 101,013)
Current service cost	(1,276)	-	(1,276)
Interest (expense) income	(1,581)	714	(867)
	(183,523)	80,367	(103,156)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,508	2,508
Change in demographic assumptions	(1,165)	-	(1,165)
Change in financial assumptions	(6,803)	-	(6,803)
Experience adjustments	(1,101)	-	(1,101)
	(9,069)	2,508	(6,561)
Pension fund contribution	-	3,879	3,879
Paid pension	1,300	-	1,300
Balance at December 31	($ 191,292)	$ 86,754	($ 104,538)

ii.Subsidiary –Giga Solution Technology Co., Ltd.:

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance at January 1	($ 17,137)	$ 42,925	$ 25,788
Current service cost	(90)	-	(90)
Interest (expense) income	(97)	150	53
Past service cost	(8,193)	-	(8,193)
	(25,517)	43,075	17,558
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	613	613
Change in demographic assumptions	(1,578)	-	(1,578)
Change in financial assumptions	1,014	-	1,014
Experience adjustments	(9,642)	-	(9,642)
	(10,206)	613	(9,593)
Balance at December 31	($ 35,723)	$ 43,688	$ 7,965

	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance at January 1	($ 13,951)	$ 41,259	$ 27,308
Current service cost	(31)	-	(31)
Interest (expense) income	(111)	330	219
	(14,093)	41,589	27,496
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,336	1,336
Change in demographic assumptions	(136)	-	(136)
Change in financial assumptions	(678)	-	(678)
Experience adjustments	(2,230)	-	(2,230)
	(3,044)	1,336	(1,708)
Balance at December 31	($ 17,137)	$ 42,925	$ 25,788

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

The Company

	Years ended December 31,	
	2021	2020
Discount rate	0.500%	0.500%
Long-term average salary increase rate	2.000%	2.000%

Subsidiary – Giga Solution Technology Co., Ltd.

	Years ended December 31,	
	2021	2020
Discount rate	0.750%	0.350%
Long-term average salary increase rate	3.000%	3.000%

Assumptions regarding future mortality experience for the years ended December 31, 2021 and 2020 are set based on actuarial advice in accordance with 6th and 5th Taiwan Standard Ordinary Experience Mortality Table, respectively.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Parent company				
Effect on present value of defined benefit obligation	($ 5,475)	$ 5,690	$ 5,521	($ 5,342)
Subsidiary-Giga Solution Technology Co., Ltd.				
Effect on present value of defined benefit obligation	$ 648	($ 667)	($ 632)	$ 618

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Parent company				
Effect on present value of defined benefit obligation	($ 5,194)	$ 5,411	$ 5,249	($ 5,067)
Subsidiary-Giga Solution Technology Co., Ltd.				
Effect on present value of defined benefit obligation	$ 384	($ 397)	($ 375)	$ 365

The sensitivity analysis above was based on one assumption which changed while the other conditions are unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company and domestic subsidiaries for the year ending December 31, 2022 amount to $4,103.

(g) Weighted average duration to the defined benefit pension plan of the Company and domestic subsidiaries for the year ended December 31, 2021 were both 12 years.

B. (a) Effective from July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company

and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for directors who actually engage in work are paid by the Company after deducting the appropriation to the personal account with the Bureau of Labor Insurance and the profit.

(b) The pension costs under defined contribution pension plans of the Company and its domestic subsidiaries for the years ended December 31, 2021 and 2020 were $95,579 and $72,537, respectively.

(c) The subsidiary, Ardentec Singapore Pte. Ltd., Ardentec Korea Co., Ltd., and Ardentec Nanjing Co., Ltd. have established a defined contribution pension plan under the local laws. For the years ended December 31, 2021 and 2020, the pension costs under defined contribution pension plans of the subsidiaries were $22,410 and $19,028, respectively.

(18) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
Restricted stocks to employees	2017.12.21	4,600	4 years	Note 1
Restricted stocks to employees	2018.05.03	400	4 years	Note 1

Note 1:

Beginning year of employment	Vesting conditions		Earned share ratio
	Years of employment	Work performance ranking during the year	
First year	One full year	Successful (and) above	20%
Second year	One full year		20%
Third year	One full year		30%
Fourth year	One full year		30%

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

B. The Company's new restricted shares issued do not restrict the right of voting and dividend participation. The shares were measured at fair value based on the closing price, $37.4 and $32.55 (in dollars), on December 21, 2017 and May 3, 2018, respectively.

C. Details of the employee restricted shares are as follows:

	Years ended December 31,	
	2021	2020
Employee restricted shares	No. of shares (in thousands)	No. of shares (in thousands)
Outstanding at beginning of the year	1,566	2,972
Shares vested	(1,394)	(1,399)
Shares retired	(82)	(7)
Outstanding at end of the year	90	1,566

D. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2021	2020
Equity - settled	$ 10,715	$ 30,210

(19) Provisions for liabilities-non-current

	2021	2020
At January 1	$ 74,517	$ 52,795
Additional provisions	10,711	21,868
Used during the year	(3,763)	-
Unwinding of discount	310	302
Exchange differences	(1,540)	(448)
At December 31	$ 80,235	$ 74,517

According to the policy published, applicable agreement or the law/regulation requirement, the Group bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will be be used in the following years.

(20) Share capital

A. As of December 31, 2021, the Company's authorised capital was $10 billion consisting of 1 billion shares, including $300 million for stock options of 30 million shares. The paid-in capital was $4,901,701 with a par value of $10 dollars per share.

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

(Unit: shares in thousands)

	2021	2020
At January 1	474,002	474,009
Retirement of employee restricted shares	(82)	(7)
At December 31	473,920	474,002

B. Treasury shares

Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

(Unit: shares in thousands/dollars in thousands)

Name of company holding the shares	Reason for reacquisition	December 31, 2021	
		Number of shares	Carrying amount
Subsidiary - Sheng Tang Investment Ltd.	Investment	278	$ 1,997
Subsidiary - Valutek, Inc.	Investment	15,972	124,775
		16,250	$ 126,772

Name of company holding the shares	Reason for reacquisition	December 31, 2020	
		Number of shares	Carrying amount
Subsidiary - Sheng Tang Investment Ltd.	Investment	278	$ 1,997
Subsidiary - Valutek, Inc.	Investment	15,972	124,775
		16,250	$ 126,772

(21) Capital surplus

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

	2021				
	Share premium	Treasury share transactions	Employee restricted shares	Net change in equity of associates	Total
At January 1	$ 978,025	$ 309,510	$ 41,745	$ 1,873	$ 1,331,153
Restricted employee options vested	37,762	-	(37,762)	-	-
Retirement of employee restricted shares	-	-	(1,953)	-	(1,953)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	32,502	-	-	32,502
Recognition of ownership interests in associates	-	-	-	4,301	4,301
At December 31	$ 1,015,787	$ 342,012	$ 2,030	$ 6,174	$ 1,366,003

	2020				
	Share premium	Treasury share transactions	Employee restricted shares	Net change in equity of associates	Total
At January 1	$ 940,086	$ 288,384	$ 79,881	$ -	$ 1,308,351
Restricted employee options vested	37,939	-	(37,939)	-	-
Retirement of employee restricted shares	-	-	(197)	-	(197)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	21,126	-	-	21,126
Recognition of ownership interests in associates	-	-	-	1,873	1,873
At December 31	$ 978,025	$ 309,510	$ 41,745	$ 1,873	$ 1,331,153

(22) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset deficit from prior years and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve should be appropriated depending on the regulation or requirement.

B. As the Company is in the growing stage, the Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders’ interest and capital adequacy. The earnings is appropriated with the abovementioned approach. In addition, dividend and bonus can be distributed in cash or shares. Where there is profit accrued in the current year, the distributed dividend and bonus is 10% to 80% of the unappropriated retained earnings, of which cash dividends must not be lower than 5% of total dividends and bonus.

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

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

E. The appropriations of earnings for 2020 and 2019 had been resolved at the stockholders' meeting on August 26, 2021 and May 28, 2020, respectively. Details are summarized below:

	Years ended December 31,			
	2020		2019	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 177,554	$ -	$ 110,032	$ -
Special reserve	35,079	-	25,467	-
Cash dividends	980,383	2.00	637,337	1.30
	$ 1,193,016	$ 2.00	$ 772,836	$ 1.30

F. The appropriations of earnings for 2021 had been resolved at the Board of Directors' meeting on February 24, 2022. Details are summarized below:

	Year ended December 31, 2021	
	Amount	Dividend per share (in dollars)
Legal reserve	$ 255,789	$ -
Special reserve	106,061	-
Cash dividends	1,372,476	2.80
Total	$ 1,734,326	$ 2.80

(23) Operating revenue

	Years ended December 31,	
	2021	2020
Service revenue	$ 11,880,921	$ 9,634,496
Other operating revenue	44,950	40,453
Total	$ 11,925,871	$ 9,674,949

A. Disaggregation of revenue from contracts with customers

2021	Ardentec Corporation	Ardentec Singapore Pte. Ltd.	Ardentec Korea Co., Ltd.	Ardentec Nanjing Co., Ltd.	Giga Solution Technology Co., Ltd.	Total
Total segment revenue	$ 7,649,014	$ 918,838	$ 64,232	$ 236,116	$ 3,210,568	$ 12,078,768
Inter-segment revenue	(91,763)	(54,663)	-	(664)	(5,807)	(152,897)
Revenue from external customer contracts	$ 7,557,251	$ 864,175	$ 64,232	$ 235,452	$ 3,204,761	$ 11,925,871
Revenue type						
Wafer testing	$ 6,459,003	$ 864,175	$ 64,232	$ 226,456	$ 658,070	$ 8,271,936
Final testing	1,087,404	-	-	8,996	2,512,585	3,608,985
Other	10,844	-	-	-	34,106	44,950
	$ 7,557,251	$ 864,175	$ 64,232	$ 235,452	$ 3,204,761	$ 11,925,871

2020	Ardentec Corporation	Ardentec Singapore Pte. Ltd.	Ardentec Korea Co., Ltd.	Ardentec Nanjing Co., Ltd.	Giga Solution Technology Co., Ltd.	Total
Total segment revenue	$ 6,450,102	$ 726,436	$ 69,002	$ 124,580	$ 2,396,117	$ 9,766,237
Inter-segment revenue	(35,791)	(47,513)	-	(2,539)	(5,445)	(91,288)
Revenue from external customer contracts	$ 6,414,311	$ 678,923	$ 69,002	$ 122,041	$ 2,390,672	$ 9,674,949
Revenue type						
Wafer testing	$ 5,465,801	$ 678,923	$ 69,002	$ 121,627	$ 609,565	$ 6,944,918
Final testing	934,757	-	-	414	1,754,407	2,689,578
Other	13,753	-	-	-	26,700	40,453
	$ 6,414,311	$ 678,923	$ 69,002	$ 122,041	$ 2,390,672	$ 9,674,949

B. Contract assets

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

	December 31, 2021	December 31, 2020
Contract assets- Wafer and final testing	$ 269,500	$ 185,519

(24) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	$ 9,015	$ 17,187
Other income	760	1,339
	$ 9,775	$ 18,526

(25) Other income

	Years ended December 31,	
	2021	2020
Rental revenue	$ 16,410	$ 9,263
Dividend income	25	23
Miscellaneous income	53,525	62,342
	$ 69,960	$ 71,628

(26) Other gains and losses

	Years ended December 31,	
	2021	2020
Gain on disposal of property, plant and equipment	$ 108,872	$ 76,995
Gains arising from lease modifications	2,002	-
Net currency exchange gain (loss)	1,215	(5,109)
Net (loss) gain on financial assets at fair value through profit or loss	(1,851)	3,595
Net gain (loss) on financial liabilities at fair value through profit or loss	10,088	(9,700)
Miscellaneous losses	(715)	(1,325)
	$ 119,611	$ 64,456

(27) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense		
Interest expense from bank borrowings	$ 77,668	$ 74,392
Interest expense on lease liabilities	19,869	19,864
Interest expense on provisions	310	302
	$ 97,847	$ 94,558

(28) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	$ 3,405,152	$ 2,823,847
Depreciation charges on property, plant and equipment and right-of-use assets	3,027,260	2,685,012
Amortization expense	85,133	80,651
	$ 6,517,545	$ 5,589,510

(29) Employee benefit expense

	Years ended December 31,	
	2021	2020
Wages and salaries	$ 2,932,126	$ 2,436,502
Share-based payments	10,715	30,210
Labour and health insurance fees	213,573	167,678
Pension costs	141,367	93,520
Other personnel expenses	107,371	95,937
	$ 3,405,152	$ 2,823,847

A. According to the Articles of Incorporation of the Company, the distribution of earnings should first cover the accumulated deficit. If there is remaining earnings, 12% of which should be appropriated as employees' compensation and 3% of which as directors' and supervisors' remuneration.

B. For the years ended December 31, 2021 and 2020, the employees' compensation and directors' and supervisors' remuneration of the Company were estimated and accrued based on 12% and 3% of the distributable profit as of the end of each year. For the years ended December 31, 2021 and 2020, the employees' compensation was accrued at $427,928 and $298,481, respectively; while the directors' and supervisors' remuneration was accrued at $106,982 and $74,620, respectively. The aforementioned amounts were recognized in salary expenses.

C. For the years ended December 31, 2021 and 2020, the employees' compensation and directors' and supervisors' remuneration of Giga Solution were estimated and accrued based on 13% and 2% of the distributable profit as of the end of each year. For the years ended December 31, 2021 and 2020, the employees' compensation was accrued at $88,874 and $75,977, respectively; while the directors' and supervisors' remuneration was accrued at $13,673 and $11,689, respectively. The aforementioned amounts were recognized in salary expenses.

D. Employees' compensation and directors' and supervisors' remuneration for 2021 and 2020 resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 and 2020 financial statements.

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

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	$ 632,306	$ 466,688
Prior year income tax over estimation	(57,544)	(30,576)
Total current tax	574,762	436,112
Deferred tax:		
Origination and reversal of temporary differences	29,226	30,712
Total deferred tax	29,226	30,712
Income tax expense	$ 603,988	$ 466,824

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

	Years ended December 31,	
	2021	2020
Currency translation differences	($ 26,552)	($ 10,014)
Remeasurement of defined benefit obligations	(3,202)	(1,312)
	($ 29,754)	($ 11,326)

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	$ 779,223	$ 558,225
Effects from items disallowed by tax regulation	(120,359)	(61,120)
Effect of tax exempt income	(5,049)	(5,388)
Prior year income tax over estimation	(57,544)	(30,576)
Effect of original withholding tax	7,717	5,683
Income tax expense	$ 603,988	$ 466,824

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

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised long-term investments loss	$ 121,053	$ 10,569	$ -	$ 131,622
Unrealised exchange loss	5,955	(3,742)	-	2,213
Loss on valuation of financial liabilities	991	(991)	-	-
Unrealized pension	8,118	5,127	-	13,245
Unrealised gains on inter- affiliated accounts	23,694	(2,264)	-	21,430
Actuarial loss on defined benefit plan	12,265	-	3,202	15,467
Currency translation differences	16,393	-	26,552	42,945
Others	13,302	828	-	14,130
	$ 201,771	$ 9,527	$ 29,754	$ 241,052
-Deferred tax liabilities:				
Unrealised exchange gain	($ 2,025)	($ 393)	$ -	($ 2,418)
Gain on valuation of financial assets	(2,197)	434	-	(1,763)
Property, plant and equipment	(108,972)	(50,013)	-	(158,985)
Intangible assets	(6,343)	4,449	-	(1,894)
Others	(6,969)	6,770	-	(199)
	($ 126,506)	($ 38,753)	$ -	($ 165,259)
	$ 75,265	($ 29,226)	$ 29,754	$ 75,793

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised long-term investments loss	$ 125,612	($ 4,559)	$ -	$ 121,053
Unrealised exchange loss	6,445	(490)	-	5,955
Loss on valuation of financial liabilities	-	991	-	991
Unrealised pension	9,199	(1,081)	-	8,118
Unrealised gains on inter- affiliated accounts	21,479	2,215	-	23,694
Actuarial loss on defined benefit plan	10,953	-	1,312	12,265
Currency translation differences	6,379	-	10,014	16,393
Others	5,481	7,821	-	13,302
	$ 185,548	$ 4,897	$ 11,326	$ 201,771
-Deferred tax liabilities:				
Unrealised exchange gain	($ 1,184)	($ 841)	$ -	($ 2,025)
Gain on valuation of financial assets	(1,447)	(750)	-	(2,197)
Property, plant and equipment	(70,995)	(37,977)	-	(108,972)
Intangible assets	(11,060)	4,717	-	(6,343)
Others	(6,211)	(758)	-	(6,969)
	($ 90,897)	($ 35,609)	$ -	($ 126,506)
	$ 94,651	($ 30,712)	$ 11,326	$ 75,265

D. Under the Statute for Upgrading Industries, the Company's subsidiary Giga Solution is exempt from the corporate income tax for five years, and the exemption periods are as follows:

Expansion	Exemption periods
Exemption for 2nd expansion	From January 1, 2017 to December 31, 2021

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

(31) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,580,294	472,511	$ 5.46
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		8,697	
Employee restricted shares		119	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,580,294	481,327	$ 5.36

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,782,498	471,110	$ 3.78
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		8,712	
Employee restricted shares		1,147	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,782,498	480,969	$ 3.71

(32) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	$ 6,109,235	$ 5,076,119
Add: Opening balance of payable on equipment (shown as "Other payables")	531,036	219,430
Less: Ending balance of payable on equipment (shown as "Other payables")	(599,916)	(531,036)
Add: Ending balance of prepayments for equipment (shown as "Other non-current assets")	4	54
Less: Opening balance of prepayments for equipment (shown as "Other non-current assets")	(54)	(13)
Impact of changes in foreign exchange rate	(2,890)	683
Cash paid during the year	$ 6,037,415	$ 4,765,237

(33) Changes in liabilities from financing activities

	2021				
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other	Liabilities from financing activities-gross
At January 1	$ 663,091	$ 5,519,325	$ 1,120,294	$ 46,424	$ 7,349,134
Changes in cash flow from financing activities	(1,422)	1,725,720	(198,667)	(21,705)	1,503,926
Interest paid	-	-	(14,973)	-	(14,973)
Impact of changes in foreign exchange rate	(1,951)	-	(10,877)	(448)	(13,276)
Changes in other non-cash items	-	(24,570)	263,841	-	239,271
At December 31	$ 659,718	$ 7,220,475	$ 1,159,618	$ 24,271	$ 9,064,082

	2020				
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other	Liabilities from financing activities-gross
At January 1	$ 799,285	$ 3,775,304	$ 1,054,632	$ 46,292	$ 5,675,513
Changes in cash flow from financing activities	(138,847)	1,800,756	(176,927)	(536)	1,484,446
Interest paid	-	-	(14,980)	-	(14,980)
Impact of changes in foreign exchange rate	2,653	-	(9,876)	668	(6,555)
Changes in other non-cash items	-	(56,735)	267,445	-	210,710
At December 31	$ 663,091	$ 5,519,325	$ 1,120,294	$ 46,424	$ 7,349,134

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Etron Technology, Inc. and Subsidiaries	The Company's chairman and the chairman of the company are within second degree of kinship.
Macronix International Co., Ltd.	The company is a director of the Company.
Raytek Semiconductor, Inc.	Investments by the Company accounted for using the equity method.

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2021	2020
Sales of services provision:		
Other related parties	$ 391,898	$ 315,237
Associates	2,154	94
	$ 394,052	$ 315,331

(a) The price for the related parties is the same with regular clients.

(b) The term of credit for the related parties is around 60~75 days after testing completion or delivery whereas the term of credit for third parties is around 30~120 days after testing completion or delivery.

B. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
Other related parties	$ 122,015	$ 99,748
Associates	872	-
Total	$ 122,887	$ 99,748
Other receivables:		
Associates	$ 775	$ 775

C. Payables to related parties

	December 31, 2021	December 31, 2020
Notes payable:		
Other related party	$ 322	$ 96
Other payables:		
Other related party	$ 8,325	$ 8,263
Associates	620	408
	$ 8,945	$ 8,671

D. Contract assets

	December 31, 2021	December 31, 2020
Other related party	$ 12,229	$ 9,371

E Guarantee deposits paid

	December 31, 2021	December 31, 2020
Other related party-Etron Technology, Inc.	$ 16,487	$ 14,234

F. Lease transactions

(a) The Group leases plants from other related parties, the original lease terms start from April 1, 2017 to March 31, 2022, and the rent is paid monthly. On September 11, 2019, the Group entered into a supplement agreement and prepaid the rent of $42,777 for the lease term starting from October 2019 to August 2020 (including special discount).

(b) On December 20, 2019, the Group renewed the agreement, and the lease term was modified from January 1, 2020 to June 30, 2027. The Group also broadened the lease range, the lease terms of the lease components start from January 1, 2020 to June 30, 2027 and from February 1, 2020 to June 30, 2027, respectively. The agreement can be automatically extended for another year each year. The rents for those renewed and broadened agreements are prepaid for 30 months once, and are paid monthly starting from June 2022. The prepayment amounted to $90,031, net of the prepayment in (a) and special discount.

(c) On October 1, 2021, the Group entered into a supplemental agreement to broaden the lease range. The lease term is from October 6, 2021 to June 30, 2027.

(d) If there is no notice for non-renewal lease agreement as mentioned in (b) and (c) in every November 1 during the lease term, the agreement will be automatically renewed for another year with a lease term of 90 months.

(e) For the years ended December 31, 2021 and 2020, the additions to right-of-use assets acquired from other related parties were $111,885 and $61,572, respectively.

(f) As of December 31, 2021 and 2020, the Group had lease liabilities to other related parties amounting to $380,191 and $269,308, respectively. For the years ended December 31, 2021 and 2020, the Group recognised interest expenses in the amount of $5,527 and $5,084, respectively.

(g) For the years ended December 31, 2021 and 2020, the Group subleases the right-of-use assets of offices and plants to associates, and the rental income amounted to $8,861 and $8,861, respectively. The rent was collected monthly.

G. Other expenses

	December 31, 2021	December 31, 2020
Other related party	$ 47,768	$ 53,564
Associates	2,117	404
	$ 49,885	$ 53,968

It is related to the water and electricity charges of the Group's leased plant. The determination of the fees and payment terms are based on the contract.

H. Other income

	Years ended December 31,	
	2021	2020
Associates	$ -	$ 3

(3) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other employee benefits	$ 279,327	$ 217,438
Post-employment benefits	33,675	2,286
Share-based payments	4,253	10,070
	$ 317,255	$ 229,794

A. Salaries and other employee benefits include salaries, allowance, compensation, travelling expenses and remuneration for directors and supervisors. The amount of employees' compensation, remuneration for directors and supervisors, year-end bonuses are estimated whereas others are actually paid.

B. Post-employment benefits represents pension.

C. The share-based payments refers to the compensation cost of employee restricted shares.

8. PLEDGED ASSETS

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

Pledged assets	Book value December 31, 2021	Book value December 31, 2020	Purpose
Time deposits (shown as "Current financial assets at amortised cost")	$ 14,113	$ 14,070	Customs security deposit
Time deposits (shown as "Current financial assets at amortised cost")	12,305	12,960	Short-term comprehensive ceiling amount
Time deposits (shown as "Non-current financial assets at amortised cost")	2,200	-	Collateral for subscription of green power
Time deposits (shown as "Non-current financial assets at amortised cost")	150	-	Performance guarantee for land leasing
Time deposits (shown as "Non-current financial assets at amortised cost")	29,622	29,545	Customs security deposit
Special reserve account for demand deposits(shown as "Other current assets")	3,196	6,391	Special reserve account for long-term syndicated loan
Special reserve account for demand deposits(shown as "Other non-current assets")	-	4,090	Special reserve account for long-term syndicated loan
Buildings and structures	106,241	135,678	Collateral for short-term loans
Machinery and equipment	-	186,935	Collateral for long-term loans

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2021 and 2020, the Group has unused letters of credit for the importation of machinery amounting to $456,653 and $427,873, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt to total assets ratio. This ratio is calculated as total loans divided by total assets. Total loans are calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet). Total assets are as shown in the consolidated balance sheet.

During the year ended December 31, 2021, the Group's strategy, which was unchanged from 2020, was to maintain the debt to total assets ratio within 35%. The debt to total assets ratio at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total borrowings	$ 7,880,193	$ 6,182,416
Total assets	$ 26,318,368	$ 22,425,349
Debt to total assets ratio	30%	28%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 65,702	$ 12,193
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	37,007	36,862
Financial assets at amortised cost		
Cash and cash equivalents	2,206,881	1,787,064
Financial assets at amortised cost	1,294,426	1,612,062
Accounts receivable	2,491,022	2,182,133
Other receivables	27,639	27,472
Guarantee deposits paid	103,849	112,526
Other financial assets	3,196	10,481
	$ 6,229,722	$ 5,780,793

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 4,215	$ 14,303
Financial liabilities at amortised cost		
Short-term borrowings	659,718	663,091
Notes payable	322	1,019
Other accounts payable	2,258,693	1,848,656
Long-term borrowings (including current portion)	7,220,475	5,519,325
Long-term payable (including current portion)	22,459	44,515
Guarantee deposits received	1,812	1,909
	$ 10,167,694	$ 8,092,818
Lease liability	$ 1,159,618	$ 1,120,294

B. Financial risk management policies

The Group identifies all the risks of the Group through monitoring of exchange rate, interest rate and credit management by the counterparties so that the management can effectively control and measure the market, credit and liquidity risks. The Group's objective in managing the market risk is to reach optimisation, maintain the proper liquidity and manage all market risks collectively by taking into account the economic environment, competitive edge and risk of market value.

To achieve the objective of risk management, the Group's hedging activity focus on risks of market value and cash flow. To decrease the risk of fair value affected by the fluctuation of exchange rate, the Group hedges exchange risk of assets or liabilities denominated in foreign currencies by means of forward exchange transaction.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

	Year ended December 31, 2021		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD:NTD	$ 93,343	27.680	$ 2,583,735
JPY:NTD	935,156	0.2405	224,905
USD:SGD (Note)	33,438	1.3517	924,767
USD:RMB(Note)	4,914	6.3720	136,024
Financial liabilities			
Monetary items			
USD:NTD	$ 15,534	27.680	$ 429,977
JPY:NTD	940,209	0.2405	226,120
USD:SGD (Note)	2,050	1.3517	56,701
JPY:SGD (Note)	65,518	0.0117	15,743
USD:RMB (Note)	19,516	6.3720	540,214

(Foreign currency: functional currency)	Year ended December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD:NTD	$ 91,256	28.480	$ 2,598,960
JPY:NTD	62,688	0.2763	17,321
USD:SGD (Note)	10,370	1.3221	295,605
USD:KRW (Note)	1,393	1,088	39,411
Financial liabilities			
Monetary items			
USD:NTD	$ 22,975	28.480	$ 654,337
JPY:NTD	90,188	0.2763	24,919
USD:SGD (Note)	2,779	1.3221	79,205
USD:RMB (Note)	10,079	6.5376	288,405

Note: The functional currencies of the consolidated entities, Ardentec Singapore Pte. Ltd, Ardentec Korea Co., Ltd., and Ardentec Nanjing Co., Ltd., are the SGD, the KRW, and the RMB, respectively.

ii. Please refer to the following table for the details of unrealised exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group.

(Foreign currency: functional currency)	Year ended December 31, 2021		
	Unrealised exchange (loss) gain		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD:NTD	$ -	27.680	($ 7,794)
JPY:NTD	-	0.2405	(2,795)
USD:SGD (Note)	142	1.3517	2,900
USD:RMB (Note)	(79)	6.3720	(345)
Financial liabilities			
Monetary items			
USD:NTD	$ -	27.680	$ 3,614
JPY:NTD	-	0.2405	8,459
USD:SGD (Note)	23	1.3517	479
JPY:SGD (Note)	18	0.0117	373
USD:RMB(Note)	1,591	6.3720	6,910

(Foreign currency: functional currency)	Year ended December 31, 2020		
	Unrealised exchange (loss) gain		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD:NTD	$ -	28.480	($ 22,548)
JPY:NTD	-	0.2763	299
USD:SGD (Note)	(257)	1.3221	(5,546)
USD:KRW (Note)	(62,420)	1,088	(1,623)
Financial liabilities			
Monetary items			
USD:NTD	$ -	28.480	$ 3,239
JPY:NTD	-	0.2763	(72)
USD:SGD (Note)	93	1.3221	2,014
USD:RMB(Note)	4,666	6.5376	20,425

Note: The functional currencies of the consolidated entities, Ardentec Singapore Pte. Ltd, Ardentec Korea Co., Ltd., and Ardentec Nanjing Co., Ltd., are the SGD, the KRW, and the RMB, respectively.

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

(Foreign currency: functional currency)	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation (Note 2)	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 25,837	$ -
JPY:NTD	1%	2,249	-
USD:SGD (Note 1)	1%	9,248	-
USD:RMB (Note 1)	1%	1,360	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 4,300)	$ -
JPY:NTD	1%	(2,261)	-
USD:SGD (Note 1)	1%	(567)	-
JPY:SGD (Note 1)	1%	(157)	-
USD:RMB (Note 1)	1%	(5,402)	-

(Foreign currency: functional currency)	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation (Note 2)	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 25,990	$ -
JPY:NTD	1%	173	-
USD:SGD (Note 1)	1%	2,956	-
USD:KRW (Note 1)	1%	394	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 6,543)	$ -
JPY:NTD	1%	(249)	-
USD:SGD (Note 1)	1%	(792)	-
USD:RMB (Note 1)	1%	(2,884)	-

Note 1: The functional currencies of the consolidated entities, Ardentec Singapore Pte. Ltd, Ardentec Korea Co., Ltd., and Ardentec Nanjing Co., Ltd., are the SGD, the KRW, and the RMB, respectively.

Note 2: The Company and domestic subsidiaries use NTD as functional currency. Some subsidiaries use SGD, and KRW and RMB as functional currencies, which primarily corresponds to USD. Given that exports by Asian countries is favorable with a depreciating USD, the sensitivity analysis mainly focus on the assessment of assets and liabilities valued in foreign currencies by assuming the effect of profit or loss caused by an appreciated USD by 1%.

Price risk

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

ii. The Group's investments in equity securities comprise shares issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the year ended December 31, 2021 would have increased/decreased by $554, as a result of gains/losses on financial assets classified as at fair value through profit or loss. Other components of equity for the years ended December 31, 2021 and 2020 would have increased/decreased by $370 and $369, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

i. The Group's main interest rate risk arises from borrowings at floating rate, which expose the Group to cash flow interest rate risk. Some risks are offset by the cash and cash equivalent. For borrowings at fixed rate, exposed the Group to fair value interest rate risk. For the years ended December 31, 2021 and 2020, the Group's borrowings at floating rate are accounted by NTD, USD and RMB.

ii. If the borrowing interest rate of NTD dollars had increased/decreased by 0.25% or with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by $18,913 and $14,074, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

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

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The default occurs when the contract payments transferred to overdue receivables because it may not be recovered.

iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

v. The Group classifies customers' accounts receivable in accordance with customer types and the historical and timely information to assess the default possibility of accounts receivable. On December 31, 2021 and 2020, the Group recognised loss allowance amounting to $3,441 and $2,919, respectively.

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

	December 31, 2021	December 31, 2020
	In 12 months	In 12 months
Financial assets at amortised cost	$ 1,294,426	$ 1,612,062

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The Group has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate:		
Expiring within one year	$ 1,947,771	$ 1,481,308
Expiring beyond one year	12,356,283	11,324,040
	$ 14,304,054	$ 12,805,348

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

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 662,628	$ -	$ -	$ -
Notes payable	322	-	-	-
Other payables	2,258,693	-	-	-
Lease liability	247,216	266,718	538,137	164,258
Long-term borrowings (including current portion)	559,639	1,250,485	4,704,724	929,260
Long-term accounts payable (including current portion)	22,459	-	-	-
Guarantee deposits received (shown as 'other non-current liabilities')	-	-	-	1,812
Derivative financial liabilities				
Forward exchange contracts	4,215	-	-	-

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 664,682	$ -	$ -	$ -
Notes payable	1,019	-	-	-
Other payables	1,848,656	-	-	-
Lease liability	190,584	216,303	578,731	193,715
Long-term borrowings (including current portion)	782,252	1,226,056	2,813,929	867,112
Long-term accounts payable (including current portion)	-	44,515	-	-
Guarantee deposits received (shown as 'other non-current liabilities')	-	-	-	1,909
Derivative financial liabilities				
Forward exchange contracts	13,066	-	-	-
Foreign exchange swap contracts	1,237	-	-	-

(3) Fair value information

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

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

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

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

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 10,342	$ 55,360	$ 65,702
Financial assets at fair value through other comprehensive income	605	-	36,402	37,007
Total	$ 605	$ 10,342	$ 91,762	$ 102,709
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 4,215	$ -	$ 4,215

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 12,193	$ -	$ 12,193
Financial assets at fair value through other comprehensive income	460	-	36,402	36,862
Total	$ 460	$ 12,193	$ 36,402	$ 49,055
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 14,303	$ -	$ 14,303

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

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1), and the listed stocks use the closing price.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance.

(c) When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. The forward exchange contracts are evaluated based on current forward exchange rate.

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

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

	Equity securities	
	2021	2020
At January 1	$ 36,402	$ 89,640
Acquired in the period	55,360	-
Proceeds from capital reduction	-	(53,238)
At December 31	$ 91,762	$ 36,402

F. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 91,762	Market comparable companies	Discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 36,402	Market comparable companies	Discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value

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

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ 5,536	($ 5,536)	$ 3,640	($ 3,640)

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ -	$ -	$ 3,640	($ 3,640)

(4) Other

Under the Group's assessment, the Covid-19 pandemic has no significant impact to the Group's operations.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 3.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(14).

J. Significant inter-company transactions during the reporting periods: 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: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

The Group's Chief Operating Decision-Maker manages from the entity-oriented perspective.

The Group currently focuses on testing business in each geographical area. In addition to the parent company and the subsidiary, Giga Solution Technology Co., Ltd., the Group also focuses on the operations of Ardentec Singapore Pte. Ltd. Besides, the operations of Ardentec Korea Co., Ltd. and the operations of Ardentec Nanjing Co., Ltd. are now developing to be aligned with the future business strategy of major clients. Although its business scale has not reached the quantitative threshold for the reporting of operating segment as set out in IFRS 8, this entity is reported since it has great potential of growth and its contribution in profit is highly expected by the Group.

The other subsidiaries including Valucom Investment, Inc., Valutek, Inc. and Sheng Tang Investment Ltd. are merely general investee companies and Ardentec Korea Co., Ltd. and Ardentec Nanjing Co., Ltd. are companies whose operations in Korea and Mainland China have no material impact to the financial statements, therefore their businesses are not included in the report submitted to the Chief operating decision-makers, they are not included in the reported segment and their operation performance is disclosed collectively in the column "other operating segments".

(2) Measurement of segment information

The accounting policies for the preparation of segment information are the same as the significant accounting policies described in Note 4. The Chief Operating Decision-Maker evaluates the performance of operating segments based on the financial statements of each segment. Segment performance is measured by profit or loss before income tax from continuing operations of each segment.

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

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2021

	Ardentec Corp.	Ardentec Singapore Pte. Ltd.	Ardentec Korea Co., Ltd.	Ardentec Nanjing Co., Ltd.	Giga Solution Technology Co., Ltd.	All other segments	Adjustment and write off	Consolidated amount
Revenue from external customers	$ 7,557,252	$ 864,175	$ 64,232	$ 235,451	$ 3,204,761	$ -	$ -	$ 11,925,871
Segment revenue	$ 91,763	$ 54,663	$ -	$ 664	$ 5,807	$ -	($ 152,897)	$ -
Segment income (loss)	$ 3,031,159	$ 375,268	($ 53,793)	($ 140,424)	$ 569,277	$ 35,279	($ 632,484)	$ 3,184,282
Depreciation charges and amortization expense	($ 1,805,663)	($ 229,450)	($ 45,087)	($ 124,450)	($ 950,109)	$ -	$ 42,366	($ 3,112,393)
Investment income (expense) recognized under equity method	$ 592,312	$ -	$ -	$ -	$ -	$ -	($ 574,922)	$ 17,390
Interest income	$ 5,470	$ 4,008	$ 540	$ 130	$ 1,389	$ 1,151	($ 2,913)	$ 9,775
Interest expense	($ 54,871)	($ 5,471)	($ 398)	($ 9,522)	($ 30,498)	$ -	$ 2,913	($ 97,847)
Segment assets	$ 22,276,586	$ 2,398,282	$ 309,128	$ 1,631,216	$ 6,896,707	$ 1,230,171	($ 8,423,722)	$ 26,318,368
Segment liabilities	$ 8,270,989	$ 477,186	$ 12,980	$ 735,141	$ 3,389,618	$ 354	($ 573,497)	$ 12,312,771

Year ended December 31, 2020

	Ardentec Corp.	Ardentec Singapore Pte. Ltd.	Ardentec Korea Co., Ltd.	Ardentec Nanjing Co., Ltd.	Giga Solution Technology Co., Ltd.	All other segments	Adjustment and write off	Consolidated amount
Revenue from external customers	$ 6,414,311	$ 678,923	$ 69,002	$ 122,041	$ 2,390,672	$ -	$ -	$ 9,674,949
Segment revenue	$ 35,792	$ 47,513	$ -	$ 2,538	$ 5,445	$ -	($ 91,288)	$ -
Segment income (loss)	$ 2,114,237	$ 241,532	($ 46,836)	($ 138,020)	$ 472,110	$ 25,998	($ 419,699)	$ 2,249,322
Depreciation charges and amortization expense	($ 1,754,666)	($ 223,434)	($ 52,530)	($ 118,670)	($ 629,878)	$ -	$ 13,515	($ 2,765,663)
Investment income (expense) recognized under equity method	$ 366,297	$ -	$ -	$ -	$ -	$ -	($ 406,691)	($ 40,394)
Interest income	$ 8,059	$ 10,070	$ 243	$ 140	$ 2,255	$ 3,525	($ 5,766)	$ 18,526
Interest expense	($ 59,829)	($ 7,210)	($ 518)	($ 15,928)	($ 16,839)	$ -	$ 5,766	($ 94,558)
Segment assets	$ 18,694,045	$ 2,155,115	$ 309,968	$ 1,573,487	$ 5,975,001	$ 935,502	($ 7,217,769)	$ 22,425,349
Segment liabilities	$ 6,207,416	$ 458,167	$ 14,183	$ 664,982	$ 2,941,327	$ 276	($ 347,631)	$ 9,938,720

(4) Information on service

Please refer to Note 6(23).

(5) Geographical information

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

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Non-current assets	Revenue	Non-current assets
America	$ 2,194,802	$ -	$ 2,561,429	$ -
Taiwan	3,906,009	16,804,892	2,762,592	13,469,137
Singapore	1,380,059	604,837	915,129	576,754
Korea	-	178,739	-	237,192
China	432,909	1,156,421	244,179	1,251,470
Europe	1,962,998	-	1,687,330	-
Others	2,049,094	-	1,504,290	-
Total	$ 11,925,871	$ 18,744,889	$ 9,674,949	$ 15,534,553

(6) Major customer information

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

	Year ended December 31, 2021			Year ended December 31, 2020		
	Revenue	Segment		Revenue	Segment
S	$ 1,531,843	The company	S	$ 1,388,321	The company
X	1,187,481	The company	X	752,015	The company

Ardentec Corp. and subsidiaries

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note1)	Credior	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3,4)	Ceiling on total loans granted (Note 3,4)	Remark
													Item	Value			
0	Ardentec Corp.	Ardentec Nanjing Co., Ltd.	Receivables-Related Party	Yes	$ 285,350	$ 221,440	$ 110,720	0.67%	2	$ -	Operational turnover	$ -	-	$ -	$ 700,637	$ 1,401,275	
1	Ardentec Singapore Pte. Ltd.	Ardentec Nanjing Co., Ltd.	Receivables-Related Party	Yes	834,300	830,400	415,200	0.67%	2	-	Operational turnover	-	-	-	1,921,086	1,921,096	
2	Giga Solution Technology Co., Ltd.	PRINCO CORP.	Other receivables	No	1,000	1,000	1,000	2.50%	2	-	Operational turnover	-	PRINCO CORP.'s plant in Hsinchu (collateral in the second priority)	1,200	150,779	301,557	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The company is "0".

(2)The subsidiaries are numbered in order starting from "1".

Note 2: Relationship with the borrower is classfied into the following categories:

(1)The borrower having business relationship is numbered as "1".

(2)The borrower having the needs of short-term financing is numbered as "2".

Note 3:For the Company's short-term financing, the individual limit amount should not be in excess of 5% of the parent company's net assets and the accumulated financing activities to those borrowers should not be in excess of 20% of the parent company's net assets.

Note 4: (1)For Ardentec Singapore Pte. Ltd.'s short-term financing, the individual limit amount should not be in excess of 5% of the parent company's net assets and the accumulated financing activities to those borrowers should not be in excess of 20% of t he parent company's net assets. Ceiling on individual loans granted to all direct or indirect wholly-owned overseas subsidiaries of the parent company is 100% of the Ardentec Singapore Pte. Ltd.'s net assets.

(2) For Giga Solution Technology Co., Ltd.'s accumulated financing activities to those borrowers should not be in excess of 20% of the Company's net assets.

For the short-term financing, celling on loans granted between companies is 10% of the Company's net assets and the individual limit amount should not be in excess of 5% of the Company's net assets.

Ardentec Corp. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities（Note 1）	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Ardentec Corp.	CTBC Financial Holding Co., Ltd.stock	None	Current financial assets at fair value through other comprehensive income	23,349	605	0.0001%	$ 605	None
Sheng Tang Investment Ltd.	Ardentec Corp. stock	Parent company	Non-current financial assets at fair value through other comprehensive income	278,342	15,448	0.06%	15,448	Note 2
Sheng Tang Investment Ltd.	Gapertise Inc.stock	None	Financial assets at fair value through profit or loss - non-current	350,000	-	5.09%	-	None
Valutek, Inc.	Ardentec Corp. stock	Parent company	Non-current financial assets at fair value through other comprehensive income	15,972,408	886,469	3.26%	886,469	Note 2
Valutek, Inc.	Great Team backend Foundry, Inc. stock	None	Non-current financial assets at fair value through other comprehensive income	2,436,532	36,402	6.90%	36,402	None
Valutek, Inc.	Wolley, Inc.	None	Financial assets at fair value through profit or loss - non-current	1,600,000	55,360	12.20%	55,360	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, in accordance with IFRS9.
Note 2:It is recognised as treasury shares of Ardentec Corp.

Ardentec Corp. and subsidiaries
Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:						
Real estate acquired by	Real estate	Transaction date or date of the event	Transaction amount	Status of payment	Counterparty (Note 1)	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Ardentec Corp.	Land and buildings	2021/05/27 (Note 2)	$ 430,000	In accordance with the contract terms	EPISTAR Corporation	-	N/A	N/A	N/A	N/A	Price valuation report	Future business development and space requirements for operational considerations	None
Ardentec Corp.	Plant and ancillary facilities of its buildings	2021/06/15~ 12/31 (Note 3)	987,289	In accordance with the contract terms	26 companies such as WEI-SHUN ARCHITECTURE Co., Ltd. INGENIOUS ENGINEERING CORP. FORTUNE ELECTRIC CO., LTD. HER SUO ENG., CO., LTD.	-	N/A	N/A	N/A	N/A	Price comparison and negotiation	Future business development and space requirements for operational considerations	None

Note 1: Only counterparties with transaction amounts that exceeds $30 million were disclosed.
Note 2: The date approved by the Board of Directors.
Note 3: Period when the asset acceptance has been completed and accounted.

Ardentec Corp. and subsidiaries

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Ardentec Corp.	Macronix International Co., Ltd.	The Company's chairman is a director and general manager of the company.	Sales	$ 391,898	5.12%	75 days	N/A	N/A	$ 122,015	6.93%	

Ardentec Corp. and subsidiaries
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ardentec Corp.	Macronix International Co., Ltd.	The Company's chairman is a director and general manager of the company.	$ 122,015	3.53	$ 509	Subsequently collected	$ 509	$ -

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties….

Ardentec Corp. and subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Ardentec Corp.	Ardentec Nanjing Co., Ltd.	1	Other receivables	$ 110,720	According to regular transactional term	0.42%
0	Ardentec Corp.	Ardentec Nanjing Co., Ltd.	1	Other operating revenue	46,586	According to regular transactional term	0.39%
0	Ardentec Corp.	Ardentec Nanjing Co., Ltd.	1	Accounts receivable	10,603	According to regular transactional term	0.04%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Proceed from disposal of equipment	27,712	According to regular transactional term	0.11%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Other payables	21,925	According to regular transactional term	0.08%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Other operating revenue	22,258	According to regular transactional term	0.19%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Rent expense	52,573	According to regular transactional term	0.44%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Accounts receivable	2,927	According to regular transactional term	0.01%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Miscellaneous income	11,689	According to regular transactional term	0.10%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Other payables	5,225	According to regular transactional term	0.02%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Other operating revenue	10,929	According to regular transactional term	0.09%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Rent expense	5,807	According to regular transactional term	0.05%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Operating revenue	11,990	According to regular transactional term	0.10%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Accounts receivable	5,626	According to regular transactional term	0.02%
1	Ardentec Singapore Pte.Ltd.	Ardentec Corp.	2	Proceed from disposal of equipment	37,523	According to regular transactional term	0.14%
1	Ardentec Singapore Pte.Ltd.	Ardentec Nanjing Co., Ltd.	3	Other receivables	415,200	According to regular transactional term	1.58%
1	Ardentec Singapore Pte.Ltd.	Ardentec Nanjing Co., Ltd.	3	Other operating revenue	2,091	According to regular transactional term	0.02%
1	Ardentec Singapore Pte.Ltd.	Ardentec Nanjing Co., Ltd.	3	Interest income	1,961	According to regular transactional term	0.02%
2	Giga Solution Technology Co., Ltd.	Ardentec Corp.	2	Proceed from disposal of equipment	4,771	According to regular transactional term	0.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: Only disclose amounts of more than one million transactions.

Ardentec Corp. and subsidiaries

Information on investees(Does not include Mainland China investee companies)

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held and book value as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Ardentec Corp.	Sheng Tang Investment Ltd.	Taiwan	General Investment	$ 40,000	$ 40,000	-	100%	$ 35,547	$ 1,074	$ 518	Subsidiary
Ardentec Corp.	Valutek, Inc.	British Virgin Islands	General Investment	149,558	149,558	4,870	100%	291,673	26,530	(5,416)	Subsidiary
Ardentec Corp.	Valucom Investment, Inc.	British Virgin Islands	General Investment	1,516,963	1,381,850	49,876	100%	890,366	(140,712)	(141,241)	Subsidiary
Ardentec Corp.	Ardentec Singapore Pte.Ltd.	Singapore	Provider of test and assembly services	1,136,040	1,136,040	52,500,000	100%	1,776,971	316,378	287,444	Subsidiary
Ardentec Corp.	Ardentec Korea Co., Ltd.	South Korea	Electronic integrated circuits, diodes, transistors and similar semiconductor devices/Semiconductor and integrated circuit devices testing and trimming	1,074,845	993,830	8,096,000	100%	294,786	(53,793)	(48,844)	Subsidiary
Ardentec Corp.	Raytek Semiconductor, Inc.	Taiwan	Packaging of wafers and integrated circuits	440,250	440,250	38,225,000	31.85%	251,089	54,593	17,390	Associate
Ardentec Corp.	Giga Solution Technology Co., Ltd.	Taiwan	Testing of integrated circuits, modules and components	2,892,821	2,892,821	120,580,539	100%	3,502,228	492,464	482,461	Subsidiary
Sheng Tang Investment Ltd.	Ardentec Semicomductor.,Ltd.	Taiwan	Manufacturing of electronic components	20,000	20,000	-	100%	18,487	(67)	-	Indirect subsidiary
Valucom Investment, Inc.	ValuTest Incorporated	British Virgin Islands	General Investment	1,491,718	1,356,605	4,980	100%	889,502	(140,609)	-	Indirect subsidiary

Ardentec Corp. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount remitted from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2(2))	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Great Team Backend Foundry (DonGuan), Ltd.	Manufacturing and sales of new electronic components	$ 2,439,067	(3)	$ 36,402	$ -	$ -	$ 36,402	$ -	2.07%	$ -	$ 36,402	$ -	Note 4
Ardentec Nanjing Co., Ltd.	Semiconductor testing, research, and development	1,491,718	(2)	1,356,605	135,113	-	1,491,718	(140,557)	100.00%	(141,085)	889,686	-	Note 5

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

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

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

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this year.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. Financial statements that are audited by an international accounting firm that has a partnership with an accounting firm in the Republic of China.

B. Financial statements that are audited by the auditor of the parent company in Taiwan.

C. Financial statements that are not reviewed by the independent accountants.

(3) The basis for the recognition of investment gains and losses is the second category above.

Note 3: The ending balances of paid-in capital of the investees, Great Team Backend Foundry (DonGuan) Ltd. and Ardentec Nanjing Co., Ltd., in the original currency are US$83,686 thousand and US$49,800 thousand, respectively.

Note 4: Ardentec Corp. invested in Great Team Backend Foundry, Inc. through its subsidiary Valutek, Inc., then reinvested in Great Team Backend Foundry (DonGuan) Ltd.. Since Ardentec Corp. had no significant influence or control over Great Team Backend Foundry (DonGuan) Ltd., it is not necessary to disclose "Net income of investee for the year ended December 31, 2021", "Investment income (loss) recognised by the Company for the year ended December 31, 2021", and "Book value of investments in Mainland China as of December 31, 2021".

Note 5: Ardentec Corporation increased the capital of subsidiary, Valucom Investment, Inc.; Valucom Investment, Inc., then invested the same amount in ValuTest Incorporated, which invested the same amount in Ardentec Nanjing Co., Ltd..

Note 6: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 was US$52,800 thousand denominated with original currency. Accumulated amount remitted back to Taiwan was US$1,782 thousand denominated with original currency. The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) , was US$82,800 thousand denominated with original currency.

Note 7: In accordance with "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area", Ardentec Corp. obtained an operational headquarter certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, and Ardentec Corp.'s investments in Mainland China are not limited based on Jing-Shou-Gong-Zi Letter. No. 106020407320 of MOEA.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2021(Note 6)	Investment amount approved by the Investment Commission of the Ministry of MOEA(Note 6)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Ardentec Corp.	$ 1,528,120	$ 2,507,994	Note 7

Ardentec Corp. and subsidiaries

Major shareholders information

Year ended December 31, 2021

Table 9

	Shares	
Name of major shareholders	Number of shares held	Ownership (%)
Macronix International Co., Ltd	35,951,871	7.33%
Cathay Life Insurance Co.,Ltd.	29,608,000	6.04%

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

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

V. Individual CPA-certified financial statements for the most recent year

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Ardentec Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ardentec Corp. as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

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

The most significant key audit matters in our audit of the financial statements of the current period are as follows:

Revenue recognition

Description

The Company's operating revenue arise mainly from IC testing services. Please refer to Note 4(27) for accounting policies on revenue recognition, and Note 6(21) for details of operating revenue.

Given the significance of service revenue to the financial statements, it was identified as a key audit matter.

How our audit addressed the matter

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

1. Interviewed with management in order to obtain an understanding of and assess the accounting policies on revenue recognition, and tested the design and the operating effectiveness of internal controls in relating to revenue recognition.
2. Selected samples to perform test of detailed transactions, including review of performance obligation of transaction orders and respective prices and of supporting documents for providing service in order to ensure the existence and accuracy of transactions.
3. Examined and verified the assessment procedures and related supporting documents in relation to the stage of completion of performance obligation at the balance sheet date to ensure the reasonableness and timing of revenue recognition.

Additions to property, plant and equipment

Description

The Company increased the capital expenditure along with its operational growth. Please refer to Note 4 (13) for accounting policies on property, plant and equipment, and Note 6(8) for details of property, plant and equipment. Considering additions to property, plant and equipment is significant to the Company's financial statements, thus, we determined additions to property, plant and equipment a key audit matter.

How our audit addressed the matter

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

1. Assessed and tested the effectiveness of the internal control system on additions to property, plant and equipment and provision timing of depreciation, and verified respective purchase orders and invoices to ensure that transactions were approved accordingly and recognised amounts were correct. Examined the acceptance reports to validate whether the timing that assets are ready for use and are recorded in the property listing is appropriate and confirm that the timing of depreciation is provided correctly.

2. Obtained an understanding of the reasons that unfinished construction and equipment under acceptance are not ready for use, and ensure the aforementioned status are reasonable through verifying related supporting documents.

3 . Sampled and conducted physical inspection of certain assets to confirm that the purchased items exist.

Responsibilities of management and those charged with governance for the parent Company only financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the Parent Company Only financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 controls. Obtain an understanding of internals control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the 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 report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Liu, Chien-Yu　　Wen, Fang-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2022

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

ARDENTEC CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,017,876	5	$ 1,002,917	5
1110	Financial assets at fair value through profit or loss- current	6(2)	6,854	-	10,986	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	605	-	460	-
1136	Current financial assets at amortised cost	6(4) and 8	479,340	2	479,297	2
1140	Current contract assets	6(21) and 7(2)	231,636	1	144,271	1
1170	Accounts receivable, net	6(5)	1,618,747	7	1,352,045	7
1180	Accounts receivable- related parties	6(5) and 7(2)	142,043	1	110,067	1
1200	Other receivables		17,889	-	15,608	-
1210	Other receivables due from related parties	7(2)	111,496	-	314,853	2
1410	Prepayments	6(6)	182,775	1	112,401	1
1470	Other current assets	8	3,196	-	6,391	-
11XX	**Total current assets**		3,812,457	17	3,549,296	19
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(4) and 8	22,730	-	20,313	-
1550	Investments accounted for using equity method	6(7)	7,042,660	32	6,326,676	34
1600	Property, plant and equipment, net	6(8) and 8	10,743,949	48	8,115,261	44
1755	Right-of-use assets	6(9)	365,467	2	415,682	2
1780	Intangible assets, net	6(10)	44,278	-	53,399	-
1840	Deferred income tax assets	6(28)	227,456	1	192,093	1
1900	Other non-current assets	6(11) and 8	17,589	-	21,325	-
15XX	**Total non-current assets**		18,464,129	83	15,144,749	81
1XXX	**Total assets**		$ 22,276,586	100	$ 18,694,045	100

(Continued)

ARDENTEC CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 540,258	2	$ 415,791	2
2120	Financial liabilities at fair value through profit or loss-current	6(13)	-	-	3,577	-
2150	Notes payable		-	-	923	-
2200	Other payables	6(14) and 7(2)	1,559,810	7	1,088,684	6
2230	Current income tax liabilities	6(28)	353,142	2	232,921	1
2280	Current lease liabilities	6(9)	68,472	-	69,311	-
2320	Long-term liabilities, current portion	6(15)	357,140	2	714,280	4
2399	Other current liabilities, others	7(2)	12,726	-	10,652	-
21XX	**Total current liabilities**		2,891,548	13	2,536,139	13
	Non-current liabilities					
2540	Long- term borrowings	6(15) and 8	4,864,926	22	3,169,680	17
2550	Provisions for liabilities- non- current		22,400	-	22,400	-
2570	Deferred income tax liabilities	6(28)	3,223	-	3,194	-
2580	Non-current lease liabilities	6(9)	289,857	1	338,056	2
2600	Other non-current liabilities	6(16)	199,035	1	137,947	1
25XX	**Total non-current liabilities**		5,379,441	24	3,671,277	20
2XXX	**Total Liabilities**		8,270,989	37	6,207,416	33
	Equity					
	Share capital	6(18)				
3110	Share capital- common stock		4,901,701	22	4,902,520	26
	Capital surplus	6(19)				
3200	Capital surplus		1,366,003	7	1,331,153	7
	Retained earnings	6(20)				
3310	Legal reserve		1,789,296	8	1,611,742	9
3320	Special reserve		60,546	-	25,467	-
3350	Unappropriated retained earnings		6,181,496	28	4,816,618	26
	Other equity interest					
3400	Other equity interest		(166,673)	(1)	(74,099)	-
3500	Treasury stock	6(18)	(126,772)	(1)	(126,772)	(1)
3XXX	**Total Equity**		14,005,597	63	12,486,629	67
	Significant contingent liabilities and unrecognised contract	9				
3X2X	**Total liabilities and equity**		$ 22,276,586	100	$ 18,694,045	100

The accompanying notes are an integral part of these parent company only financial statements.

ARDENTEC CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7(2)	$ 7,649,014	100	$ 6,450,102	100
5000	Operating costs	6(26)(27)	(4,466,089)	(58)	(4,031,724)	(63)
5900	Gross profit from operations		3,182,925	42	2,418,378	37
	Operating expenses	6(26)(27) and 7(2)				
6100	Selling expenses		(31,981)	-	(23,882)	-
6200	General and administrative expenses		(572,577)	(8)	(428,635)	(7)
6300	Research and development expenses		(268,445)	(4)	(219,895)	(3)
6000	Total operating expenses		(873,003)	(12)	(672,412)	(10)
6900	Operating profit		2,309,922	30	1,745,966	27
	Non-operating income and expenses					
7100	Interest income	6(22)	5,470	-	8,059	-
7010	Other income	6(23) and 7(2)	40,357	1	19,535	-
7020	Other gains and losses	6(24) and 7(2)	137,969	2	34,209	1
7050	Finance costs	6(9)(25)	(54,871)	(1)	(59,829)	(1)
7070	Share of profit(loss) of associates and joint ventures accounted for using equity method	6(7)	592,312	8	366,297	6
7000	Total non-operating income and expenses		721,237	10	368,271	6
7900	**Profit before income tax**		3,031,159	40	2,114,237	33
7950	Income tax expense	6(28)	(450,865)	(6)	(331,739)	(5)
8200	**Profit for the year**		$ 2,580,294	34	$ 1,782,498	28
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(16)	($ 16,009)	-	($ 6,561)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	145	-	(63)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)	(9,593)	-	3,333	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	3,202	-	1,312	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(22,255)	-	(1,979)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(7)	(132,758)	(2)	(50,070)	(1)
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(28)	26,552	-	10,014	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(106,206)	(2)	(40,056)	(1)
8300	**Total other comprehensive loss for the year**		($ 128,461)	(2)	($ 42,035)	(1)
8500	**Total comprehensive income for the year**		$ 2,451,833	32	$ 1,740,463	27
9750	Basic earnings per share	6(29)	$	5.46	$	3.78
9850	Diluted earnings per share	6(29)	$	5.36	$	3.71

The accompanying notes are an integral part of these parent company only financial statements.

ARDENTEC CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital-common stock	Capital surplus, additional paid-in capital	Retained earnings			Other equity interest			Treasury stock	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity, others		
For the year ended December 31, 2020											
Balance at January 1, 2020		$ 4,902,592	$ 1,308,351	$ 1,501,710	$ -	$ 3,813,913	($ 25,513)	$ 46	($ 44,033)	($ 126,772)	$ 11,330,294
Profit for the year		-	-	-	-	1,782,498	-	-	-	-	1,782,498
Other comprehensive (loss) income for the year		-	-	-	-	(6,957)	(40,056)	4,978	-	-	(42,035)
Total comprehensive (loss) income		-	-	-	-	1,775,541	(40,056)	4,978	-	-	1,740,463
Distribution of 2019 earnings	6(20)										
Legal reserve	6(20)	-	-	110,032	-	(110,032)	-	-	-	-	-
Special reserve		-	-	-	25,467	(25,467)	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(637,337)	-	-	-	-	(637,337)
Compensation cost of employee restricted shares	6(17)	-	-	-	-	-	-	-	30,210	-	30,210
Retirement of employee restricted shares	6(17)(18)(19)	(72)	(197)	-	-	-	-	-	269	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	6(19)	-	21,126	-	-	-	-	-	-	-	21,126
Recognition of associates' equity		-	1,873	-	-	-	-	-	-	-	1,873
Balance at December 31, 2020		$ 4,902,520	$ 1,331,153	$ 1,611,742	$ 25,467	$ 4,816,618	($ 65,569)	$ 5,024	($ 13,554)	($ 126,772)	$ 12,486,629
For the year ended December 31, 2021											
Balance at January 1, 2021		$ 4,902,520	$ 1,331,153	$ 1,611,742	$ 25,467	$ 4,816,618	($ 65,569)	$ 5,024	($ 13,554)	($ 126,772)	$ 12,486,629
Profit for the year		-	-	-	-	2,580,294	-	-	-	-	2,580,294
Other comprehensive (loss) income for the year		-	-	-	-	(22,400)	(106,206)	145	-	-	(128,461)
Total comprehensive income		-	-	-	-	2,557,894	(106,206)	145	-	-	2,451,833
Distribution of 2020 earnings	6(20)										
Legal reserve		-	-	177,554	-	(177,554)	-	-	-	-	-
Special reserve		-	-	-	35,079	(35,079)	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(980,383)	-	-	-	-	(980,383)
Compensation cost of employee restricted shares	6(17)	-	-	-	-	-	-	-	10,715	-	10,715
Retirement of employee restricted shares	6(17)(18)(19)	(819)	(1,953)	-	-	-	-	-	2,772	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	6(19)	-	32,502	-	-	-	-	-	-	-	32,502
Recognition of associates' equity		-	4,301	-	-	-	-	-	-	-	4,301
Balance at December 31, 2021		$ 4,901,701	$ 1,366,003	$ 1,789,296	$ 60,546	$ 6,181,496	($ 171,775)	$ 5,169	($ 67)	($ 126,772)	$ 14,005,597

The accompanying notes are an integral part of these parent company only financial statements.

ARDENTEC CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 3,031,159	$ 2,114,237
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses (gains)		5	(2,748)
Depreciation	6(8)(9)(26)	1,762,505	1,716,760
Amortization	6(10)(26)	43,158	37,906
Net gain on financial assets or liabilities at fair value through profit or loss	6(24)	555	(2,480)
Compensation cost of employee restricted shares	6(17)	10,715	30,210
Interest expense	6(25)	54,871	59,829
Interest income	6(22)	(5,470)	(8,059)
Dividend income	6(23)	(25)	(23)
Share of gain on subsidiaries, associates and joint ventures accounted for using equity method	6(7)	(592,312)	(366,297)
Gain on disposal of property, plant and equipment	6(24)	(135,092)	(49,034)
Deferred revenue transferred to other income		(8,761)	(1,094)
Gain on lease modification	6(24)	(2,044)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(87,365)	(26,425)
Accounts receivable		(298,683)	(214,655)
Other receivables		34,267	6,956
Prepayments		(70,374)	(19,589)
Changes in operating liabilities			
Notes payable		(923)	113
Other accounts payable		277,161	243,234
Other current liabilities		2,074	5,075
Net defined benefit liability		9,746	-
Pension liabilities		-	(3,037)
Cash inflow generated from operations		4,025,167	3,520,879
Interest received		5,469	8,155
Interest paid		(43,289)	(59,138)
Income tax paid		(336,225)	(251,928)
Net cash flows from operating activities		3,651,122	3,217,968

(Continued)

ARDENTEC CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost	8	($ 2,460)	($ 138)
Repayments from loans to related parties	7	278,050	-
Loans to related parties	7	(111,240)	(294,118)
Acquisition of property, plant and equipment	6(30)	(4,132,732)	(2,448,358)
Proceeds from disposal of property, plant and equipment		135,957	46,889
Acquisition of intangible assets	6(10)	(34,037)	(59,206)
Decrease in restricted assets	8	7,285	10,444
Acquisition of investments accounted for using equity method		(216,128)	-
(Increase) decrease in refundable deposits		(404)	472
Dividends received		25	132,662
Proceeds from acquisition of grants		8,072	3,038
Net cash flows used in investing activities		(4,067,612)	(2,608,315)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(31)	124,467	3,142
Proceeds from long-term debt	6(31)	3,377,000	6,642,300
Repayment of long-term debt	6(31)	(2,014,280)	(6,326,884)
Decrease in deposits received	6(31)	-	(536)
Repayment of principal portion of lease liabilities	6(31)	(75,355)	(72,552)
Cash dividends paid	6(20)	(980,383)	(637,337)
Net cash flows from (used in) financing activities		431,449	(391,867)
Net increase in cash and cash equivalents		14,959	217,786
Cash and cash equivalents at beginning of year	6(1)	1,002,917	785,131
Cash and cash equivalents at end of year	6(1)	$ 1,017,876	$ 1,002,917

The accompanying notes are an integral part of these parent company only financial statements.

ARDENTEC CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Ardentec Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in provision of integrated circuit testing services.

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

These financial statements were authorised for issuance by the Board of Directors on February 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

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

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

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

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

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

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

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

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to 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 non-current liabilities:
(a) Liabilities that are expected to be settled within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are to be settled within twelve months from the balance sheet date;
(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

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

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:
   (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
   (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

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

(9) Accounts and notes receivable

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

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has not retained control of the financial asset.

(12) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity

and has the ability to affect those returns through its power over the entity.

B. Unrealised gains or losses arising from transactions between the Company and subsidiaries are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the financial statements shall be equal to the amount attributable to owners of the parent in the financial statements prepared on a consolidation basis. Owners' equity in the financial statements shall be equal to equity attributable to owners of the parent in the financial statements prepared on a consolidation basis.

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

F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

G. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

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

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

(13) Property, plant and equipment

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

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

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

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

Land improvements	10 years
Buildings and structures	5 ~ 50 years
Machinery and equipment	2 ~ 15 years
Transportation equipment	5 years
Office equipment	3 ~ 5 years
Leasehold improvements	8 years
Other facilities	2 ~ 6 years

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

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

B. The lease term is a non-cancellable period of the lease agreement. If the Company reasonably determined that the lease agreement will be renewed, then the renewable period is included in the lease term.

C. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
Lease payments are comprised of the following:
(a) Fixed payments, less any lease incentives receivable;
(b) Variable lease payments that depend on an index or a rate.
The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

D. At the commencement date, the right-of-use asset is stated at cost comprising the following:
(a) The amount of the initial measurement of lease liability;
(b) Any lease payments made at or before the commencement date;
(c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(16) Impairment of non-financial assets

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

(17) Borrowings

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

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
(a) Hybrid (combined) contracts; or
(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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

(19) Derecognition of financial liabilities

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

(20) Offsetting financial instruments

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

(21) Provisions

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

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

iii. Past service costs are recognised immediately in profit or loss.

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

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

(23) Employee share-based payment

Issuance of employee restricted stock

A. Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

B. For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

C. For restricted stocks where employees do not need to pay to acquire those stocks, if the employees resign or pass away due to non-occupational accident before fulfilling the vesting condition, the Company will recover the shares without compensation and make retirement registration.

(24) Income tax

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

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

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

(25) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

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

(26) Dividends

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

(27) Revenue recognition

Testing revenue

A. The Company is primarily engaged in providing testing services of integrated circuit. Customers control the asset and the Company transfers its control over service over time and recognises revenue when performance obligation is satisfied over time. If the commitment is required to render a specified service, such service rely on technical experts' input and related activity. The stage of completion of service is measured by the proportion of completed testing time to the estimated total testing time. If the commitment is required to provide services in certain periods, the rendered service hours directly correspond with the volume of service completion, thus the stage of completion of service is measured by the incurred hours. Because the transfer of the promised services to the customer and payment by the customer exceeds one year, the Company does not adjust any of the transaction prices for the time value of money.

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

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

The difference between the loan received and the fair value of loan calculated based on the prevailing market rate for the government loan at a below-market rate of interest is recognised as a government grant.

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

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated

and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment of goodwill acquired in a business combination

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, that is expected to benefit from the synergies of the business combination. To calculate value-in-use, management shall estimate the future cash flows generated from cash-generating units, and determine the discout rate used to calculate present value. If the actual cash flow is lower than expected cash flow, the significant impairment loss will be incurred.

B. Estimation of useful life of property, plant and equipment

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 40	$ 40
Checking accounts and demand deposits	748,133	475,848
Time deposits	134,800	134,800
Notes and bonds issued under repurchase agreement	134,903	392,229
	$ 1,017,876	$ 1,002,917

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

B. The Company does not pledge any cash or cash equivalents disclosed in the balance sheet as collateral. For details about cash and cash equivalents pledged as collateral (as shown in the Table "Other current assets", "Other non-current assets" and " Current financial assets at amortised cost"), please refer to Note 8.

C. As at December 31, 2021 and 2020, the Company's time deposits maturing in over three months amounting to both $465,227, were recorded as financial assets at amortised cost - current. Please refer to Note 6(4) for details.

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

Items	December 31, 2021	December 31, 2020
Current items:		
Derivatives	$ 6,854	$ 10,986

A. The Company recognised net gain of $41,162 and $50,955 on financial assets at fair value through profit or loss for the years ended December 31, 2021 and 2020, respectively.

B. The derivative financial assets transaction and contract information are as follows:

	December 31, 2021		
Derivative financial assets	Contract amount (notional principal) in thousand		Contract period
Current items:			
Forward foreign exchange contracts	US$	30,500	2021.10.01~ 2022.03.05
Foreign exchange swap contracts	US$	13,000	2021.12.15~ 2022.03.25

	December 31, 2020		
Derivative financial assets	Contract amount (notional principal) in thousand		Contract period
Current items:			
Forward foreign exchange contracts	US$	16,739	2020.10.15~ 2021.04.08
Foreign exchange swap contracts	US$	18,964	2020.10.22~ 2021.03.26

The Company entered into forward exchange and foreign exchange swap contracts, which are forward transactions in pre-sales or pre-order of US dollars, for the purpose of hedging exchange risks arising from export proceeds and financing for importation of machinery. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information on financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2021	December 31, 2020
Current items:		
Equity instruments		
CTBC Financial Holding Co., Ltd.	$ 477	$ 477
Valuation adjustment	128	(17)
Total	$ 605	$ 460

The Company recognised $145 and ($63) in other comprehensive income for fair value change for the years ended December 31, 2021 and 2020, respectively.

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Pledged time deposit	$ 14,113	$ 14,070
Time deposits-maturing in over three months	465,227	465,227
Total	$ 479,340	$ 479,297
Non-current items:		
Pledged time deposit	$ 22,730	$ 20,313

A. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $502,070 and $499,610, respectively.

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable	$ 1,618,928	$ 1,352,221
Less: Allowance for bad debts	(181)	(176)
	1,618,747	1,352,045
Related parties	142,043	110,067
	$ 1,760,790	$ 1,462,112

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

	December 31, 2021	December 31, 2020
Not past due	$ 1,728,667	$ 1,457,495
Up to 30 days	32,147	4,550
31 to 90 days	157	200
91 to 180 days	-	43
	$ 1,760,971	$ 1,462,288

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to $1,244,708.

C. The Company does not hold any collateral as security.

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was $1,760,790 and $1,462,112, respectively. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Prepayments

	December 31, 2021	December 31, 2020
Prepaid expenses	$ 68,292	$ 30,048
Office supplies	50,488	42,783
Excess business tax paid	40,596	13,274
Other prepayments	23,399	26,296
	$ 182,775	$ 112,401

(7) Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Subsidiaries:		
Sheng Tang Investment Ltd.	$ 35,547	$ 34,473
Giga Solution Technology Co., Ltd.	3,502,228	3,026,857
Valutek,Inc.	291,673	271,804
Valucom Investment,Inc.	890,366	901,731
Ardentec Singapore Pte. Ltd.	1,776,971	1,572,938
Ardentec Korea Co., Ltd.	294,786	289,475
Associates:		
Raytek Semiconductor, Inc.	251,089	229,398
	$ 7,042,660	$ 6,326,676

A. For the years ended December 31, 2021 and 2020, the Company recognised $592,312 and $366,297 in gain, and ($142,351) and ($46,737) in other comprehensive loss on investments accounted for using equity method.

B. For the information about the Company and its subsidiaries, please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2021.

C. Associates

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

Company name	Principal place of business	Shareholding ratio	
		December 31, 2021	December 31, 2020
Raytek Semiconductor, Inc.	Taiwan	31.85%	32.02%

(b) The summarised financial information of the associates that are material to the Company is as follows:

Balance sheet

	Raytek Semiconductor, Inc.	
	December 31, 2021	December 31, 2020
Current assets	$ 312,461	$ 243,816
Non-current assets	797,348	860,125
Current liabilities	(251,254)	(232,685)
Non-current liabilities	(78,591)	(152,005)
Total net assets	$ 779,964	$ 719,251
Share in associate's net assets	$ 248,451	$ 230,286
Goodwill	3,371	3,371
Employee stock options	(733)	(4,259)
Carrying amount of the associate	$ 251,089	$ 229,398

Statement of comprehensive income

	Raytek Semiconductor, Inc.	
	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	$ 542,602	$ 285,900
Net income (loss)	54,593	(126,161)
Total comprehensive income (loss)	$ 54,593	($ 126,161)

(c) The Company is the single largest shareholder of Raytek Semiconductor, Inc. with a 31.85% equity interest. Given that other large shareholders (non-related parties and including Raytek Semiconductor’s management team) hold more shares than the Company, which indicates that the Company has no current ability to direct the relevant activities of Raytek Semiconductor, Inc., the Company has no control, but only has significant influence, over the investee.

(8) Property, plant and equipment

	2021									
	Land	Land improvements	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment to be inspected	Total
At January 1										
Cost	$ 653,698	$ 755	$ 1,856,089	$ 22,584,320	$ 7,678	$ 110,128	$ 446,233	$ 232,473	$ 1,018,036	$ 26,909,410
Accumulated depreciation	-	(755)	(1,023,011)	(17,352,666)	(3,963)	(91,533)	(155,512)	(161,654)	-	(18,789,094)
Accumulated impairment	-	-	-	(5,055)	-	-	-	-	-	(5,055)
	$ 653,698	$ -	$ 833,078	$ 5,226,599	$ 3,715	$ 18,595	$ 290,721	$ 70,819	$ 1,018,036	$ 8,115,261
At January 1	$ 653,698	$ -	$ 833,078	$ 5,226,599	$ 3,715	$ 18,595	$ 290,721	$ 70,819	$ 1,018,036	$ 8,115,261
Additions	432,336	-	256,368	2,880,861	2,705	26,801	15,421	35,359	676,722	4,326,573
Disposals	-	-	-	(13,955)	-	-	-	-	-	(13,955)
Reclassifications	-	1,291	746,953	245,912	-	58	567	163	(994,944)	-
Depreciation charge	-	(88)	(92,330)	(1,510,405)	(1,038)	(11,537)	(47,323)	(21,209)	-	(1,683,930)
At December 31	$ 1,086,034	$ 1,203	$ 1,744,069	$ 6,829,012	$ 5,382	$ 33,917	$ 259,386	$ 85,132	$ 699,814	$ 10,743,949
At December 31										
Cost	$ 1,086,034	$ 2,046	$ 2,854,490	$ 25,408,654	$ 8,137	$ 136,804	$ 458,901	$ 267,635	$ 699,814	$ 30,922,515
Accumulated depreciation	-	(843)	(1,110,421)	(18,574,587)	(2,755)	(102,887)	(199,515)	(182,503)	-	(20,173,511)
Accumulated impairment	-	-	-	(5,055)	-	-	-	-	-	(5,055)
	$ 1,086,034	$ 1,203	$ 1,744,069	$ 6,829,012	$ 5,382	$ 33,917	$ 259,386	$ 85,132	$ 699,814	$ 10,743,949

	2020									
	Land	Land improvements	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment to be inspected	Total
At January 1										
Cost	$ 653,698	$ 755	$ 1,856,177	$ 21,520,609	$ 7,793	$ 120,353	$ 245,318	$ 204,206	$ 391,080	$ 24,999,989
Accumulated depreciation	-	(755)	(957,406)	(16,449,833)	(6,058)	(99,347)	(128,744)	(143,259)	-	(17,785,402)
Accumulated impairment	-	-	-	(5,055)	-	-	-	-	-	(5,055)
	$ 653,698	$ -	$ 898,771	$ 5,065,721	$ 1,735	$ 21,006	$ 116,574	$ 60,947	$ 391,080	$ 7,209,532
At January 1	$ 653,698	$ -	$ 898,771	$ 5,065,721	$ 1,735	$ 21,006	$ 116,574	$ 60,947	$ 391,080	$ 7,209,532
Additions	-	-	10,222	1,521,707	2,489	5,954	200,695	29,394	793,453	2,563,914
Disposals	-	-	-	(17,108)	-	-	-	-	-	(17,108)
Reclassifications	-	-	880	165,383	-	-	220	14	(166,497)	-
Depreciation charge	-	-	(76,795)	(1,509,104)	(509)	(8,365)	(26,768)	(19,536)	-	(1,641,077)
At December 31	$ 653,698	$ -	$ 833,078	$ 5,226,599	$ 3,715	$ 18,595	$ 290,721	$ 70,819	$ 1,018,036	$ 8,115,261
At December 31										
Cost	$ 653,698	$ 755	$ 1,856,089	$ 22,584,320	$ 7,678	$ 110,128	$ 446,233	$ 232,473	$ 1,018,036	$ 26,909,410
Accumulated depreciation	-	(755)	(1,023,011)	(17,352,666)	(3,963)	(91,533)	(155,512)	(161,654)	-	(18,789,094)
Accumulated impairment	-	-	-	(5,055)	-	-	-	-	-	(5,055)
	$ 653,698	$ -	$ 833,078	$ 5,226,599	$ 3,715	$ 18,595	$ 290,721	$ 70,819	$ 1,018,036	$ 8,115,261

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements－lessee

A. The Company leases various assets including Land, buildings, office's, office and transportation equipment. Rental contracts are typically made for periods of 2 to 50 years. The Company leases machinery with a lease term of 12 months or less, and was classified as short-term lease contract.

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

	At December 31, 2021	Year ended December 31, 2021	At December 31, 2020	Year ended December 31, 2020
	Carrying amount	Depreciation charge	Carrying amount	Depreciation charge
Land	$ 1,947	$ 34	$ -	$ -
Buildings	349,485	73,927	399,253	70,997
Office equipment	7,070	2,535	8,663	2,277
Transportation equipment (Business vehicles)	6,965	2,079	7,766	2,409
	$ 365,467	$ 78,575	$ 415,682	$ 75,683

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $79,698 and $25,604, respectively.

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

	Year ended December 31, 2021	Year ended December 31, 2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 4,825	$ 5,261
Expense on short-term lease contracts	80,859	69,126
Gain on sublease of right-of-use assets	8,861	8,861
Gain on sale and leaseback transactions	2,044	-

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were $161,039 and $146,939, respectively.

F. In the Company's lease agreements, certain plant lease agreements are variable lease payments. These contracts will be reassessed periodically from the 4th year of lease terms. When the accumulated appreciation of consumer price index reach 5%, the rent will be increased 3% starting from the current month. Otherwise, the rent will not be increased.

(10) Intangible assets

	2021		
	Software	Others	Total
At January 1			
Cost	$ 74,870	$ 5,047	$ 79,917
Accumulated amortisation	(25,115)	(1,403)	(26,518)
	$ 49,755	$ 3,644	$ 53,399
At January 1	$ 49,755	$ 3,644	$ 53,399
Additions	32,829	1,208	34,037
Amortisation charge	(42,170)	(988)	(43,158)
At December 31	$ 40,414	$ 3,864	$ 44,278
At December 31			
Cost	$ 76,636	$ 5,856	$ 82,492
Accumulated amortisation	(36,222)	(1,992)	(38,214)
	$ 40,414	$ 3,864	$ 44,278

	2020		
	Software	Others	Total
At January 1			
Cost	$ 59,486	$ 2,461	$ 61,947
Accumulated amortisation	(28,419)	(1,429)	(29,848)
	$ 31,067	$ 1,032	$ 32,099
At January 1	$ 31,067	$ 1,032	$ 32,099
Additions	55,854	3,352	59,206
Amortisation charge	(37,166)	(740)	(37,906)
At December 31	$ 49,755	$ 3,644	$ 53,399
At December 31			
Cost	$ 74,870	$ 5,047	$ 79,917
Accumulated amortisation	(25,115)	(1,403)	(26,518)
	$ 49,755	$ 3,644	$ 53,399

Details of amortisation on intangible assets are as follows:

	Years ended December 31	
	2021	2020
Operating cost	$ 39,779	$ 32,316
Administrative cost	173	25
Research and development expenses	3,206	5,565
	$ 43,158	$ 37,906

(11) Other non-current assets

	December 31, 2021	December 31, 2020
Prepayments for property, plant and equipment	$ 17,585	$ 17,181
Prepayments for equipment	4	54
Restricted assets (Note)	-	4,090
	$ 17,589	$ 21,325

Note: Restricted assets mainly arise from demand deposit restricted as a special reserve due to long-term syndicated loan, please refer to Note 8 for more information.

(12) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range
Unsecured bank borrowings	$ 540,258	0%~0.6923%

Type of borrowings	December 31, 2021	Interest rate range
Unsecured bank borrowings	$ 415,791	0.6%~1.06%

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

Items	December 31, 2021	December 31, 2020
Current Items:		
Derivative instruments	$ -	$ 3,577

A. The Company recognised net loss of $14,239 and $12,388 on financial liabilities at fair value through profit or loss for the years ended December 31, 2021 and 2020, respectively.

B. The derivative financial liabilities transaction and contract information are as follows:

	December 31, 2021	
Derivative financial Liabilities	Contract amount (in thousand) Notional Principal	Contract period
Current Items:		
Forward foreign exchange contracts	-	-
Forward foreign swap contracts	-	-

	December 31, 2020		
Derivative financial Liabilities	Contract amount (in thousand) Notional Principal		Contract period
Current Items:			
Forward foreign exchange contracts	US$	10,663	2020.12.01~2021.03.08
Forward foreign swap contracts	US$	3,300	2020.12.16~2021.02.24

The Company entered into forward exchange and foreign exchange swap contracts, which are forward transactions in pre-sales or pre-order of US dollars, for the purpose of hedging exchange risks arising from export proceeds and financing for importation of machinery. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information on financial liabilities at fair value through profit or loss is provided in Note 12(2).

(14) Other payables

	December 31, 2021	December 31, 2020
Payable for employees' compensation	$ 428,410	$ 298,744
Payable for machinery and equipment	416,757	222,966
Bonus payable	266,642	195,177
Payable for directors' and supervisors' remuneration	106,982	74,620
Payable for maintenance expense	89,425	90,676
Salaries payable	71,701	55,786
Others	179,893	150,715
	$ 1,559,810	$ 1,088,684

(15) Long-term borrowings

Type of borrowings	Borrowing contract period	Repayment	Collateral	December 31, 2021
Long-term syndicated loan (Note 1)	2017.03.15~2022.03.15	Repayable in instalment over the agreed period	None	$ 357,140
Medium and long - term unsecured borrowings	2020.06.04~2023.06.04	Repayable at the maturity date	None	600,000
Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan (Note 2)	2020.06.19~2028.09.15	Repayable in instalment over the agreed period	None	4,264,926
				5,222,066
Less: Current portion				(357,140)
				$ 4,864,926
Interest rate range				0.9%~1.7895%

Type of borrowings	Borrowing contract period	Repayment	Collateral	December 31, 2020
Long-term syndicated loan (Note 1)	2017.03.15~2023.09.10	Repayable in instalment over the agreed period	None	$ 1,171,420
Medium and long - term unsecured borrowings	2020.06.04~2023.06.04	Repayable at the maturity date	None	1,300,000
Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan (Note 2)	2020.06.19~2027.09.15	Repayable in instalment over the agreed period	None	1,412,540
				3,883,960
Less: Current portion				(714,280)
				$ 3,169,680
Interest rate range				0.88656%~1.7895%

Note 1：The credit contract provides that the Company is obliged to comply with certain financial ratios such as current ratio, debt ratio, interest coverage ratio, financial liability ratio and tangible assets during the year and by the end of half a year. As of December 31, 2021 and 2020, the Company has not violated any of the financial ratios.

Note 2: The Ministry of Economic Affairs implemented the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" on January 1, 2019. An entity can apply for a compliant investment project financing from financial institutions at a preferential interest rate of 0.45%~0.75% under the Action Plan. The Company qualified for acquiring the loan project from the Ministry of Economic Affairs and entered into loan contracts with financial institutions from June 2020 in succession to obtain borrowing facilities of $5.32 billion (in dollars) with 5 to 7 years of credit periods. The loan is used for investment in newly purchased machinery and equipment, newly purchased (expanded) plant and working capital.

(16) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. The Company also provides for the pension of directors and assigned managers who actually engage in work by referring to the abovementioned regulations. The pension will be paid by the Company upon their resignation. The plan was amended by the Company's Board of Directors on December 16, 2021.

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

	December 31, 2021	December 31, 2020
Present value of appropriated defined benefit obligation	($ 166,622)	($ 158,482)
Fair value of plan assets	83,752	86,754
	(82,870)	(71,728)
Present value of unappropriated defined benefit obligation	(47,423)	(32,810)
Net liabilities recognised in the balance sheet	($ 130,293)	($ 104,538)

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

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 191,292)	$ 86,754	($ 104,538)
Current service cost	(1,366)	-	(1,366)
Interest (expense) income	(956)	443	(513)
Past service cost	(13,269)	-	(13,269)
	(206,883)	87,197	(119,686)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,064	1,064
Change in demographic assumptions	(4,664)	-	(4,664)
Change in financial assumptions	-	-	-
Experience adjustments	(12,409)	-	(12,409)
	(17,073)	1,064	(16,009)
Pension fund contribution	-	4,084	4,084
Paid pension	9,911	(8,593)	1,318
Balance at December 31	($ 214,045)	$ 83,752	($ 130,293)

	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 180,666)	$ 79,653	($ 101,013)
Current service cost	(1,276)	-	(1,276)
Interest (expense) income	(1,581)	714	(867)
	(183,523)	80,367	(103,156)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,508	2,508
Change in demographic assumptions	(1,165)	-	(1,165)
Change in financial assumptions	(6,803)	-	(6,803)
Experience adjustments	(1,101)	-	(1,101)
	(9,069)	2,508	(6,561)
Pension fund contribution	-	3,879	3,879
Paid pension	1,300	-	1,300
Balance at December 31	($ 191,292)	$ 86,754	($ 104,538)

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

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

	Years ended December 31,	
	2021	2020
Discount rate	0.500%	0.500%
Long-term average salary increase rate	2.000%	2.000%

Assumptions regarding future mortality experience for the years ended December 31, 2021 and 2020 are set based on actuarial advice in accordance with 6th and 5th Taiwan Standard Ordinary Experience Mortality Table, respectively.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 5,475)	$ 5,690	$ 5,521	($ 5,342)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 5,194)	$ 5,411	$ 5,249	($ 5,067)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to $4,103.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 12 years.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for directors who actually engage in work are paid by the Company after deducting the appropriation to the personal account with the Bureau of Labor Insurance and the profit.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020, were $64,177 and $49,300, respectively.

(17) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (Shares in thousands)	Contract period	Vesting conditions
Restricted stocks to employees	2017.12.21	4,600	4 years	Note
Restricted stocks to employees	2018.05.03	400	4 years	Note

Note :

Beginning year of employment	Vesting conditions		Earned share ratio
	Years of employment	Work performance ranking during the year	
First year	One full year	Successful (and) above	20%
Second year	One full year		20%
Third year	One full year		30%
Fourth year	One full year		30%

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

B. The Company's new restricted shares issued do not restrict the right of voting and dividend participation. The shares were measured at fair value based on the closing price, $37.4 and $32.55 (in dollars), on December 21, 2017 and May 3, 2018, respectively.

C. Details of the employee restricted shares are as follows:

	Years ended December 31,	
	2021	2020
Employee restricted shares	No. of shares (in thousands)	No. of shares (in thousands)
Outstanding at beginning of the year	1,566	2,972
Shares vested	(1,394)	(1,399)
Shares retired	(82)	(7)
Outstanding at end of the year	90	1,566

D. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2021	2020
Equity-settled	$ 10,715	$ 30,210

(18) Share capital

A. As of December 31, 2021, the Company's authorised capital was $10 billion consisting of 1 billion shares, including $300 million for stock options of 30 million shares. The paid-in capital was $4,901,701 with a par value of $10 per share.

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

(Unit: shares in thousands)

	2021	2020
At January 1	474,002	474,009
Retirement of employee restricted shares	(82)	(7)
At December 31	473,920	474,002

B. Treasury shares

Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

(Unit: shares in thousands/dollars in thousands)

Name of company holding the shares	Reason for reacquisition	December 31, 2021 Number of shares	Carrying amount
Subsidiary - Sheng Tang Investment	Investment	278	$ 1,997
Subsidiary - Valutek, Inc.	Investment	15,972	124,775
		16,250	$ 126,772

Name of company holding the shares	Reason for reacquisition	December 31, 2020 Number of shares	Carrying amount
Subsidiary - Sheng Tang Investment	Investment	278	$ 1,997
Subsidiary - Valutek, Inc.	Investment	15,972	124,775
		16,250	$ 126,772

(19) Capital surplus

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

	2021				
	Issued at a premium	Treasury stock transactions	Employee restricted shares	Net change in equity of associates	Total
At January 1	$ 978,025	$ 309,510	$ 41,745	$ 1,873	$ 1,331,153
Employee restricted shares vested	37,762	-	(37,762)	-	-
Retirement of employee restricted shares	-	-	(1,953)	-	(1,953)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	32,502	-	-	32,502
Recognition of ownership interests in associates	-	-	-	4,301	4,301
At December 31	$ 1,015,787	$ 342,012	$ 2,030	$ 6,174	$ 1,366,003

	2020				
	Issued at a premium	Treasury stock transactions	Employee restricted shares	Net change in equity of associates	Total
At January 1	$ 940,086	$ 288,384	$ 79,881	$ -	$ 1,308,351
Employee restricted shares vested	37,939	-	(37,939)	-	-
Retirement of employee restricted shares	-	-	(197)	-	(197)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	21,126	-	-	21,126
Recognition of ownership interests in associates	-	-	-	1,873	1,873
At December 31	$ 978,025	$ 309,510	$ 41,745	$ 1,873	$ 1,331,153

(20) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset deficit from prior years and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve should be appropriated depending on the regulation or requirement.

B. As the Company is in the growing stage, the Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders' interest and capital adequacy. The earnings is appropriated with the abovementioned approach. In addition, dividend and bonus can be distributed in cash or shares. Where there is profit accrued in the current year, the distributed dividends and bonus is 10% to 80% of the unappropriated retained earnings,of which cash dividends must not be lower than 5% of total dividends and bonus.

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

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

E. The appropriations of earnings for 2020 and 2019 had been resolved at the stockholders' meeting on August 26, 2021 and May 28, 2020, respectively. Details are summarized below:

	Years ended December 31,			
	2020		2019	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 177,554	$ -	$ 110,032	$ -
Special reserve	35,079	-	25,467	-
Cash dividends	980,384	2.00	637,337	1.30
	$ 1,193,017	$ 2.00	$ 772,836	$ 1.30

F. The appropriations of earnings for 2021 had been resolved at the Board of Directors' meeting on February 24, 2022. Details are summarized below:

	Year ended December 31, 2021	
	Amount	Dividend per share (in dollars)
Legal reserve	$ 255,789	$ -
Special reserve	106,061	-
Cash dividends	1,372,476	2.80
Total	$ 1,734,326	$ 2.80

(21) Operating revenue

	Years ended December 31,	
	2021	2020
Service revenue	$ 7,558,397	$ 6,403,580
Other operating revenue	90,617	46,522
Total	$ 7,649,014	$ 6,450,102

A. Disaggregation of revenue from contracts with customers

Years ended December 31, 2021			
Wafer testing	Final testing	Other	Total
$ 6,470,993	$ 1,087,404	$ 90,617	$ 7,649,014
Years ended December 31, 2020			
Wafer testing	Final testing	Other	Total
$ 5,468,823	$ 934,757	$ 46,522	$ 6,450,102

B. Contract assets

The Company has recognised the following revenue-related contract assets:

	December 31, 2021	December 31, 2020
Contract asset- Wafer and final testing	$ 231,636	$ 144,271

(22) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	$ 3,757	$ 4,567
Other interest income	1,713	3,492
Total	$ 5,470	$ 8,059

(23) Other income

	Years ended December 31,	
	2021	2020
Rental revenue	$ 16,051	$ 8,936
Miscellaneous income	24,281	10,576
Dividend income	25	23
Total	$ 40,357	$ 19,535

(24) Other gains and losses

	Years ended December 31,	
	2021	2020
Gain on disposal of property, plant and equipment	$ 135,092	$ 49,034
Gain on sale and leaseback transactions	2,044	-
Net currency exchange gain (loss)	1,388	(17,305)
Net (loss) gain on financial assets at fair value through profit or loss	(4,132)	6,057
Net gain (loss) on financial liabilities at fair value through profit or loss	3,577	(3,577)
Total	$ 137,969	$ 34,209

(25) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense		
Interest expense from bank borrowings	$ 50,046	$ 54,568
Interest expense on lease liabilities	4,825	5,261
	$ 54,871	$ 59,829

(26) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	$ 2,153,550	$ 1,781,326
Depreciation charges on property, plant and equipment and right-of-use assets	1,762,505	1,716,760
Amortization expense	43,158	37,906
Total	$ 3,959,213	$ 3,535,992

(27) Employee benefit expense

	Years ended December 31,	
	2021	2020
Wages and salaries	$ 1,870,868	$ 1,534,792
Share-based payments	10,715	30,210
Labour and health insurance fees	134,479	110,584
Pension costs	79,325	51,443
Other personnel expenses	58,163	54,297
Total	$ 2,153,550	$ 1,781,326

A. Under the Articles of Incorporation of the Company, the distribution of earnings should first cover the accumulated deficit. If there is remaining earnings, 12% of which should be appropriated as employees' compensation and 3% of which as directors' and supervisors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $427,928 and $298,481, respectively; while directors' and supervisors' remuneration was accrued at $106,982 and $74,620, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 12% and 3% of distributable profit of current year as of the end of reporting period. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors in February 24, 2022 were $427,928 and $106,982, respectively and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	$ 490,917	$ 360,015
Prior year income tax overestimation	(34,472)	(30,149)
Total current tax	456,445	329,866
Deferred tax:		
Origination and reversal of temporary differences	(5,580)	1,873
Total deferred tax	(5,580)	1,873
Income tax expense	$ 450,865	$ 331,739

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

	Years ended December 31,	
	2021	2020
Currency translation differences	($ 26,552)	($ 10,014)
Remeasurement of defined benefit obligations	(3,202)	(1,312)
Total	($ 29,754)	($ 11,326)

B. Reconciliation between income tax expense and accounting profit :

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	$ 606,232	$ 422,847
Effects from items disallowed by tax regulation	(120,895)	(61,233)
Prior year income tax overestimation	(34,472)	(30,149)
Effect of the original withholding tax	-	274
Income tax expense	$ 450,865	$ 331,739

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

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised long-term investments loss	$ 121,053	$ 10,569	$ -	$ 131,622
Unrealised exchange loss	5,348	(3,877)	-	1,471
Loss on valuation of financial liabilities	715	(715)		-
Unrealized pension	8,118	3,481	-	11,599
Unrealised gains on inter-affiliated accounts	23,694	(2,264)	-	21,430
Decommissioning provisions	1,654	416	-	2,070
Unrealised loss on doubtful debts	813	(1)	-	812
Recognition of sales discounts and allowances	2,040	(2,000)		40
Actuarial loss on defined benefit plan	12,265	-	3,202	15,467
Currency translation differences	16,393	-	26,552	42,945
	$ 192,093	$ 5,609	$ 29,754	$ 227,456
-Deferred tax liabilities:				
Unrealised exchange gain	($ 997)	($ 855)	$ -	($ 1,852)
Gain on valuation of financial assets	(2,197)	826	-	(1,371)
	($ 3,194)	($ 29)	$ -	($ 3,223)
	$ 188,899	$ 5,580	$ 29,754	$ 224,233

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised long-term investments loss	$ 125,612	($ 4,559)	$ -	$ 121,053
Unrealised exchange loss	5,419	(71)	-	5,348
Loss on valuation of financial liabilities	-	715		715
Unrealized pension	9,199	(1,081)	-	8,118
Unrealised gains on inter-affiliated accounts	21,479	2,215	-	23,694
Decommissioning provisions	1,375	279	-	1,654
Unrealised loss on doubtful debts	813	-	-	813
Impairment loss recognized in profit or loss, property, plant and equipment	1	(1)	-	-
Recognition of sales discounts and allowances	-	2,040		2,040
Actuarial loss on defined benefit plan	10,953	-	1,312	12,265
Currency translation differences	6,379	-	10,014	16,393
	$ 181,230	($ 463)	$ 11,326	$ 192,093
-Deferred tax liabilities:				
Unrealised exchange gain	($ 582)	($ 415)	$ -	($ 997)
Gain on valuation of financial assets	(1,202)	(995)	-	(2,197)
	($ 1,784)	($ 1,410)	$ -	($ 3,194)
	$ 179,446	($ 1,873)	$ 11,326	$ 188,899

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

(29) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 2,580,294	472,511	$ 5.46
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		8,697	
Employee restricted shares		119	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 2,580,294	481,327	$ 5.36

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 1,782,498	471,110	$ 3.78
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		8,712	
Employee restricted shares		1,147	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 1,782,498	480,969	$ 3.71

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	Years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	$ 4,326,573	$ 2,563,914
Add: Opening balance of payable on equipment (shown as "Other payables")	222,966	107,369
Less: Ending balance of payable on equipment (shown as "Other payables")	(416,757)	(222,966)
Add: Ending balance of prepayments for equipment (shown as "Other non-current assets")	4	54
Less: Opening balance of prepayments for equipment (shown as "Other non-current assets")	(54)	(13)
Cash paid during the year	$ 4,132,732	$ 2,448,358

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other	Liabilities from financing activities-gross
At January 1, 2021	$ 415,791	$ 3,883,960	$ 407,367	$ 3	$ 4,707,121
Changes in cash flow from financing activities	124,467	1,362,720	(75,355)	-	1,411,832
Interest paid	-	-	(4,825)	-	(4,825)
Changes in other non-cash items	-	(24,614)	31,142	-	6,528
At December 31, 2021	$ 540,258	$ 5,222,066	$ 358,329	$ 3	$ 6,120,656

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other	Liabilities from financing activities-gross
At January 1, 2020	$ 412,649	$ 3,598,304	$ 462,460	$ 539	$ 4,473,952
Changes in cash flow from financing activities	3,142	315,416	(72,552)	(536)	245,470
Interest paid	-	-	(5,261)	-	(5,261)
Changes in other non-cash items	-	(29,760)	22,720	-	(7,040)
At December 31, 2020	$ 415,791	$ 3,883,960	$ 407,367	$ 3	$ 4,707,121

7. RELATED PARTY TRANSACTIONS

(1) The Company's subsidiaries and relationship are listed below:

Names of related parties	Relationship with the Company
Sheng Tang Investment Ltd.	Direct-holding subsidiary
Valutek, Inc.	Direct-holding subsidiary
Valucom Investment, Inc.	Direct-holding subsidiary
Ardentec Singapore Pte. Ltd.	Direct-holding subsidiary
Ardentec Korea Co., Ltd.	Direct-holding subsidiary
Giga Solution Technology Co., Ltd.	Direct-holding subsidiary
Ardentec Semicomductor.,Ltd.	Indirect-holding subsidiary
ValuTest Incorporated	Indirect-holding subsidiary
Ardentec Nanjing Co., Ltd.	Indirect-holding subsidiary
Etron Technology, Inc. and Subsidiaries	The Company's chairman and the chairman of the company are within second degree of kinship.
Macronix International Co., Ltd.	The company is a director of the Company.
Raytek Semiconductor, Inc.	Investments by the Company accounted for using the equity method.

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2021	2020
Sales of services:		
Other related parties	$ 391,898	$ 315,237
Subsidiaries	11,990	3,161
Associates	2,154	94
Subtotal	$ 406,042	$ 318,492
Other operating revenue:		
Subsidiaries	79,773	32,631
Total	$ 485,815	$ 351,123

(a) The price for the related parties is the same with general clients.

(b) The term of credit for the related parties is around 60~75 days after testing completion or delivery whereas the term of credit for third parties is around 30~120 days after testing completion or delivery.

B. Receivables from related parties:

	December 31, 2021	December 31, 2020
Accounts receivable:		
Other related parties	$ 122,015	$ 99,748
Subsidiaries	19,156	10,319
Associates	872	-
Subtotal	142,043	110,067
Other receivables (not including loans to others)		
Subsidiaries	1	29,278
Associates	775	775
Subtotal	776	30,053
Total	$ 142,819	$ 140,120

C. Payables to related parties:

	December 31, 2021	December 31, 2020
Other payables		
Associates	$ 261	$ -
Subsidiaries	27,150	23,112
	$ 27,411	$ 23,112

D. Contract assets

	Years ended December 31,	
	2021	2020
Other related parties	$ 12,229	$ 9,371

E. Unearned receipts:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 10	$ 10

F. Property transactions:

(a) Acquisition of property, plant and equipment:

	Years ended December 31,	
	2021	2020
Subsidiaries	$ 42,294	$ 1,660

(b) Disposal of property, plant and equipment:

	Years ended December 31			
	2021		2020	
	Disposal proceeds	Gain(loss) on disposal	Disposal proceeds	Gain(loss) on disposal
Subsidiaries				
-Ardentec Singapore Pte. Ltd.	$ 27,712	$ 27,435	$ 39,387	$ 28,353
-Others	-	-	7,506	7,506
Total	$ 27,712	$ 27,435	$ 46,893	$ 35,859

For the years ended December 31, 2021 and 2020, the unrealised gain on disposal of property, plant and equipment respectively were reclassified as realised gain in the amounts of $40,526 and $26,558 over their useful lives, respectively. As of December 31, 2021 and 2020, the balances of unrealised gain on disposal recorded as investments accounted for using equity method were $116,005 and $129,096, respectively.

(c) Additional investments in related parties

For the year ended December 31, 2021:

	Accounts	Number of shares (share in thousands)	Consideration in 2019
Subsidiaries-Valucom Investment, Inc	Investments accounted for using equity method	4.8	$ 135,113
Subsidiaries-Ardentec Korea Co, Ltd.	Investments accounted for using equity method	680	81,015
			$ 216,128

For the year ended December 31, 2020: None.

G. Operating lease transactions

(a) Lessor- rental income

	Years ended December 31,	
	2021	2020
Associates	$ 8,861	$ 8,861
Subsidiaries	17	17
	$ 8,878	$ 8,878

Rents are collected monthly from leases of offices and plants.

(b) Lessee- rental expense

	Years ended December 31,	
	2021	2020
Subsidiaries		
-Ardentec Singapore Pte. Ltd.	$ 52,573	$ 43,489
-Others	6,471	7,574
Total	$ 59,044	$ 51,063

Rents are paid monthly from leases of machinery with a lease term less than a year.

H. Loans to /from related parties:

(a) Loans to related parties:

i. Outstanding balance:

	December 31, 2021	
	Balance amount	Maturity date
Subsidiaries-Ardentec Nanjing Co., Ltd.	$ 110,720	2022.12.28

	December 31, 2020	
	Balance amount	Maturity date
Subsidiaries-Ardentec Nanjing Co., Ltd.	$ 284,800	2021.06.28

ii.Interest income

	Years ended December 31,	
	2021	2020
Subsidiaries-Ardentec Nanjing Co., Ltd.	$ 953	$ 2,152

The loans to subsidiaries are repayable over 1 year and carry interest at 0.67%~2.01% per annum for the year ended December 31, 2020.

I. Other expenses :

	Years ended December 31,	
	2021	2020
Subsidiaries	$ -	$ 909
Other related party	282	154
Associates	345	95
Total	$ 627	$ 1,158

J. Other revenue

	Years ended December 31,	
	2021	2020
Subsidiaries		
-Giga Solution Technology Co., Ltd.	$ 11,689	$ 6,266
-Others	185	118
Associates	-	3
Total	$ 11,874	$ 6,387

(3) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other employee benefits	$ 221,858	$ 162,463
Post-employment benefits	25,228	2,070
Share-based payments	4,253	10,070
	$ 251,339	$ 174,603

A. Salaries and other employee benefits include salaries, allowance, compensation, travelling expenses and remuneration for directors and supervisors. The amount of employees' compensation, remuneration for directors and supervisors, year-end bonuses are estimated whereas others are actually paid.

B. Post-employment benefits represents pension.

C. The share-based payments refers to the compensation cost of employee restricted shares.

8. PLEDGED ASSETS

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

Pledged assets	Book value December 31, 2021	Book value December 31, 2020	Purpose
Time deposits (shown as "Current financial assets at amortised cost")	$ 14,113	$ 14,070	Customs security deposit
Time deposits (shown as "Non-current financial assets at amortised cost")	2,200	-	Collateral for subscription of green power
Time deposits (shown as "Non-current financial assets at amortised cost")	150	-	Performance guarantee for land leasing
Time deposits (shown as "Non-current financial assets at amortised cost")	20,380	20,313	Customs security deposit
Special reserve account for demand deposits (shown as "Other current assets")	3,196	6,391	Certain land and buildings and structures are used for secondary collateral
Special reserve account for demand deposits (shown as "Other non-current assets")	-	4,090	Certain land and buildings and structures are used for secondary collateral

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2021 and 2020, the Company has unused letters of credit for the importation of machinery amounting to $341,243 and $254,691, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the debt to total assets ratio. This ratio is calculated as total loans divided by total assets. Total loans are calculated as total borrowings (including 'current and non-current borrowings' as shown in the

balance sheet). Total assets are as shown in the balance sheet.

During the year ended December 31, 2021, the Company's strategy, which was unchanged from 2020, was to maintain the debt to total assets ratio within 35%. The debt to total assets ratio at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total borrowings	$ 5,762,324	$ 4,299,751
Total assets	$ 22,276,586	$ 18,694,045
Debt to total assets ratio	26%	23%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 6,854	$ 10,986
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	605	460
Financial assets at amortised cost		
Cash and cash equivalents	1,017,876	1,002,917
Financial assets at amortised cost	502,070	499,610
Accounts receivable	1,760,790	1,462,112
Other receivables	129,385	330,461
Guarantee deposits paid	17,585	17,181
Other financial assets	3,196	10,481
	$ 3,438,361	$ 3,334,208

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 3,577
Financial liabilities at amortised cost		
Short-term borrowings	540,258	415,791
Notes payable	-	923
Other accounts payable	1,559,810	1,088,684
Long-term borrowings (including current portion)	5,222,066	3,883,960
Guarantee deposits received	3	3
	$ 7,322,137	$ 5,392,938
Lease liability	$ 358,329	$ 407,367

B. Financial risk management policies

The Company identifies all the risks of the Company through monitoring of exchange rate, interest rate and credit management by the counterparties so that the management can effectively control and measure the market, credit and liquidity risks. The Company's objective in managing the market risk is to reach optimisation, maintain the proper liquidity and manage all market risks collectively by taking into account the economic environment, competitive edge and risk of market value.

To achieve the objective of risk management, the Company's hedging activity focus on risks of market value and cash flow.

To decrease the risk of fair value affected by the fluctuation of exchange rate, the Company hedges exchange risk of assets or liabilities counted in foreign currencies by means of forward exchange transaction.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

(i) The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure. To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward exchange contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

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

	Year ended December 31, 2021		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD:NTD	$ 69,983	27.680	$ 1,937,140
JPY:NTD	644,144	0.2405	154,917
Non-monetary items			
USD:NTD	$ 73,946	27.680	$ 2,046,825
SGD:NTD	93,895	20.46	1,921,092
KRW:NTD	12,602,009	0.02350	296,147
Financial liabilities			
Monetary items			
USD:NTD	$ 14,543	27.680	$ 402,552
JPY:NTD	647,955	0.2405	155,833

(Foreign currency: functional currency)	Year ended December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD:NTD	$ 70,064	28.480	$ 1,995,433
JPY:NTD	39,185	0.2763	10,827
Non-monetary items			
USD:NTD	$ 62,148	28.480	$ 1,769,975
SGD:NTD	78,708	21.56	1,696,944
KRW:NTD	11,376,361	0.02600	295,785
Financial liabilities			
Monetary items			
USD:NTD	$ 17,889	28.480	$ 509,474
JPY:NTD	61,584	0.2763	17,016

(iv) Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company:

(Foreign currency: functional currency)	Year ended December 31, 2021		
	Unrealised exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD:NTD	$ -	27.680	($ 5,459)
JPY:NTD	-	0.2405	(1,418)
Financial liabilities			
Monetary items			
USD:NTD	$ -	27.680	$ 2,951
JPY:NTD	-	0.2405	6,288

	Year ended December 31, 2020		
	Unrealised exchange gain (loss)		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD:NTD	$ -	28.480	($ 21,198)
JPY:NTD	-	0.2763	181
Financial liabilities			
Monetary items			
USD:NTD	$ -	28.480	($ 118)
JPY:NTD	-	0.2763	(54)

(v) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2021		
	Sensitivity analysis		
(Foreign currency functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 19,371	$ -
JPY:NTD	1%	1,549	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 4,026)	$ -
JPY:NTD	1%	(1,558)	-

	Year ended December 31, 2020		
	Sensitivity analysis		
(Foreign currency functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 19,954	$ -
JPY:NTD	1%	108	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 5,095)	$ -
JPY:NTD	1%	(170)	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by $6 and $5, respectively, as a result of other comprehensive income on classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from borrowings at floating rate, which expose the Company to cash flow interest rate risk. Some risks are offset by the cash and cash equivalent. For borrowings at fixed rate, exposed the Group to fair value interest rate risk. For the years ended December 31, 2021 and 2020, the Group's borrowings at floating rate are accounted by NTD and USD.

ii. If the borrowing interest rate of NTD dollars had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by $13,732 and $9,432, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

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

ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of

their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

iii. The default occurs when the contract payments transferred to overdue receivables because it may not be recovered.

iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

v. The Company classifies customers' accounts receivable in accordance with customer types and the historical and timely information to assess the default possibility of accounts receivable. On December 31, 2021 and 2020, the Company recognised loss allowance amounting to $181 and $176, respectively.

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

	December 31, 2021	December 31, 2020
	In 12 months	In 12 months
Financial assets at amortised cost	$ 502,070	$ 499,610

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The Company has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate:		
Expiring within one year	$ 672,143	$ 500,000
Expiring beyond one year	7,161,700	8,708,700
	$ 7,833,843	$ 9,208,700

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 year and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 540,543	$ -	$ -	$ -
Other payables	1,559,810	-	-	-
Lease liabilities	72,455	72,316	195,754	30,638
Long-term borrowings (including current portion)	396,470	903,863	3,397,770	673,783
Guarantee deposits received (shown as'other non-current liabilities')	-	-	-	3
Derivative financial liabilities:	None.			

December 31, 2020	Less than 1 year	Between 1 year and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 416,376	$ -	$ -	$ -
Notes payable	923	-	-	-
Other payables	1,088,684	-	-	-
Lease liabilities	73,805	71,422	209,713	67,173
Long-term borrowings (including current portion)	752,482	1,081,781	1,793,443	354,851
Guarantee deposits received (shown as'other non-current liabilities')	-	-	-	3
Derivative financial liabilities:				
Forward foreign exchange contracts	2,340	-	-	-
Foreign exchange swap contracts	1,237	-	-	-

(3) Fair value information

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

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

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

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

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 6,854	$ -	$ 6,854
Financial assets at fair value through other comprehensive income	605	-	-	605
	$ 605	$ 6,854	$ -	$ 7,459
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ -	$ -	$ -

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 10,986	$ -	$ 10,986
Financial assets at fair value through other comprehensive income	460	-	-	460
	$ 460	$ 10,986	$ -	$ 11,446
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 3,577	$ -	$ 3,577

C. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1), and the listed stocks use the closing price.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance.

(c) When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts and foreign exchange swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. The forward exchange contracts are evaluated based on current forward exchange rate.

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

(4) Others

Under the Group's assessment, the Covid-19 pandemic has no significant impact to the Company's operations.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 3.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2)(13).

J. Significant inter-company transactions during the reporting periods: 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: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

None.

Ardentec Corp. and subsidiaries

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note1)	Credior	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3,4)	Ceiling on total loans granted (Note 3,4)	Remark
													Item	Value			
0	Ardentec Corp.	Ardentec Nanjing Co., Ltd.	Receivables-Related Party	Yes	$ 285,350	$ 221,440	$ 110,720	0.67%	2	$ -	Operational turnover	$ -	-	$ -	$ 700,637	$ 1,401,275	
1	Ardentec Singapore Pte. Ltd.	Ardentec Nanjing Co., Ltd.	Receivables-Related Party	Yes	834,300	830,400	415,200	0.67%	2	-	Operational turnover	-	-	-	1,921,096	1,921,096	
2	Giga Solution Technology Co., Ltd	PRINCO CORP.	Other receivables	No	1,000	1,000	1,000	2.50%	2	-	Operational turnover	-	PRINCO CORP.' s plant in Hsinchu (collateral in the second priority)	1,200	150,779	301,557	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The company is "0".

(2)The subsidiaries are numbered in order starting from "1".

Note 2: Relationship with the borrower is classfied into the following categories:

(1)The borrower having business relationship is numbered as "1".

(2)The borrower having the needs of short-term financing is numbered as "2".

Note 3: For the Company's short-term financing, the individual limit amount should not be in excess of 5% of the parent company's net assets and the accumulated financing activities to those borrowers should not be in excess of 20% of the parent company's net assets.

Note 4: (1) For Ardentec Singapore Pte. Ltd.'s short-term financing, the individual limit amount should not be in excess of 5% of the parent company's net assets and the accumulated financing activities to those borrowers should not be in excess of 20% of the parent company's net assets.
Ceiling on individual loans granted to all direct or indirect wholly-owned overseas subsidiaries of the parent company is 100% of the Ardentec Singapore Pte. Ltd.'s net assets.

(2) For Giga Solution Technology Co., Ltd.'s accumulated financing activities to those borrowers should not be in excess of 20% of the Company's net assets.
For the short-term financing, celling on loans granted between companies is 10% of the Company's net assets and the individual limit amount should not be in excess of 5% of the Company's net assets.

Ardentec Corp. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities（Note 1）	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Ardentec Corp.	CTBC Financial Holding Co., Ltd.stock	None	Current financial assets at fair value through other comprehensive income	23,349	605	0.0001%	$ 605	None
Sheng Tang Investment Ltd.	Ardentec Corp. stock	Parent company	Non-current financial assets at fair value through other comprehensive income	278,342	15,448	0.06%	15,448	Note 2
Sheng Tang Investment Ltd.	Gapertise Inc.stock	None	Financial assets at fair value through profit or loss - non-current	350,000	-	5.09%	-	None
Valutek, Inc.	Ardentec Corp. stock	Parent company	Non-current financial assets at fair value through other comprehensive income	15,972,408	886,469	3.26%	886,469	Note 2
Valutek, Inc.	Great Team backend Foundry, Inc. stock	None	Non-current financial assets at fair value through other comprehensive income	2,436,532	36,402	6.90%	36,402	None
Valutek, Inc.	Wolley, Inc.	None	Financial assets at fair value through profit or loss - non-current	1,600,000	55,360	12.20%	55,360	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, in accordance with IFRS9.
Note 2: It is recognised as treasury shares of Ardentec Corp..

Ardentec Corp. and subsidiaries
Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

						If the counterparty is a related party, information as to the last							
Real estate acquired by	Real estate	Transaction date or date of the event	Transaction amount	Status of payment	Counterparty (Note 1)	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Ardentec Corp.	Land and buildings	2021/5/27 Note(2)	$ 430,000	In accordance with the contract terms	EPISTAR CORPORATION	-	None	None	None	None	Price valuation report	Future business development and space requirements for operational considerations	None
Ardentec Corp.	Plant and ancillary facilities of its buildings	2021/6/15~12/31 Note(3)	$ 987,289	In accordance with the contract terms	26 companies such as WEI-SHUN ARCHITECTURE Co., Ltd. INGENIOUS ENGINEERING CORP. FORTUNE ELECTRIC CO., LTD. HER SUO	-	None	None	None	None	Price comparison and negotiation	Future business development and space requirements for operational considerations	None

Note 1: Only counterparties with transaction amounts that exceeds $30 million were disclosed.
Note 2: The date approved by the Board of Directors.
Note 3: Period when the asset acceptance has been completed and accounted.

Ardentec Corp. and subsidiaries

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Ardentec Corp.	Macronix International Co., Ltd.	The Company's chairman is a director and general manager of the company.	Sales	$ 391,898	5.12%	75 days	N/A	N/A	$ 122,015	6.93%	

Ardentec Corp. and subsidiaries
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ardentec Corp.	Macronix International Co., Ltd.	The Company's chairman is a director and general manager of the company.	$ 122,015	3.53	$ 509	Collected	$ 509	$ -

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties….

Ardentec Corp. and subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Ardentec Corp.	Ardentec Nanjing Co., Ltd.	1	Other receivables	$ 110,720	According to regular transactional term	0.42%
0	Ardentec Corp.	Ardentec Nanjing Co., Ltd.	1	Other operating revenue	46,586	According to regular transactional term	0.39%
0	Ardentec Corp.	Ardentec Nanjing Co., Ltd.	1	Accounts receivable	10,603	According to regular transactional term	0.04%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Proceed from disposal of equipment	27,712	According to regular transactional term	0.11%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Other payables	21,925	According to regular transactional term	0.08%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Other operating revenue	22,258	According to regular transactional term	0.19%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Rent expense	52,573	According to regular transactional term	0.44%
0	Ardentec Corp.	Ardentec Singapore Pte.Ltd.	1	Accounts receivable	2,927	According to regular transactional term	0.01%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Miscellaneous income	11,689	According to regular transactional term	0.10%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Other payables	5,225	According to regular transactional term	0.02%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Other operating revenue	10,929	According to regular transactional term	0.09%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Rent expense	5,807	According to regular transactional term	0.05%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Operating revenue	11,990	According to regular transactional term	0.10%
0	Ardentec Corp.	Giga Solution Technology Co., Ltd.	1	Accounts receivable	5,626	According to regular transactional term	0.02%
1	Ardentec Singapore Pte.Ltd.	Ardentec Corp.	2	Proceed from disposal of equipment	37,523	According to regular transactional term	0.14%
1	Ardentec Singapore Pte.Ltd.	Ardentec Nanjing Co., Ltd.	3	Other receivables	415,200	According to regular transactional term	1.58%
1	Ardentec Singapore Pte.Ltd.	Ardentec Nanjing Co., Ltd.	3	Other operating revenue	2,091	According to regular transactional term	0.02%
1	Ardentec Singapore Pte.Ltd.	Ardentec Nanjing Co., Ltd.	3	Interest income	1,961	According to regular transactional term	0.02%
2	Giga Solution Technology Co., Ltd.	Ardentec Corp.	2	Proceed from disposal of equipment	4,771	According to regular transactional term	0.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: Only disclose amounts of more than one million transactions.

Ardentec Corp. and subsidiaries

Information on investees(Does not include Mainland China invested companies)

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held and book value as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Ardentec Corp.	Sheng Tang Investment Ltd.	Taiwan	General Investment	$ 40,000	$ 40,000	-	100%	$ 35,547	$ 1,074	$ 518	Subsidiary
Ardentec Corp.	Valutek, Inc.	British Virgin Islands	General Investment	149,558	149,558	4,870	100%	291,673	26,530	(5,416)	Subsidiary
Ardentec Corp.	Valucom Investment, Inc.	British Virgin Islands	General Investment	1,516,963	1,381,850	49,876	100%	890,366	(140,712)	(141,241)	Subsidiary
Ardentec Corp.	Ardentec Singapore Pte.Ltd.	Singapore	Provider of test and assembly services	1,136,040	1,136,040	52,500,000	100%	1,776,971	316,378	287,444	Subsidiary
Ardentec Corp.	Ardentec Korea Co., Ltd.	South Korea	Electronic integrated circuits, diodes, transistors and similar semiconductor devices/Semiconductor and integrated circuit devices testing and trimming	1,074,845	993,830	8,096,000	100%	294,786	(53,793)	(48,844)	Subsidiary
Ardentec Corp.	Raytek Semiconductor, Inc.	Taiwan	Packaging of wafers and integrated circuits	440,250	440,250	38,225,000	31.85%	251,089	54,593	17,390	Associate
Ardentec Corp.	Giga Solution Technology Co., Ltd.	Taiwan	Testing of integrated circuits, modules and components	2,892,821	2,892,821	120,580,539	100%	3,502,228	492,464	482,461	Subsidiary
Sheng Tang Investment Ltd.	Ardentec Semicomductor.,Ltd.	Taiwan	Manufacturing of electronic components	20,000	20,000	-	100%	18,487	(67)	-	Indirect subsidiary
Valucom Investment, Inc.	ValuTest Incorporated	British Virgin Islands	General Investment	1,491,718	1,356,605	4,980	100%	889,502	(140,609)	-	Indirect subsidiary

Ardentec Corp. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount remitted from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2(2))	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Great Team Backend Foundry (DonGuan), Ltd.	Manufacturing and sales of new electronic components	$ 2,439,067	(3)	$ 36,402	$ -	$ -	$ 36,402	$ -	2.07%	$ -	$ 36,402	$ -	Note 4
Ardentec Nanjing Co., Ltd.	Semiconductor testing, research, and development	1,491,718	(2)	1,356,605	135,113	-	1,491,718	(140,557)	100%	(141,085)	889,686	-	Note 5

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

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

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

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this year.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. Financial statements that are audited by an international accounting firm that has a partnership with an accounting firm in the Republic of China.

B. Financial statements that are audited by the auditor of the parent company in Taiwan.

C. Financial statements that are not reviewed by the independent accountants.

(3) The basis for the recognition of investment gains and losses is the second category above.

Note 3: The ending balances of paid-in capital of the investees, Great Team Backend Foundry (DonGuan) Ltd. and Ardentec Nanjing Co., Ltd., in the original currency are US$83,686 thousand and US$49,800 thousand, respectively.

Note 4: Ardentec Corp. invested in Great Team Backend Foundry, Inc. through its subsidiary Valutek, Inc., then reinvested in Great Team Backend Foundry (DonGuan) Ltd.. Since Ardentec Corp. had no significant influence or control over Great Team Backend Foundry (DonGuan) Ltd., it is not necessary to disclose "Net income of investee for the year ended December 31, 2021", "Investment income (loss) recognised by the Company for the year ended December 31, 2021", and "Book value of investments in Mainland China as of December 31, 2021".

Note 5: Ardentec Corporation increased the capital of subsidiary, Valucom Investment, Inc.; Valucom Investment, Inc., then invested the same amount in ValuTest Incorporated, which invested the same amount in Ardentec Nanjing Co., Ltd..

Note 6:Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 was US$52,800 thousand denominated with original currency. Accumulated amount remitted back to Taiwan was US$1,782 thousand denominated denominated with original currency. Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) was US$82,800 thousand denominated counted with original currency.

Note 7: In accordance with "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area", Ardentec Corp. obtained an operational headquarter certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, and Ardentec Corp.'s investments in Mainland China are not limited based on Jing-Shou-Gong-Zi Letter. No. 106020407320 of MOEA.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2021(Note 6)	Investment amount approved by the Investment Commission of the Ministry of MOEA(Note 6)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Ardentec Corp.	$ 1,528,120	$ 2,507,994	Note 7

Ardentec Corp. and subsidiaries

Major shareholders information

Year ended December 31, 2021

Table 9

	Shares	
Name of major shareholders	Number of shares held	Ownership (%)
Macronix International Co., Ltd	35,951,871	7.33%
Cathay Life Insurance Co.,Ltd.	29,608,000	6.04%

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

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

VI. Financial difficulties and corporate events encountered by the Company and affiliates in the past year and up to the date of report, including their impact on the financial status of the Company: None.

Chapter 7. Financial Position, Financial Performance and Risk Analysis

I. Financial summary

Review and analysis of financial status

Unit: Thousand NTD

Item \ Year	December 31, 2020	December 31, 2021	Difference	
			Amount	Variable ratio
Current assets	6,251,276	6,831,835	580,559	9.29%
Property, plant and equipment	13,660,587	16,920,611	3,260,024	23.86%
Investments recognized under the equity method	229,398	251,089	21,691	9.46%)
Intangible assets	605,361	568,095	(37,266)	(6.16%)
Other non-current assets	1,678,727	1,746,738	68,011	4.05%
Total assets	22,425,349	26,318,368	3,893,019	17.36%
Current liabilities	3,786,640	4,168,527	381,887	10.09%
Non-current liabilities	6,152,080	8,144,244	1,992,164	32.38%
Total liabilities	9,938,720	12,312,771	2,374,051	23.89%
Capital Stock	4,902,520	4,901,701	(819)	(0.02%)
Capital surplus	1,331,153	1,366,003	34,850	2.62%
Retained earnings	6,453,827	8,031,338	1,577,511	24.44%
Other interests	(74,099)	(166,673)	(92,574)	124.93%
Treasury stock	(126,772)	(126,772)	—	—
Non-controlling interests	—	—	—	—
Total equity	12,486,629	14,005,597	1,518,968	12.16%

Differences of over 20% during the period amounting to more than 10 million NTD; The main reason and analysis of its impact are detailed below:

1. Property, plant and equipment: Mainly due to the purchase of machinery to increase capacity in response to customer demand. The construction of T-Site Phase 2 also led to an increase in property, plant and equipment.
2. Increase in non-current liabilities: Mainly due to operation and the purchase of machinery led to the increase in long-term borrowings.
3. Increase in retained earnings: Mainly due to increased profits for the year.
4. Decrease in other equities: Mainly due to appreciation of NTD led to the decrease in exchange differences on translation.

Note: The financial information is this table is based on the consolidated financial statement.

II. Financial performance

(I) Review and analysis of financial performance

Unit: Thousand NTD

Item \ Year	2020	2021	Change (amount)	Variable ratio
Revenues	9,674,949	11,925,871	2,250,922	23.27 %
Cost of goods sold	(6,269,522)	(7,495,278)	(1,225,756)	19.55 %
Gross profit	3,405,427	4,430,593	1,025,166	30.10 %
Operating expenses	(1,175,763)	(1,365,200)	(189,437)	16.11 %
Net operating profit	2,229,664	3,065,393	835,729	37.48 %
Non-operating income and expenses	19,658	118,889	99,231	504.79 %
Net income before tax	2,249,322	3,184,282	934,960	41.57 %
Income tax expense	(466,824)	(603,988)	(137,164)	29.38 %
Cumulative effect of accounting principle changes	—	—	—	—
Net profit (loss) for current term	1,782,498	2,580,294	797,796	44.76 %

Analysis of changes:

1. Revenues, gross profit, operating expenses and net operating profit: Due to the severe situation with Covid-19, it caused an increase in relevant requirements for application of global 5G and network communication technologies. Operating revenue increased this year due to the growth of the semiconductor market and far more than operating costs and expenses led to an increase in gross profit and net operating profit.
2. Non-operating revenues and expenses: Due to gains in investment for the equity method, and changes in the exchange rate and hedging led to the increase in gains in foreign exchange rates. Also, due to the increase in gains in disposal of equipment led to an increase in non-operating revenues.
3. Net income before tax, net profit of the term: Revenues increasing far more than operating costs and expenses during this period as well as a large increase in non-operating revenues contributed to an increase in net income before tax and net profit for the current term.
4. Income tax expenses: Increase in net income before tax in the current term led to an increase in income tax expenses as well.

Note: The financial information is this table is based on the consolidated financial statement.

(II) Sales forecast and its basis

World Semiconductor Trade Statistics (WSTS) reported that the global semiconductor market grew by 5.5% between 2020 and 2021 to reach total sales of 552.9 billion USD. In terms of international economic outlook, the fallout from the US-China trade war and COVID-19 pandemic continued to worsen and led to the global GDP shrinking by a massive 27.7% in 2021. On the other hand, prices for 5G smartphones and memory products remained stable due to working from home, tele-education, and cloud so the semiconductor industry went against the trend and actually grew. Semiconductor sales are expected to continue growing by 8.8% in 2022 and reach 600 billion USD. Concerns over supply chain disruptions and shortage of production capacity due to the continued impact of COVID-19 represent new challenges opportunities for the semiconductor industry as well. Nevertheless, end-user demand from the roll-out and application of 5G communications, the introduction of WiFi 6, and the promotion of electric vehicles will all serve as sources of growth. We will continue to be prudent with our investments, maintain robust management practices, refine our customer services and enhance our competitiveness. Continuous improvements in quality will give Ardentec an edge over our competitors so that we can continue to maximize profits for customers, shareholders,

(III) Potential impact on the Company's future financial operations and response plans

In addition to continuing to strengthen our business with existing customers, Ardentec and subsidiaries are also actively developing new customers. Significant gains have been made in different areas and regions. As for testing products, we are now moving beyond the existing wafer sort and final test businesses into wafer grinding, trimming, and tape packaging to provide customers with enhanced services such as better quality assurance and shorter production cycles. The debt ratio in 2021 was 46.78% so there is still a great deal of room for additional financing to meet an increase in capital expenditure.

III. Cash flows

(I) Analysis on the cash flow changes of the current year

Unit: Thousand NTD

Cash balance at beginning of year (1)	Annual net cash flow from operating activities (2)	Cash outflow due to investing and financing activities (3)	Cash surplus (deficit) (1)+(2)-(3)	Remedial measures for cash deficit	
				Investment plans	Financing plans
1,787,064	5,604,349	5,184,532	2,206,881	—	—

Analysis on the cash flow changes:

1. Net cash inflow from operating activities was mainly due to operating profits in 2021 as well as the inflow from depreciation and amortization for non-cash expenses.
2. Net cash outflow from investing activities was mainly due to capital expenditure.
3. Net cash outflow from financing activities was mainly due to the distribution of cash dividend and repayment of bank borrowings.

(II) Improvement plan for inadequate liquidity: Ardentec does not have inadequate liquidity.

(III) Cash flow analysis for the coming year

Unit: Thousand NTD

Estimated cash balance, beginning (1)	Anticipated annual net cash flow from operating activities (2)	Anticipated annual net cash flow due to investing and financing activities (3)	Anticipated cash surplus (deficit) (1)+(2)-(3)	Remedial measures for expected cash deficit	
				Investment plans	Financing plans
2,206,881	6,444,000	6,585,000	2,065,881	—	—

Description:

(1) Net cash inflow from operating activities was mainly due to expected operating profits as well as the inflow from of depreciation and amortization for non-cash expenses.

(2) Net cash outflow from investing activities was mainly due to expected capital expenditure and investment.

(3) Net cash outflow from financing activities was mainly due to the expected distribution of cash dividend and repayment of bank borrowings.

(4) Remedial action for anticipated cash deficit and liquidity analysis: None.

IV. Effect of significant capital expenditures on financial operations in the recent year

(I) Major capital spending and source of capital

Unit: Thousand NTD

Project task	Actual or expected source of funds	Actual or expected date of completion	Total amount of funds required	Actual or planned utilization of funds		
				2021	2022	2023
Acquisition of property, plant and equipment	Own funds and bank loans	December 2022	12,871,415	6,037,415	6,834,000	—

(II) Anticipated benefit

1. Expected to increase production, sales, value and margins

   Mainly for the purchase of additional machinery and plant equipment to increase production and satisfy customer requirements.

2. Explanation of other benefits (e.g. product quality, pollution prevention, cost reduction): None.

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year

Ardentec engages in re-investment based on the equity method. We invest in companies in related fields in support of our business strategy. Most of the companies we invest in are consolidated entities on financial statements. Investment losses suffered by Ardentec according to the equity method amounted to 17,390 thousand NTD in 2021 and were mainly due to industry competition or the preliminary phase of investment. Ardentec will continue to invest and manage our costs in accordance with the pre-determined business strategy over the coming year.

VI. Risk analysis for the most recent year and up to the date of report publication

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures

1. Impact on company profit and loss

Unit: Thousand NTD

Item	2021	
	Net interest received(paid)	Net exchange gains(losses)
Amount	(88,072)	1,215
Ratio of net revenues	(0.74%)	0.01%
Ratio of net profit before tax	(2.77%)	0.04%

(1) Interest rate changes

The financing market is still favorable due to low interest rates. Ardentec and subsidiaries regularly evaluate the interest rates of bank loans and in order to negotiate rates and terms with the banks. Interest paid by Ardentec on long and short-term borrowings account for a relatively small ratio of our total assets. Changes in interest rates are therefore unlikely to have a major impact on the overall operations of Ardentec and subsidiaries.

(2) Exchange rate changes

Due to the nature of our industry, capital expenditures are planned by Ardentec and subsidiaries every year. Most of the machinery and equipment purchases come from US and Japanese vendors. Export sales by Ardentec and subsidiaries are generally paid in USD as well so these are retained in order to pay for the import of machinery. Natural hedging is therefore used to mitigate some of the risks from changing exchange rates. A conservative risk management policy has been adopted

for excess foreign currency. Financial hedging product purchased to avoid the risks due to exchange rate changes.

(3) Inflation

Depreciation costs account for a relatively high proportion of Ardentec and subsidiaries' operating costs. Depreciation costs are however not affected by inflation. Revenue will actually increase with inflation so there is little impact to Ardentec and subsidiaries.

2. Future response measures

(1) Response to interest rate changes

The funds borrowed by Ardentec and subsidiaries are financial products with variable rates. Changes in the market interest rate will therefore change the effective interest rate of bonds as well leading to fluctuations in future cash flow. Ardentec and subsidiaries regularly evaluate the cash flow risks created by changes in the interest rate in accordance with our risk management policy. We therefore don't expect any major cash flow risks.

(2) Response to exchange rate changes

a. Dedicated financial personnel liaise with the financial institutions we do business with and collect related information on exchange rate trends and changes. The impact of currency fluctuations will hopefully be avoided.

b. The financial unit regularly manages our position on foreign exchange and purchase hedging instruments from our business bank in order to avoid exchange risks generated by the business. The relevant transactions are conducted in accordance with the Ardentec "Procedure for Engaging in Derivative Product Trading."

(3) Inflation and response measures

Ardentec and subsidiaries are wafer sort service providers and our costs are not linked to the purchase of raw materials. The impact of inflation on capital expenditure is regularly evaluated by Ardentec and subsidiaries based on management performance. No serious impact is expected.

(II) Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions

Ardentec and subsidiaries do not engage in high-risk, high-leveraged investments. Guarantees and lending to third-parties are limited to wholly owned investment subsidiaries as well. Ardentec does not provide guarantees or loans to other companies. In the future, Ardentec will continue to adhere to the relevant regulations and responses laid out in "Endorsement Guarantee Procedure" and "Third-party Lending Procedure." All trading of derivative products are conducted in accordance with the "Procedure for Engaging in Derivative Product Trading." Risks are therefore under control and there are no serious negatives.

(III) Future R&D Programs and Expected R&D Investment

R&D at Ardentec and subsidiaries follow two main directions - testing technology and automation technology. In addition to improving our own technical capabilities, we can also use it to boost productivity, lower costs and improve product quality. The R&D spending required corresponds to operating income and accounted for approximately 3% ~ 5% of operating revenues.

1. Ardentec

Unit: Million NTD

Annual Plan	Current Progress	Estimated time of completion	R&D funding from re-investment (2022)	Key factors to future R&D successes
Application of RFID to the testing of production technology.	Application to Wafer Cassette; Completion of production of UF3000, Prototype of OPUS in trial production.	December 2023	2	Control of R&D talent
Application of image recognition to the testing of production technology.	The upgrade plan for the electron microscope camera has been completed. After focusing, it can automatically find whether the pad and needle marks meet the customer's specifications. To enhance the function of AVI: Ratio of area for probe of tin balls, currently in production. Also, packaging before vacuum-pumping is our new project.	December 2023	2	Control of R&D talent
Wide Band Gap power component testing technology	We completed the design of the low temperature module of 650V/100V GaN, produced with high pressure and heat resistant the public version of the 4-die probe card, and will	December 2022	2	Control of R&D talent

	continue to improve the test technology of 1700V and development of the test technology with high-concurrency and precision.			
Development of AI IC test technology	Testing prototypes have been developed for both types of IC testing technology in phase 1. Future focus will be on the development of HPC testing technology.	December 2022	2	Control of R&D talent
5-Year plan for development of smart production technology	Automation of UF3000 and OPUS prober has been validated and commenced mass production. The first automated lot handling system (AGC) has been introduced and has been operationally validated. Roll-out for HQ Site 3 will soon begin.	December 2022	30	Control of software development talent
CIS testing solution	o complete the first phase of development of a signal module of images, with the capture of images of Dphy 2 lanes and parallel processing capabilities. The code planning and transmission of Tester and module. The parallel technology of data of images processing, and the technology of memory processing.	December 2022	5	Control of R&D talent
AVI ADC AI Systems(AVI Automation	To complete automation capture of wafer images by automatic classification of	December 2022	3	Control of R&D talent

Classification of Wafer defect)	AI, we will enhance post-processing of probe images and determine whether it complies with requirements of customers in an automatic mode in 2022.			

2. Giga Solution

(1) ATE testing solution

- 93K WSRF testing solution development
- PAx Red Dragon testing solution development.

(2) Self-built tester (I2C) testing solution

- Development of I2C Hard Docking.
- Development of I2C Up/Down Converter test module.
- Development of Satellite communication GaN PA, LNA and LNB testing solutions.
- Development of 10GHz Motion Detector testing solution.
- Development of 3mil die reconstruction mmWave testing solution.
- Development of 400G TIA and LD (Laser driver) testing solution.
- Development of Over the Air (OTA) testing solution.

(3) Development of millimeter wave (mmWave) testing solution

- 5G mmWave ATE testing technology for mass production.
  A. Development of UltraFlex mmW 5G NR
  B. Development of 5G mmWave BFIC multisite NI STS
- Development of 5G mmWave BFC multisite testing solution.

(4) Development of production technology

- Automation
  A. Handler product file auto download.
  B. Tester UI automation improvement.
  C. Auto VM defect judgment。
  D. Real time e-OCAP system。
  E. Auto Probing Setup UI
- External inspection
  A. BSIR Inspection for DSBGA。
  B. Post Sealing Inspection。
  C. Auto Reel Inspection

R&D spending will be kept within 5% of operating revenues in the future.

(IV) Major changes in government policies and laws at home and broad, the impact on Company finance and business, and response measures

The Company also has a Legal Office in place to monitor changes in local and foreign regulations, and to manage patents that are relevant to the Company's operations.

In addition, the Company has implemented "Regulatory Identification Procedures" to help identify laws that are relevant to its businesses. Each department is required to conduct its own regulatory compliance assessments on a regular basis, and adjust their activities to conform with the Company's internal control system if need be, and thereby ensure the legitimacy of the Company's operations at all times.

(V) Impact of recent technological changes on the Company's finance and business, and response measures

No new products capable of replacing IC on price and quality have yet appeared in recent years. Foundries and major semiconductor component makers are all increasing the percentage of wafer testing they outsource as well. In addition to providing major semiconductor component makers, foundries and design houses with professional wafer testing services, Ardentec and subsidiaries are also monitoring technological developments and taking action when necessary to ensure that company finances are not seriously affected.

(VI) Impact of corporate image change on risk management and response measures

Ardentec and subsidiaries enjoy a positive image due to our business policy of honesty and reliability. We have not experienced business crisises due to major changes in recent years.

(VII) The expected benefits and possible risks of mergers and acquisitions as well as the responding measures: None.

(VIII) Expected benefits and possible risks of factory expansions as well as the response measures

Please refer to 4. Effect of major capital spending on financial position and business operation in the past year.

(IX) Risks associated with over-concentration in purchase or sales, and response measures

(1) Risks associated with over-concentration in purchase, and response measures

Ardentec and our subsidiaries are in the technical services sector (specialized testing company) of the IC industry so there are no primary raw materials and no risk of over-concentration in purchasing.

(2) Risks associated with over-concentration in sales, and response measures

In the last three years, Ardentec and subsidiaries' largest customers accounted for 13% (2021), 14% (2020) and 11% (2019) of overall sales. In addition to maintaining our existing customer base through the provision of quality services, we are also actively developing new leads to avoid the risk of over-concentration in sales.

(X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures: None.

(XI) The effects that change in management has on the Company as well as risk and responding measures: None.

(XII) For litigation or non-litigation events, please state the outcomes of concluded or

pending litigious, non-litigious, or administrative litigation events involving the Company and the Company's directors, supervisors, general manager, de facto responsible person, major shareholders holding more than 10% interest, or subsidiary of the Company, if the outcomes may have a major impact on shareholder interests or the value of securities then the relevant facts, amount involved, starting date of litigation, the main litigants and status as of the date of publication for the annual report: None.

(XIII) Other significant risks and response measures:

(1) Information security risk assessment and analysis, and response measures

An "Information Security Committee" has been established by Ardentec to develop a variety of information protection measures such as the "Information Security Policy" and "Information Security Manual." The measures represent Ardentec's commitment to information and infrastructure security. An effective management review mechanism has been put into place and management review is conducted by the Committee every six months. Improvements are continuously made in a fast-changing environment to fulfill the goal of information security.

Systems and products also completed their regular information security certification for ISO 27001 and ISO 15408 (Common Criteria EAL 6) on schedule.

All employees undergo information security training courses every year and possess excellent information security awareness. Proper compliance and implementation of information security regulations and requirements ensure the security of company/customer information and facilities.

The internal control system of Ardentec includes a chapter dedicated to "Computer Operation Cycle" and personal data protection management procedures. Information security audits are conducted every year by the internal audit unit and continuous improvements made to ensure the effectiveness of the information security management system.

We know that you can never be fully prepared when it comes to information security. We therefore continue to disclose and take corrective action against risks identified by our longstanding internal assessment.

Information security risk assessment, analysis, and response:

Risk 1: Information leak: The leaking of company information through proper or improper channels

In response to this risk, important information are encrypted to protect the information itself and to strengthen control over user access, access method, access logs and access channels. Supplementary measures include restrictions on access equipment (e.g. Computers, printers, mobile phones). Particular emphasis is given to the management of emerging technologies such as portable storage devices, portable storage media and wireless networking to reduce the risk of leaks.

Risk 2: Malicious code: Malicious programs attacking from the Internet or portable storage devices

Response measures taken against this risk include active monitoring of changes in the overall environment, industry developments, raising the information security awareness of employees, as well as responding to and reporting of information security incidents. On the technical front, Ardentec imposed controls on the use of portable storage devices identified in Risk 1. Network intrusion detection and protection systems as well as device-side protection systems have also been rolled out across the Company and regularly updated.

We will continue to comply with the law and make information security systems our top priority to ensure that we deliver on our commitment to customers and society on information security.

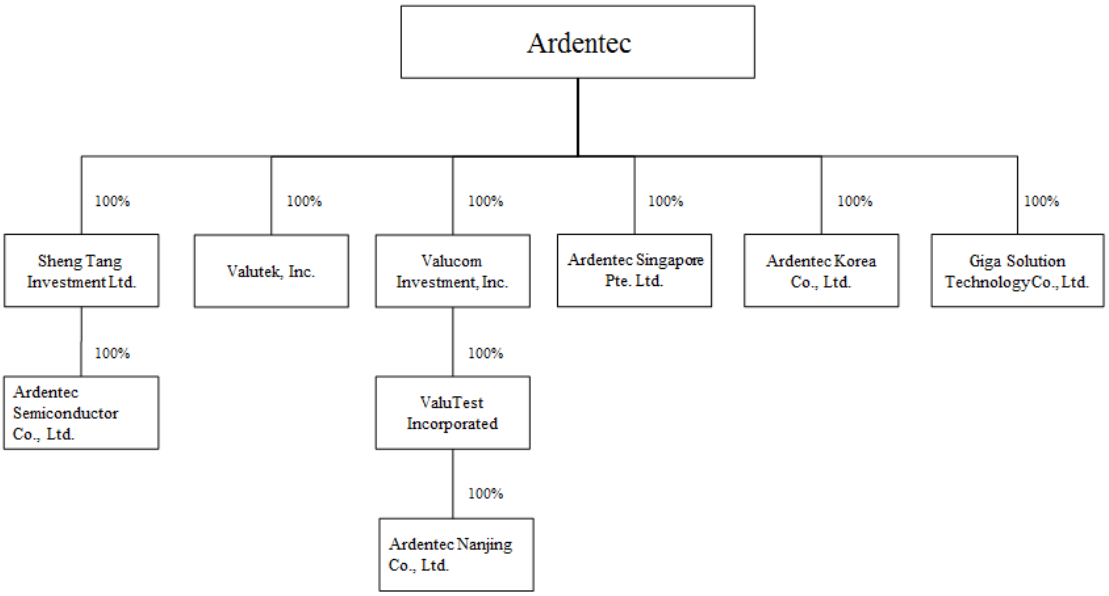
VII. Other important matters: None.

Chapter 8. Special disclosures

I. Profiles of affiliates and subsidiaries:

(I) Consolidated Operation Report of Affiliates

1. Affiliate organization chart



2. Basic information of the various affiliated enterprises

December 31, 2021

Enterprise name	Date of establishment	Address	Paid-in capital	Main businesses/products
Sheng Tang Investment Ltd.	89.04.20	5F., No. 100,Sec. 4, Civic Blvd., Da'an Dist., Taipei City	NTD $40,000,000	General investment company
Valutek, Inc. (Note)	89.02.22	Portcullis Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	USD $4,870,000	General investment company
Valucom Investment, Inc.	89.02.22	Portcullis Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	USD $49,876,000	General investment company
Ardentec Singapore Pte. Ltd.	95.06.15	12 Woodlands Loop#02-00,Singapore 738283	SGD $52,500,000	Provider of test and assembly services

Enterprise name	Date of establishment	Address	Paid-in capital	Main businesses/products
Ardentec Korea Co., Ltd.	2010.12.13	61, Cheongbuksandan-ro, Cheongbuk-myeon, Pyeongtaek-si, Gyeonggi-do, 451-833, Korea	KRW $40,480,000,000	Electronic integrated circuits, diodes, transistors and similar semiconductor devices/Semiconductor and integrated circuit devices testing and trimming
ValuTest Incorporated	2016.11.17	Portcullis Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	USD $49,800,000	General investment company
Ardentec Semiconductor.,Ltd.	2015.07.30	4F, No. 24 Wenhua Rd., Hukou Township, Hsinchu County	NTD $20,000,000	Electronic component manufacturing industry
Giga Solution Tech. Co., Ltd.	2000.03.04	5F, No. 6, Xing'an Rd. Hsinchu Science Park, Hsinchu City	NTD $1,205,805,000	IC, module and component testing company
Ardentec Nanjing Co., Ltd.	2017.01.05	No. 29, QiuYun Rd., Qiaolin Street, Pukou District, Nanjing	USD $49,800,000	Semiconductor testing and R&D

Note: BVI Valutek Inc.

3. Mandatory disclosures where a controlling or subordinate relationship can be concluded in accordance with Paragraph 3, Article 369 of the Company Act: None.
4. Industries covered by the business activities of affiliated enterprises: The primary business activities of Ardentec and our affiliated enterprises are semiconductor testing factories and general investments.
5. Profile of Directors, Supervisors and General Manager

December 31, 2021; Unit: Share

Enterprise name	Title	Name or representative	No. of shares held	Shareholding ratio
Sheng Tang Investment Ltd.	Chairman	Ardentec Corporation Representative: Chih-Yuan Lu	—	100.00%
	Director	Ardentec Corporation Representative: Chi-Ming Chang	—	100.00%
Valutek, Inc.	Director	Chi-Ming Chang	0	0.00%
	Director	Shuh-Jiunn Liaw	0	0.00%

Enterprise name	Title	Name or representative	No. of shares held	Shareholding ratio
Valucom Investment, Inc.	Director	Chih-Yuan Lu	0	0.00%
	Director	Chi-Ming Chang	0	0.00%
Ardentec Singapore Pte. Ltd.	Chairman	Yung-Song Lou	0	0.00%
	Director	Chih-Yuan Lu	0	0.00%
	Director	Jimmy Wang	0	0.00%
	Director & General Manager	Michael Huang	0	0.00%
Ardentec Korea Co., Ltd.	Representative Director	Yung-Song Lou	0	0.00%
	Director	Chih-Yuan Lu	0	0.00%
	Director	Jimmy Wang	0	0.00%
	Supervisor	Leslie Guh	0	0.00%
	General Manager	Ted Lee	0	0.00%
ValuTest Incorporated	Director	Chih-Yuan Lu	0	0.00%
	Director	Chi-Ming Chang	0	0.00%
Ardentec Nanjing Co., Ltd.	Chairman	Chi-Ming Chang	0	0.00%
	Director	Yung-Song Lou	0	0.00%
	Director	Fu-Wan Sheu	0	0.00%
	Supervisor	Leslie Guh	0	0.00%
	President	Bill Kang	0	0.00%
Ardentec Semiconductor.,Ltd.	Chairman	Sheng Tang Investment Ltd. Representative: Chih-Yuan Lu	—	100.00%
	Director	Sheng Tang Investment Ltd. Representative: Chi-Ming Chang	—	100.00%

Enterprise name	Title	Name or representative	No. of shares held	Shareholding ratio
Giga Solution Tech. Co., Ltd.	Chairman	Ardentec Corporation Representative: Chih-Yuan Lu	120,580,539	100.00%
	Director	Ardentec Corporation Representative: Chi-Ming Chang	120,580,539	100.00%
	Director	Ardentec Corporation Representative: Liang-Po Chen	120,580,539	100.00%
	Director	Ardentec Corporation Representative: Cheng-Yu Chien	120,580,539	100.00%
	Director	Ardentec Corporation Representative: Chuang-Gan Chiu	120,580,539	100.00%
	Director	Ardentec Corporation Representative: Chun-hao Lai	120,580,539	100.00%
	Director	Ardentec Corporation Representative: Jimmy Wang	120,580,539	100.00%
	Supervisors	Ardentec Corporation Representative: Shuh-Jiunn Liaw	120,580,539	100.00%
	Supervisors	Ardentec Corporation Representative: Leslie Guh	120,580,539	100.00%
	President	Liang-Po Chen	0	0.00%

6. Business overview of affiliates

December 31, 2021; Unit: Thousand NTD

Enterprise name	Capital	Total assets	Total liabilities	Net worth (Note 2)	Revenues	Operating profits	Profit or loss for the current period	Earnings per share (NTD)
Sheng Tang Investment Ltd.	40,000	51,206	210	50,996 (Note 1)	4,984	1,320	1,074	—
Valutek, Inc.	149,558	1,178,141	0	1,178,141	37,334	34,115	26,530	5,447.64
Valucom Investment, Inc.	1,516,963	896,755	0	896,755	—	(104)	(140,712)	(2,821.24)
Ardentec Singapore Pte. Ltd.	1,136,040	2,398,282	477,186	1,921,096	918,838	323,928	316,378	6.03
Ardentec Korea Co., Ltd.	1,074,845	309,128	12,981	296,147	64,232	(63,606)	(53,793)	(6.64)
Ardentec Semiconductor.,Ltd.	20,000	18,631	144	18,487	—	(161)	(67)	—
Giga Solution Tech. Co., Ltd.	1,205,805	6,400,820	3,385,250	3,015,570 (Note 3)	3,210,568	575,845	492,464	4.08
ValuTest Incorporated	1,491,718	896,243	352	895,891	—	(52)	(140,609)	(28,234.74)
Ardentec Nanjing Co., Ltd.	1,491,718	1,631,216	735,141	896,075	236,116	(136,693)	(140,557)	—

Note 1: The difference from Ardentec's investment in the company is including treasury stock transaction.

Note 2: The difference from Ardentec's investment in the company is including downstream transaction.

Note 3: The difference from Ardentec's investment in the company is including business reputation from merger transaction.

(II) Consolidated financial statement of affiliates: Please refer to pages 167 to 255.

(III) Affiliation Report: Not applicable.

II. Progress of private placement of securities during the latest year and up to the date of annual report publication: None.

III. Holding or disposal of stocks of the company by subsidiaries in the past year and up to the date of report

Unit: Thousand NTD

Subsidiary name	Paid-in capital	Source of funds	Ardentec shareholding percentage	Date of acquisition or disposal	No. and value of shares acquired	No. and value of shares disposed	Investment gains and losses	No. and value of shares held up to the date of annual report publication	Pledges	Amount pledged by Ardentec to subsidiaries	Amount of loans made by Ardentec to subsidiaries
Sheng Tang Investment Ltd.	40,000	Own funds	100%	2021	None	None	None	278,342 shares 1,997,000 NTD	None	None	None
				Up to the date of annual report publication in 2022	None	None	None		None	None	None
Valutek, Inc.	152,341	Own funds	100%	2021	None	None	None	15,972,408 shares 124,775,000 NTD	None	None	None
				Up to the date of annual report publication in 2022	None	None	None		None	None	None

IV. Other supplemental information: Ardentec did not propose any undertakings when applying for emerging stock listing.

V. Companies being listed on the emerging stock market for the first time should explain any material differences with the investor protection regulations of R.O.C.: Not applicable.

VI. Corporate events with material impact on shareholders' equity or stock prices as set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report: None.

Ardentec Corporation

Chairman：Chih-Yuan Lu