Stock Code: 6285

2021 Annual Report (Translation)

Wistron NeWeb Corporation

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http://www.wnc.com.tw

WNC
Wistron NeWeb Corp.

Publication Date: April 30, 2022

1. Name, Title, and Contact Information for the Company Spokespersons

Spokesperson:	Jona Song	Acting Spokesperson: Molly Lin	
Title:	Chief Financial Officer	Title:	Associate Vice President
E-mail:	spokesman@wnc.com.tw	E-mail:	spokesman@wnc.com.tw
Tel.:	+886-3-666-7799	Tel.:	+886-3-666-7799

2. Address and Telephone Number of the Company's Registered Office and Headquarters

Headquarters: 20 Park Avenue II, Hsinchu Science Park, Hsinchu, Taiwan

S1 (Manufacturing site): 5 Lihsin Rd. VI, Hsinchu Science Park, Hsinchu, Taiwan

S2 (Manufacturing site): 8 Beiyuan 3rd Rd., Tainan Science Park, Tainan, Taiwan

Tel.: +886-3-666-7799

3. Address and Contact Information for Wistron NeWeb Corporation Shareholder Services Office

Address: No. 158, Xingshan Rd., Neihu Dist., Taipei 114, Taiwan

Tel.: +886-2-6600-7998 Website: www.wnc.com.tw

4. Most-recent Address and Contact Information of the Auditing CPA

Name:	Grace Lu and Emily Tseng	Website:	www.kpmg.com.tw
CPA firm:	KPMG	Tel.:	+886-2-8101-6666
Address:	68F, Taipei 101 Tower, No. 7, Sec. 5, Xinyi Road, Taipei 110, Taiwan		

5. For more information about Wistron NeWeb Corporation GDRs: N/A

6 For more information about Wistron NeWeb Corporation, visit: www.wnc.com.tw

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1 Letter to Shareholders

In 2021 the network communications industry faced a number of challenges most of which you will already be familiar with. Foremost being the continued spread of the COVID-19 pandemic, materials and labor shortages, electricity restrictions, rising commodity prices, and rising freight charges. Against this backdrop WNC has managed to keep abreast of rapid changes in market demand within its own fields of specialization; wireless communications, broadband networks, the Internet of Vehicles, the Internet of Things, and smart homes/factories/cities. In addition to continuing to invest in R&D of network communications technology, accelerate digital transformation, and upgrade HR systems, the company has adjusted its customer mix, expanded its global layout, maintained reasonable revenue growth, and laid the groundwork for continued growth.

Financial and operational results

WNC's consolidated revenue in 2021 was NT$67.23 billion, a YoY increase of 7.3%. Consolidated gross profit was NT$7.254 billion with consolidated profit before tax of NT$1.412 billion, a YoY decrease of 18.2%. Consolidated profit after tax was NT$1.232 billion with an EPS of NT$3.15.

Research and Development

We have leveraged our research and development core capabilities to rapidly expand into new technical application fields. Recently developed product lines began to bear fruit last year. Apart from medical grade products receiving ISO13485 certification, in the 5G field we have developed a number of 5G O-RAN products and end-to-end solutions with our strategic partners. Not only did these products pass the O-RAN PlugFest, NDC and Chunghwa Telecom testing and verification, they are already being adopted in enterprise private networks of smart factories. In terms of software added value services we have developed Wi-Fi 6E Mesh software, an AI imaging algorithm for automotive use, a forward collision warning sensor algorithm for Advanced Driver Assistance Systems (ADAS), WFH router firmware and QoS software.

Our 5G Network Infrastructure Acceleration Card and 5G ODU respectively won the Hsinchu Science Park Innovative Product Award and a CES 2022 Innovation Award. In addition WNC continues to hold the number one ranking for patent applications by network communications companies, as listed by Taiwan's Intellectual Property Office.

Operations Management

In order to meet demand from market and sales expansion we have established a German subsidiary, NeWeb GmbH. Our V2 plant in Vietnam began mass production in Q4 of last year and we merged our V1 plant with the new V2 plant in Q1 of this year. Our S3 plant in Taiwan's Southern Science Park (Tainan) is scheduled to begin mass production in Q4 of this year. With the introduction of robotic arms, unmanned goods handling, smart warehousing and AI image recognition, efficiency of our production lines continues to improve.

To ensure that we can still maintain high operational efficiency as our organization's scale expands, in addition to the projects generated by our digital transformation plan, we have also established a number of cross-functional teams, a resource sharing platform, and optimized data aggregation and trend analysis. At the same time we have introduced a cutting edge HR management system that allows us to centralize human resources management, provide flexible working solutions and help in employees' career planning. WNC provides a working environment that allows its employees to work together as a team as well as acquire the individual professional skills that give the company its competitiveness and resilience.

In non-financial areas WNC's performance has also been outstanding. In 2021 we were awarded Overall Most Outstanding Company in Taiwan in the Asiamoney poll, as well as Most Outstanding Company in Taiwan –

Technology Hardware & Equipment Sector category and Most Outstanding Company in Taiwan – Small/Mid Caps Sector category. We were also recognized with a Bronze Medal at the 2021 Taiwan Corporate Sustainability Awards and by the Ministry of Economic Affairs with a bronze award in the Buying Power: Social Innovation Products and Services Procurement Reward Program.

Future Outlook

In this age of rapid technological change we need to be keenly aware of, and to grasp, business opportunities, as soon as they appear so as to achieve organic growth based on existing resources and business. We will continue to emphasize R&D efforts with our business partners in technologies such as 5G, the Cloud, AI, and Big Data, targeting four key customer groups of Internet service providers, automotive companies, enterprise customers, and consumer electronics brands. Our product offerings in 2022 include 5G end user equipment, smart power devices, automotive modules/radars/cameras, enterprise-grade Wi-Fi 6E routers, consumer-grade Wi-Fi Mesh routers, and consumer-grade medical application devices. We hope to become an indispensable long-term partner for our customers and make people's lives more interesting, convenient and safe.

Looking back on our 25 years WNC has achieved many important milestones. We would like to express our appreciation to all of our shareholders, employees and business partners for their support in helping us pursue maximum benefit for shareholders while also considering the rights and interests of all stakeholders. In order to continue pursuing our corporate social responsibilities we have established an ESG sustainable development center responsible for drawing up sustainability strategies, objectives, management regulations and action plans as well as promoting related measures, including environmental pollution preventive actions, increasing efficiency of power usage, and the design and manufacture of green products. We will disclose the risks and opportunities presented by climate change in accordance with the TFCD (Task Force on Climate-Related Financial Disclosures) recommendations and evaluate any potential business and financial impact so that we can plan appropriate response measures and pursue an end goal of sustainable development and net zero carbon emissions.

In conclusion I would like to thank, on behalf of the company and all of its employees, every shareholder for their continued support and encouragement over the years. We wish you all health and happiness.

Haydn Hsieh

Chairman of Wistron NeWeb Corporation

2 Company Introduction

2.1. Date of Establishment

December 7, 1996

2.2. Milestones

Dec.	1996	Wistron NeWeb Corporation (WNC) founded in Hsinchu, Taiwan, on Dongda Rd.
April	1997	Established manufacturing plant in Zhubei, Taiwan.
April	1998	Obtained ISO 9001 certification.
Sept.	1998	Triple Beam Antenna and Wireless PC Connection products received the Taiwan Symbol of Excellence Award.
June	2000	Bluetooth product series honored with the Best Product Award at Computex Taipei 2000.
July	2000	Springboard Wireless Connector technology transferred from WIDCOMM (U.S.).
Aug.	2000	Commenced mass production of PHS handsets.
Sept.	2000	Bluetooth PDA Connector and IEEE 802.11b PCMCIA Card received the Taiwan Symbol of Excellence Award.
Dec.	2000	Established ANC Holding Corporation.
Oct.	2001	Established WNC Holding Corporation.
Dec.	2001	Bluetooth USB dongle received the Taiwan Symbol of Excellence Award.
Jan.	2002	Moved to the Hsinchu Science Park.
May	2002	Established NeWeb Holding Corporation.
July	2002	Honored for the Best International Import and Export Trade Growth in Taiwan.
Feb.	2003	Established W-NeWeb Corp. in the U.S.
Sept.	2003	Wistron NeWeb Corporation publicly listed on the Taiwan Stock Exchange on Sept. 22.
Nov.	2003	IEEE 802.11a/g Switch received the Hsinchu Science Park Innovative Product Award.
Nov.	2003	Established WebCom Communication (Kunshan) Corporation in China.
March	2004	Established WNC (Kunshan) Corporation in China.
May	2004	Merger with Acer Netxus Inc. completed on May 31.
Nov.	2005	Obtained ISO 14001 certification.
Nov.	2005	LNB annual output reached 10 million.
Dec.	2005	Obtained ISO/TS 16949 certification.
Jan.	2006	Wi-Fi Phone received the 2006 CES Innovations Design and Engineering Award.
Feb.	2006	Obtained Sony Green Partner Certification.
April	2006	Established Wistron NeWeb (Kunshan) Corporation in China.
June	2006	GSM/Wi-Fi Dual Net Phone received the 2006 Best Choice of Computex Taipei Award.

Nov.	2006	Honored with the Hsinchu Science Park R&D Accomplishment Award.
July	2007	Wi-Fi Video Phone received the Taiwan Symbol of Excellence Award.
Aug.	2007	Established NeWeb Service (Kunshan) Corporation in China.
Dec.	2007	Started mass production of Ka/Ku ODU products.
Jan.	2008	GSM/Wi-Fi Dual Net Phone received the 2008 CES Innovations Design and Engineering Award.
March	2008	Honored for Best Participation of Green Procurement for Enterprises in 2007.
April	2008	WNC Utopia Interface designed for handsets received the 2008 iF communication design award.
May	2008	Began construction of the new WNC Headquarters building.
Sept.	2008	Wi-Fi Media Frame Wireless Multimedia Player received the Hsinchu Science Park Innovative Product Award.
Oct.	2008	Obtained OHSAS 18001 certification.
Jan.	2009	GSM/PHS Mobile TV Phone received the 2009 iF product design award.
Nov.	2009	Honored with the Hsinchu Science Park R&D Accomplishment Award.
Nov.	2009	Completed training programs for the EuP Directive 2005/32/EC and applied the principles to product design processes.
Jan.	2010	Moved to 20 Park Avenue II, Hsinchu Science Park.
April	2010	Completed training programs for the ErP Directive 2009/125/EC and applied the principles to product design processes.
June	2010	UI design artwork (Fun-Quick) received the 2010 iF communication design award.
Aug.	2010	Honored with the Contribution Award and the Invention Award at the 2010 National Invention & Creation Awards.
Oct.	2010	Honored with the 2010 National Standardization Award.
Nov.	2010	LDS Antenna received the Hsinchu Science Park Innovative Product Award.
Dec.	2010	Honored by Asiamoney Magazine's Corporate Governance Poll as: Overall Best for Investor Relations across Asia; Best Overall for Corporate Governance; Best for Responsibilities of Management and the Board of Directors; Best for Shareholders' Rights and Equitable Treatment; Best for Investor Relations; Best for Disclosure and Transparency; and Best Investor Relations Officer.
April	2011	Obtained IECQ QC 080000 (Hazardous Substance Process Management) and ANSI/ESD S20.20 (Electronic Discharge Control Program) certifications.
June	2011	Published the first edition of the Corporate Social Responsibility report.
Aug.	2011	Smart Shortcut hand-held interface received a reddot award for communication design.
Aug.	2011	Honored with the National HRD InnoPrize.
Sept.	2011	Commenced shipping of the Automotive BSD radar system.
Sept.	2011	Honored with the Creation Award at the 2011 National Invention & Creation Awards.
Oct.	2011	Established the Irvine Office for the North American market.
Dec.	2011	Received the Hsinchu Science Park Innovative Product Award (4G Mobile Hotspot) and the R&D Accomplishment Award.
March	2012	Established New Jersey Office for North American market.
July	2012	Established WNC EICC management committee.

Sept.	2012	Won an Invention Award in the 2012 National Invention & Creation Awards.
Dec.	2012	Received the Industrial Development Bureau, Ministry of Economic Affairs Industrial Sustainable Excellence Award and the Hsinchu Science Park R&D Accomplishment Award.
Jan.	2013	4G Mobile Hotspot received the 2013 CES Innovations Design and Engineering Award.
April	2013	Recognized among the 2012 Deloitte Technology Fast500 Asia Pacific
Nov.	2013	Certified as an Authorized Economic Operator (AEO) by the Customs Administration, Ministry of Finance, Taiwan.
Nov.	2013	Ranked first in CommonWealth magazine’s “Most Admired Company” 2013 survey among telecommunication enterprises in Taiwan.
Dec.	2013	Honored with the Hsinchu Science Park Innovative Product Award (24GHz Automotive BSD Radar) and R&D Accomplishment Award.
March	2014	Obtained TL 9000 (quality management system for the telecommunications industry) certification.
June	2014	The Board elected Mr. Haydn Hsieh to be its Chairman.
June	2014	Established WNC UK Limited.
Oct.	2014	Obtained ISO/IEC 27001 (information security management system) certification.
Nov.	2014	Honored with the Taiwan Corporate Sustainability Report Award (Bronze Medal) by the Taiwan Institute for Sustainable Energy.
Dec.	2014	High Sensitivity RFID Antenna and Reader System received the Hsinchu Science Park Innovative Product Award.
Jan.	2015	Established WNC Japan Inc.
March	2015	Obtained ISO/IEC 17025 (general requirements for competence in testing and calibrating laboratory equipment) certification.
April	2015	Obtained FSC™ (Forest Stewardship Council) Chain-of-Custody certification.
June	2015	Selected as a component of the Taiwan Corporate Governance 100 Index and the Taiwan High Salary 100 Index by the Taiwan Stock Exchange Corporation (TWSE).
Aug.	2015	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Nov.	2015	Honored with the Taiwan Corporate Sustainability Report Award (Silver Medal) by the Taiwan Institute for Sustainable Energy.
Dec.	2015	Obtained CNS 15506: 2011 TOSHMS (Taiwan Occupational Safety & Health Management System) certification.
Dec.	2015	Honored with the Hsinchu Science Park R&D Accomplishment Award.
Jan.	2016	24GHz Radar System and Smart Shelf System received the 2016 CES Innovation Award.
April	2016	WNC Hsinchu (S1) plant (on Lihsin Rd. VI of the Hsinchu Science Park) obtained factory registration certificate on April 25.
June	2016	Honored as a Gold Winner at the 2016 IT World Awards (24GHz Radar System).
July	2016	Honored with the Award for International Trade—Contribution to Primary Market Expansion Award by the Ministry of Economic Affairs.
Aug.	2016	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Nov.	2016	Honored with the Taiwan Corporate Sustainability Report Award (Silver Medal) by the Taiwan Institute for Sustainable Energy.
Dec.	2016	Honored with the Hsinchu Science Park R&D Accomplishment Award.
Dec.	2016	Honored by Asiamoney Magazine’s Corporate Governance Poll (across Asia & Taiwan, excluding Japan) as: Best for Responsibilities of Management & the Board of Directors; and Best for Shareholders’ Rights & Equitable Treatment.

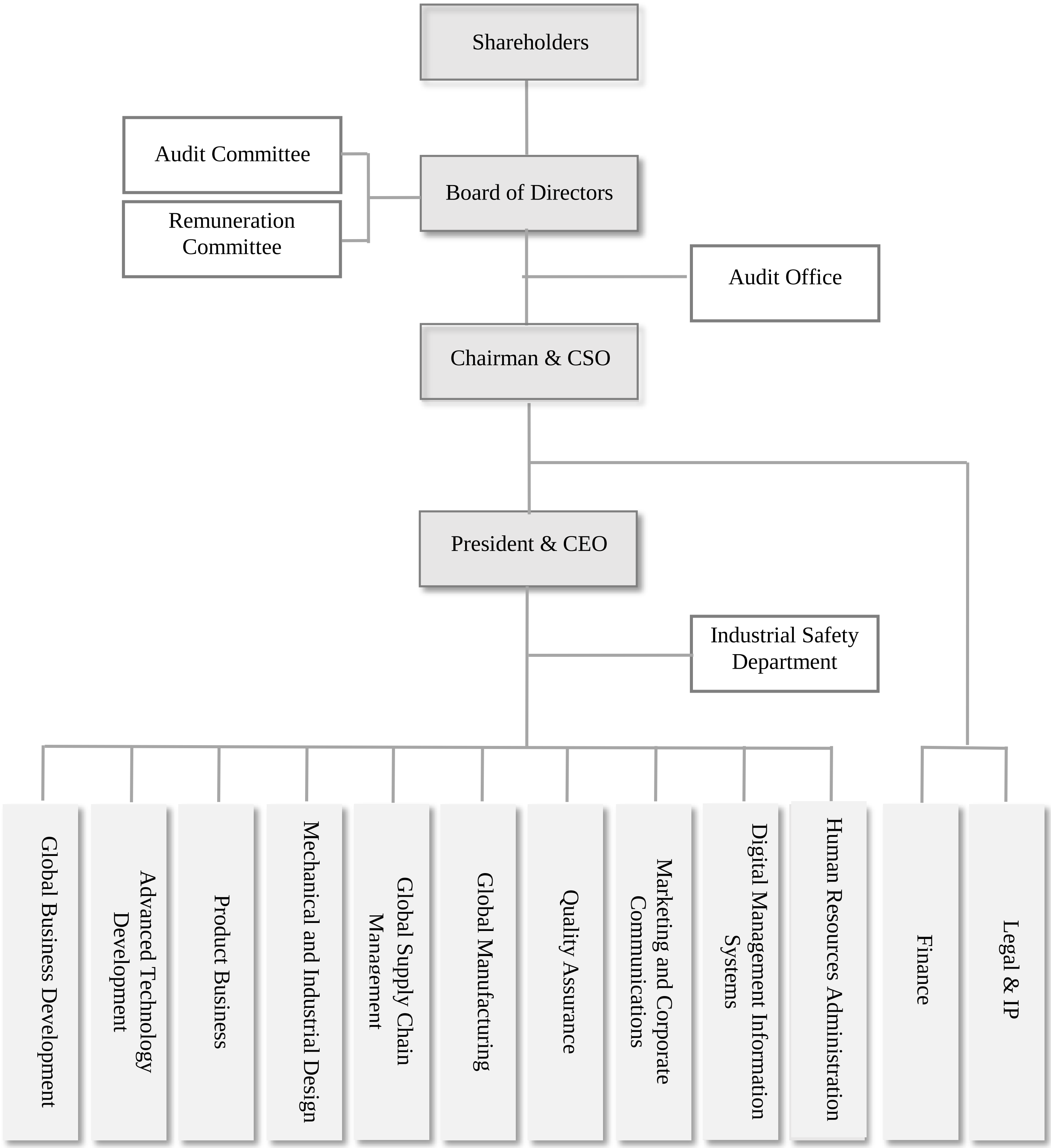
Aug.	2017	Installed solar panels in the WNC Headquarters in Taiwan and Wistron NeWeb (Kunshan) Corporation in China.
Aug.	2017	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Oct.	2017	Honored with the Award for International Trade—Contribution to Primary Emerging Market Expansion Award by the Ministry of Economic Affairs.
Nov.	2017	Honored with the Taiwan Corporate Sustainability Report Award (Gold Medal) by the Taiwan Institute for Sustainable Energy.
Dec.	2017	Honored with the Hsinchu Science Park Innovative Product Award (Tri-radio Wi-Fi Smart Router) and R&D Accomplishment Award.
Dec.	2017	Honored with first prize in the “Buying Power: Social Innovation Products and Services Procurement Reward Program” by the Ministry of Economic Affairs.
May	2018	Obtained ISO 50001:2011 (Energy Management System) certification.
Aug.	2018	Honored as a Gold Winner at the 2018 IT World Awards (Tri-radio Wi-Fi Smart Router).
Aug.	2018	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Nov.	2018	Honored with the Top 50–Platinum Medal at the Taiwan Corporate Sustainability Awards (TCSA) in the Corporate Sustainability Report Awards category by the Taiwan Institute for Sustainable Energy.
Dec.	2018	Commenced shipping the world’s first 5G Mobile Hotspot.
Dec.	2018	Honored with the Hsinchu Science Park Innovative Product Award (Ultra-compact Automotive FHD Camera Module) and R&D Accomplishment Award.
Dec.	2018	Honored with first prize in the “Buying Power: Social Innovation Products and Services Procurement Reward Program” by the Ministry of Economic Affairs.
Dec.	2018	Honored by Asiamoney Magazine’s Corporate Governance Poll as one of Asia’s Outstanding Companies (2018).
Jan.	2019	Established WNC Vietnam Co., Ltd.
Jan.	2019	WNC Tainan (S2) plant (on Beiyuan 3rd Rd. of the Tainan Science Park) obtained factory registration certificate on January 31.
Apr.	2019	Ranked by 1111 Job Bank as one of the 20 Companies with the Happiest Employees in 2019: IT & IC Manufacturing.
Aug.	2019	Honored as a Gold Winner at the 2019 IT World Awards (Ultra-compact Automotive HD Camera Module).
Sept.	2019	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Nov.	2019	Honored with the Taiwan Corporate Sustainability Awards (Gold Medal) in the Corporate Sustainability Report Awards category by the Taiwan Institute for Sustainable Energy.
Nov.	2019	Honored with the Outstanding Healthy Workplace Vitality Award in the 2019 National Healthy Workplace Program.
Nov.	2019	Honored with an elite award in the SGS CSR Awards.
Nov.	2019	Completed the liquidation of ANC Holding Corp.
Dec.	2019	Honored with second prize in the “Buying Power: Social Innovation Products and Services Procurement Reward Program” by the Ministry of Economic Affairs.
May	2020	Established NeWeb Vietnam Co., Ltd.
Jun.	2020	Began construction of S3 plant in the Southern Taiwan Science Park, Tainan.
Aug.	2020	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Sept.	2020	Honored in Asiamoney’s 2020 Outstanding Companies Poll: Overall Most Outstanding Company in Taiwan, and Most Outstanding Company in Taiwan – Technology Hardware & Equipment Sector.

Sept.	2020	Honored with SGS CSR Award - People Development Excellence.
Nov.	2020	Honored with Platinum Medal at the 2020 Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy.
Sept.	2021	Established NeWeb GmbH in Germany.
Sept.	2021	Honored in Asiamoney's 2021 Outstanding Companies Poll: Overall Most Outstanding Company in Taiwan, Most Outstanding Company in Taiwan – Technology Hardware & Equipment Sector and Most Outstanding Company in Taiwan – Small/Mid Caps Sector.
Nov.	2021	Recognized in CES 2022 Innovation Awards for 5G ODU.
Nov.	2021	Awarded a Bronze Medal at the 2021 Taiwan Corporate Sustainability Awards.
Dec.	2021	Recognized in Hsinchu Science Park Innovative Product Award for 5G Network Infrastructure Acceleration Card.
Dec.	2021	Received a Bronze Award in the Buying Power: Social Innovation Products and Services Procurement Reward Program of the Ministry of Economic Affairs.
Dec.	2021	Obtained ISO 13485 certification.

3 Operational Highlights

3.1. Organization Structure

3.1.1. Organizational Chart



3.1.2. Departmental Functions

Department	Main responsibilities
Audit Office	Responsible for internal audit and evaluation of the company's internal operations
Legal & IP	Legal affairs of the company, contracts, patents, trademarks, technology licensing, IP, and legal consultative services
Finance	Responsible for treasury, financial management, investment, accounting, and tax services
Industrial Safety Department	Safety inspections of WNC's offices and factories, environmental pollution prevention, and safety maintenance
Human Resources Administration	Responsible for the company's management systems, human resources, employee welfare, health and safety, employee training, and general affairs
Digital Management Information Systems (DMIS)	Management and maintenance of WNC's information systems, software, and networks; implementation and improvement of WNC's Industry 4.0 project; formulation of efficient operational procedures and enhancement of these procedures with information-based, digitized tools
Marketing and Corporate Communication	Responsible for compiling business information, marketing strategies, exhibition planning, advertising, Internet marketing activities, maintaining amicable corporate and investor relations, and promoting activities related to ESG and corporate sustainable development
Quality Assurance	Responsible for quality and reliability assurance, shipping inspection, after-sales services, and ISO quality system implementation and improvement
Global Manufacturing	Raw materials warehouse management, manufacturing, production schedule planning, manufacturing process planning and improvement, outsourcing management, and product inspection and delivery
Global Supply Chain Management	Global material planning, purchasing, logistics support, and supplier quality management
Mechanical and Industrial Design	Product appearance development, mechanical design, and evaluation and supervision of product quality of qualified vendors
Product Business	Market development, order handling, customer and payment management, customer complaint handling, new product planning, and product development, coordination, and control
Advanced Technology Development	New product design and technology development, design, sample production, technology transfers, product improvement, product failure analysis, fixture design/construction, and technical support for marketing departments and customers
Global Business Development	Development of new customers worldwide

3.2. Board of Directors, Supervisors, and Key Managers Background Information

3.2.1. Information on the Board of Directors

Apri1 12, 2022; Unit: Shares

Title	Nationality or place of registration	Name	Gender (Age)	Date elected	Term (yrs)	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouses and/or minor children		Selected education and experience	Selected current positions
							Shares	%	Shares	%	Shares	%		
Chairman & CSO	R.O.C.	Haydn Hsieh	Male (61–70)	06/19/2020	3	09/14/2001	5,988,971	1.53	6,084,571	1.53	806,575	0.20	Bachelor of Electrical Engineering, Tatung Institute of Technology, Taiwan SVP & GM, Computer & Consumer BU, Acer Inc.	1. Chairman & CSO of WNC 2. Corporate-shareholder representative on the Wistron Corp. board of directors 3. Director of Apacer Technology Inc. 4. Independent Director of Raydium Semiconductor Corp. 5. Director of aEnrich Technology Corp.
Director; President & CEO	R.O.C.	Jeffrey Gau	Male (51–60)	06/19/2020	3	10/14/2005	2,198,284	0.56	2, 282,484	0.58	552,704	0.14	PhD in Electrical Engineering and Postdoctoral researcher at the ElectroScience Laboratory of The Ohio State University COO, VP of SatCom BU, AVP of SatCom Product Center, and Director of Antenna R&D, WNC Senior engineer, RF-Link Systems Inc.	1. Director and President & CEO of WNC 2. Corporate-shareholder representative on the Tai-Saw Technology Co., Ltd. board of directors

Title	Nationality or place of registration	Name	Gender (Age)	Date elected	Term (yrs)	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouses and/or minor children		Selected education and experience	Selected current positions
							Shares	%	Shares	%	Shares	%		
Director	R.O.C.	Wistron Corp.	N/A	06/19/2020	3	04/18/2000	89,674,679	22.98	89,674,679	22.61	0	0	N/A	N/A
	R.O.C.	Representative: Frank F.C. Lin	Male (61–70)				207,582	0.05	207,582	0.05	163,612	0.04	Bachelor of Accounting, Feng Chia University, Taiwan CFO, Acer Infosystems	1. Chief of Staff of Wistron Corp. 2. Director of Wistron ITS Corp. 3. Director of Wiwynn Corp. 4. Chairman of WiseCap Ltd. 5. Chairman of WLB Ltd. 6. Chairman of WiSuccess Asset Management Corporation 7. Director of Wistron Medical Tech Holding Company 8. Director of Wistron Medical Tech Holding Company 9. Director of Wistron Digital Technology Holding Company 10. Director of Changing Information Technology Inc. 11. Director of Maya International Co., Ltd. 12. Director of Join-Link International Technology Co., Ltd. 13. Director of Pell Bio-Med Technology Co., Ltd. 14. Director of IP Fund Six 15. Supervisor of aEnrich Technology Corp. 16. Chairman of B-Temia Asia Pte. Ltd. 17. Chairman of WiseCap (Hong Kong) Ltd. 18. Director of Hartec Asia Pte. Ltd. 19. Director of Hukui Biotechnology Corp.

Title	Nationality or place of registration	Name	Gender (Age)	Date elected	Term (yrs)	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouses and/or minor children		Selected education and experience	Selected current positions
							Shares	%	Shares	%	Shares	%		
	R.O.C.	Wistron Corp.	N/A				89,674,679	22.98	89,674,679	22.61	0	0	N/A	N/A
Director	R.O.C.	Representative: Donald Hwang	Male (61–70)	06/19/2020	3	04/18/2000	699	0	699	0	0	0	Master of Electronics Engineering, National Chiao Tung University, Taiwan VP, Acer Computers AVP, Formosa21 Inc.	1. Chief Technology Officer of Wistron Corp. 2. Chairman of Abilliant Corp. 3. Director of WiseCap Ltd. 4. Director of WLB Ltd. 5. Director of Wistron Medical Tech Corp. 6. Director of Wistron Digital Technology Holding Company 7. Director of Wistron Medical Tech Holding Company 8. Director of Maya International Co., Ltd. 9. Director of Free Bionics Taiwan Inc. 10. Director of Apollo Medical Optics, Ltd. 11. Director of ANIWARE Company Ltd. 12. Director of Creator Technology B.V. 13. Director of Wistron Mobile Solutions Corp. 14. Director of Tube Inc. 15. Director of Free Bionics, Inc. 16. Director of Apollo Medical Optics Inc. 17. Director of B-TEMIA INC. 18. Director of Keeogo Malaysia Sdn. Bhd.
Director	R.O.C.	Philip Peng	Male (61–70)	06/19/2020	3	06/23/2005	129,007	0.03	129,007	0.03	0	0	MBA, National Chengchi University, Taiwan SVP & CFO, Acer Inc.	1. Director of Wistron Corp. 2. Director of Wistron ITS Corp. 3. Independent Director of AU Optronics Corp. 4. Independent Director of Apacer Technology Inc. 5. Chairman of Smart Capital Corp. 6. Director of ZIGONG Art Sharing Co., Ltd. 7. Supervisor of Allxon Inc.

Title	Nationality or place of registration	Name	Gender (Age)	Date elected	Term (yrs)	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouses and/or minor children		Selected education and experience	Selected current positions
							Shares	%	Shares	%	Shares	%		
Independent Director	R.O.C.	Karen Hsin	Female (61–70)	06/19/2020	3	06/16/2017	0	0	0	0	0	0	Master of Accounting, Northern Illinois State University, USA Bachelor of Law, National Taiwan University Accountant of Deloitte Taiwan Accountant of XXJ Accounting Firm	1. Consultant of YQY Accounting Firm
Independent Director	R.O.C.	Neng-Pai Lin	Male (61–70)	06/19/2020	3	06/10/2015	0	0	0	0	0	0	Ph.D. in Business Administration, The Ohio State University, USA Bachelor of Civil Engineering, National Taiwan University Chairman, Taiwan Power Company Minister, Public Construction Commission, Executive Yuan Dean, College of Management, National Taiwan University	1. Independent Director of Darfon Electronics Corp. 2. Independent Director of AcBel Polytech Inc. 3. Chairman of Taishin Securities Investment Advisory (TSIA) Co., Ltd.
Independent Director	R.O.C.	Michael Tsai	Male (61–70)	06/19/2020	3	06/19/2020	0	0	0	0	0	0	Bachelor of Control Engineering and Computer Science, National Chiao Tung University, Taiwan Vice Chairman and President, Powerchip Technology Corp. Chairman of AP Memory Technology Corp. President/CEO, Elitegroup Computer Systems Co., Ltd. (U.S.A.) USA GM of Acer Inc.	1. Chairman of Nexchip Semiconductor Corp.
Independent Director	R.O.C.	T. Y. Lay	Male (61–70)	06/19/2020	3	06/19/2020	80,214	0.02	80,214	0.02	0	0	Executive Program, National Chengchi University, Taiwan Bachelor of Electronics Engineering, National Chiao Tung University, Taiwan President, Acer's International Operations Business Group (IOBG). President, Acer's China Operations Business Group	None

1. Directors holding WNC shares in another's name: None
2. Directors whose spouses or relative within the second degree of kinship are managers or directors: None
3. Chairman and president or person holding an equivalent position (highest-level executive officer) of WNC are the same person, or are spouses, or are within the first degree of kinship: None

Note 1: Major Shareholders of Wistron NeWeb Corporation's Institutional Shareholders

April 19, 2022

Name	Major shareholders	Percentage (%)
Wistron Corporation	Yuanta Taiwan Dividend Plus ETF	3.21
	Taipei Fubon Bank Trust Account	2.15
	Acer Incorporated	1.89
	Lin Hsien-Ming	1.40
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.39
	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.- Equity Trading Division (Proprietary Trading Desk)	1.37
	King's Town Bank	1.34
	Fubon Life Insurance Co., Ltd.	1.31
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.28
	J.P. Morgan Securities PLC	1.03

Note 2: Major Shareholders of the Institutional Shareholders Listed in the above Table

April 19, 2022

Name	Major shareholders	Percentage (%)
Acer Incorporated	Hung Rouan Investment Corp.	2.42
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Fund under the custody of Taishin Bank	1.87
	Fubon Taiwan high dividend 30 ETF	1.42
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.32
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.23
	Stan Shih	1.15
	Yo-Juang Investment Corp.	1.10
	iShares ESG Aware MSCI EM ETF	0.95
	Acer GDR	0.94
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Universities Superannuation Scheme Limited	0.81

April 19, 2022

Name	Major shareholders	Percentage (%)
King's Town Bank	Chen-Chih Tai	6.98
	Tien-Tsan Tsai	6.49
	Hsinray Investment Co., Ltd.	4.93
	Jincheng Construction Co., Ltd.	4.33
	Tiangang Investment Co., Ltd.	3.51
	Mercuries Life Insurance Co. Ltd.	3.23
	Tianye Investment Company	3.09
	Hsien-Tsund Wang	2.61
	Yi-Ying Chen	2.12
	CCBC was granted a trust property account by King's Town Bank Employee Stock Ownership Association	1.72

April 19, 2022

Name	Major shareholders	Percentage (%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100

Professional Qualifications and Independence Analysis of Directors

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Haydn Hsieh	Haydn Hsieh graduated from the Department of Electrical Engineering at Tatung Institute of Technology. He previously held the positions of Senior Vice President and President in the Portable Computers Business Group at Acer and the positions of President, CEO and other high-level positions in WNC. He is currently the Chairman & CSO of WNC and serves as director or independent director on the boards of other technology companies, and has over 40 years of professional and practical experience in business management. Not been a person of any conditions defined in Article 30 of the Company Act.	N/A	1
Wistron Corp. Representative: Frank F.C. Lin	Frank F.C. Lin graduated from the Accounting Department at Feng Chia University. He was previously the CFO of Acer and General CFO of Wistron Corporation. He is currently the Chief of Staff and Corporate Governance Officer of Wistron Corporation. He has an extensive range of skills and experience in financial analysis and corporate governance. Not been a person of any conditions defined in Article 30 of the Company Act.	N/A	0
Wistron Corp. Representative: Donald Hwang	Donald Hwang has a master's degree from the Institute of Electronics at Chiao Tung University. He previously worked at Formosa21 Inc., Acer and ALi Corporation, and is currently the CTO of Wistron Corporation. He has decades of experience in the technology industry, is an expert in computer product R&D, and holds many global patents. Not been a person of any conditions defined in Article 30 of the Company Act.	N/A	0
Jeffrey Gau	Jeffrey Gau has a PhD degree from the Electrical and Computer Engineering Graduate Program at The Ohio State University. He previously worked as a postdoctoral researcher in the ElectroScience Laboratory at The Ohio State University, and previously held the positions of R&D manager, Vice President of the Product Center, Vice President of the SatCom BU, as well as COO at WNC. He is currently the President & CEO of WNC, and has more than 25 years of industry and business management experience. Not been a person of any conditions defined in Article 30 of the Company Act.	N/A	0
Philip Peng	Philip Peng has a master's degree from the MBA Program at National Chengchi University. He was previously the Senior Vice President & CFO of Acer. He is currently a WNC director, and also serves as a director or independent director for other technology companies. His expertise lies in analysis and management in the fields of business law, corporate governance, financial accounting, business investment and the technology industry. Not been a person of any conditions defined in Article 30 of the Company Act.	N/A	2

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Karen Hsin	Karen Hsin graduated from the College of Law at National Taiwan University, obtained a master's degree in Accounting at the University of Northern Illinois, and has a CPA certificate. She previously worked as a CPA at Deloitte Taiwan and currently works as a consultant at Yang Qiying Accounting. Her fields of expertise are in law, financial accounting and tax risk management. Not been a person of any conditions defined in Article 30 of the Company Act.	1. The independent director submitted her independence statements during the nomination and selection process. 2. The independent director meets all criteria listed in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during their term as well as in the two years preceding their election. 3. Has not served as an independent director at WNC for more than three consecutive terms.	0
Neng-Pai Lin	Neng-Pai Lin graduated from the Department of Civil Engineering at National Taiwan University and obtained a PhD in Business Administration at The Ohio State University. He was previously the Chairman of Taipower, Minister of the Public Construction Commission, Executive Yuan, and the Dean of the College of Management at National Taiwan University. He is currently the Chairman of Taishin Securities Investment Advisory. His expertise lies in strategic planning and business management, and he has extensive academia and industry experience. Not been a person of any conditions defined in Article 30 of the Company Act.	1. The independent director submitted his independence statements during the nomination and selection process. 2. The independent director meets all criteria listed in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during their term as well as in the two years preceding their election. 3. Has not served as an independent director at WNC for more than three consecutive terms.	2
Michael Tsai	Michael Tsai graduated from the Department of Control Engineering and Computer Science at National Chiao Tung University. He was previously USA GM of Acer Inc., President/CEO of Elitegroup Computer Systems Co. (U.S.A.), Chairman of AP Memory, as well as Vice Chairman and President of Powerchip Technology Corp. He is currently the Chairman of Nexchip Semiconductor Corp. He has decades of experience in sales expansion, marketing, and business management in the semiconductor industry. Not been a person of any conditions defined in Article 30 of the Company Act.	1. The independent director submitted his independence statements during the nomination and selection process. 2. The independent director meets all criteria listed in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during their term as well as in the two years preceding their election. 3. Has not served as an independent director at WNC for more than three consecutive terms.	0
T. Y. Lay	T.Y. Lay graduated from the Department of Electronics Engineering at Chiao Tung University and the Executive Program at Cheng Chi University. He was previously the President of Acer's International Operations Business Group and President of Acer's China Operations Business Group. He is experienced in business development, marketing and management. Not been a person of any conditions defined in Article 30 of the Company Act.	1. The independent director submitted his independence statements during the nomination and selection process. 2. The independent director meets all criteria listed in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during their term as well as in the two years preceding their election. 3. Has not served as an independent director at WNC for more than three consecutive terms.	0

■ **Diversification** and **Independence of the Board**

- Diversification of the Board:

In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, WNC has established, in Article 20 of the WNC Corporate Governance Best Practice Principles, and implemented, a diversification policy for the composition of the Board based on its own operations, operations type and development needs. Suitable directors are nominated and selected by evaluating the aspects of basic conditions and values (such as gender, age, etc.), professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. In order to achieve the goals of corporate governance, the overall capabilities of the board of directors should include operational judgment, accounting and financial analysis, business management, crisis handling, industry knowledge, international market outlook, leadership, and decision making.
The professional backgrounds of the current nine directors of the board of WNC cover the fields of business, technology, finance, accounting, law and marketing, and they have the industry knowledge, operational judgment ability, international market concepts, leadership decision making and other capabilities required by the company. They can provide professional opinions from different perspectives and aspects to improve the company's management performance and governance quality. In addition, the current board of directors includes one female independent director (11%), and the company will continue to strive to maintain at least one female board member in the future to achieve the goal of gender diversity on the board of directors.

Diversification analysis of the directors of the board:

Name	**Position**	**Gender**	**Continuous Term of Independent Directors**		**Concurrently serving as WNC's Executive**	**Age**		**Professional Knowledge and Skills**		
			3 years or less	**3-9 years**		**51–60**	**61–70**	**Business/ Technology**	**Finance**	**Law**
Haydn Hsieh	Chairman	Male			V		V	V		
Jeffrey Gau	Director	Male			V	V		V		
Frank F.C. Lin	Director and Wistron Corp. Representative	Male					V	V	V	
Donald Hwang	Director and Wistron Corp. Representative	Male					V	V		
Philip Peng	Director	Male					V	V	V	
Karen Hsin	Independent Director	Female		V			V	V	V	V
Neng-Pai Lin	Independent Director	Male		V			V	V		
Michael Tsai	Independent Director	Male	V				V	V		
T. Y. Lay	Independent Director	Male	V				V	V		

- Independence of the Board

The current board of directors of WNC consists of nine directors, including five non-independent directors (56%) and four independent directors (44%), two (22%) directors also serve as company executive officers. All independent directors meet the independence criteria and have not served more than three consecutive terms. In addition, none of the directors has a relationship within the spousal or second degree of kinship, which complies with the provisions of Paragraphs 3 and 4, Article 26-3, of the Securities and Exchange Act.

3.2.2. President, Vice President, Associate Vice Presidents, and Key Managers Background Information

April 12, 2022; Unit: Shares

Title	Nationality	Name	Gender	Date assumed office	Shares held		Shares held by their spouses and/or minor children		Selected education and experience	Selected current positions in other companies
					Shares	%	Shares	%		
Chairman & CSO	R.O.C.	Haydn Hsieh	Male	06/14/2000	6,084,571	1.53	806,575	0.20	Bachelor of Electrical Engineering, Ta-Tung Institute of Technology, Taiwan SVP & GM, Computer & Consumer BU, Acer Inc.	1. Corporate shareholder representative on the Wistron Corp. board of directors 2. Director of Apacer Technology Inc. 3. Independent Director of Raydium Semiconductor Corp. 4. Director of aEnrich Technology Corp.
Director; President & CEO	R.O.C.	Jeffrey Gau	Male	01/01/2008	2, 282,484	0.58	552,704	0.14	PhD in Electrical Engineering and Postdoctoral researcher at the ElectroScience Laboratory of The Ohio State University COO, VP of SatCom BU, AVP of SatCom Product Center, and Director of Antenna R&D, WNC Senior engineer, RF-Link Systems Inc.	1. Corporate shareholder representative on the Tai-Saw Technology Co., Ltd. board of directors
Executive Vice President & General Manager of the Business Group	R.O.C.	Larry Lee	Male	08/16/2005	530,039	0.13	65,572	0.02	EMBA, National Chiao Tung University, Taiwan Sales VP at Pretec Electronics	None
Senior Vice President	R.O.C.	Fayu Chen	Male	04/07/2008	56,523	0.01	78,581	0.02	Ph.D. in Engineering, University of Reading, UK Associate Professor, Hwa Hsia University of Technology, Taiwan	None
Vice President & General Manager of the Business Group	R.O.C.	Johnson Hsu	Male	02/05/2010	575,285	0.15	125,000	0.03	Master of Electrical Engineering, National Taiwan University Sales Dept. Manager and AVP of R&D Dept., Senao International	None
Vice President & General Manager of the Business Group	R.O.C.	Repus Hsiung	Male	04/05/2018	34,400	0.01	1,000	0	Master of Electrical Engineering, National Tsing Hua University, Taiwan AVP, Keystone Microtech Corp.	None
Vice President	R.O.C.	Chris Hwang	Male	01/05/2017	297,185	0.07	0	0	Master of Electrical and Engineering, National Chiao Tung University, Taiwan Manager, Megic Corp.	None
Vice President	R.O.C.	TJ Chen	Male	02/05/2010	6,197	0	0	0	Ph.D. in Electrical Engineering, National Taiwan University Deputy General Manager, Hexawave Inc.	None

Title	Nationality	Name	Gender	Date assumed office	Shares held		Shares held by their spouses and/or minor children		Selected education and experience	Selected current positions in other companies
					Shares	%	Shares	%		
Vice President	R.O.C.	Joseph Chi	Male	11/08/2017	30,500	0.01	0	0	Ph.D. in Civil Engineering and Master of Electrical Engineering, University of South Carolina, USA Senior Manager, Cisco Systems, USA	None
Vice President	R.O.C.	David Tsai (Note 1)	Male	01/05/2019	200,000	0.05	0	0	Master of International Management, University of Texas, USA General Manager, Accton Wireless Broadband Corp.	None
General Plant Manager	R.O.C.	Apollo Shyong (Note 2)	Male	04/05/2012	459,053	0.12	0	0	Master of Automatic Control Engineering, Feng Chia University, Taiwan Manager of Technical Dept. Acer	None
Chief Financial Officer	R.O.C.	Jona Song	Female	01/01/2002	731,082	0.18	0	0	Bachelor of Accounting, National Chung Hsing University, Taiwan Senior Manager, Acer Computers	None
Chief Supply Chain Officer	R.O.C.	Amy Hsu	Female	11/08/2017	140,178	0.04	0	0	Bachelor of Business Administration, National Chung Hsing University, Taiwan Purchasing Manager, Vate Technology Co.	None
Chief Technology Officer	R.O.C.	Horen Chen	Male	11/05/2013	1,235,013	0.31	0	0	Ph.D. in Electrical Engineering, Stanford University, USA Executive Assistant to General Manager, Mstar Semiconductor	None
Associate Vice President	R.O.C.	Owen Tai	Male	01/05/2018	44,600	0.01	0	0	Bachelor of Civil Engineering, San Jose State University Sales Manager, Nagravision SA	None
Associate Vice President	R.O.C.	Robin Wu	Male	04/05/2018	130,920	0.03	10,510	0	Master of Communication Engineering, National Taiwan University AVP, WNC	None
Associate Vice President	R.O.C.	Jack YC Liu	Male	10/05/2018	44,808	0.01	0	0	Ph.D. in Electrical Engineering, University of California, Los Angeles, USA Executive Vice President, 5VTechnologies	None
Associate Vice President	R.O.C.	CW Sheu	Male	10/05/2018	199,000	0.05	0	0	Master of Business Management, National Sun Yat-sen University, Taiwan Product Manager, Accton Technology Corp.	None
Associate Vice President	R.O.C.	ChingLung Chen	Male	03/11/2020	15,300	0	0	0	Ph.D. in Electrical Engineering, University of California, Los Angeles, USA Senior AVP, FIH Mobile Limited	None
Associate Vice President	R.O.C.	Kidd Huang	Male	11/11/2020	15,300	0	9,165	0	EMBA, Aalto University, Finland Associate Vice President, R&D, Arima Communications Corp.	None
Associate Vice President	R.O.C.	James Chen	Male	04/01/2021	49,100	0.01	0	0	EMBA, National Chiao Tung University, Taiwan AVP, WNC	None

Title	Nationality	Name	Gender	Date assumed office	Shares held		Shares held by their spouses and/or minor children		Selected education and experience	Selected current positions in other companies
					Shares	%	Shares	%		
Associate Vice President	R.O.C.	Clark Chou (Note 3)	Male	10/05/2021	15,300	0	0	0	EMBA, National Yang Ming Chiao Tung University, Taiwan AVP, WNC	None
Associate Vice President	R.O.C.	Luder Lu (Note 4)	Male	01/05/2022	13,600	0	0	0	Master of Computer Science, National Chiao Tung University, Taiwan Senior AVP, Alpha Networks	None
Vice President	R.O.C.	Ray Lee (Note 5)	Male	02/01/2006	-	-	-	-	Bachelor of Electronic Engineering, Chung Yuan Christian University Senior Manager, Taipu Technology Enterprise Co., Ltd.	None
General Plant Manager	R.O.C.	Hugo Chen (Note 2)	Male	08/05/2019	-	-	-	-	Master of Nuclear Science, National Tsing Hua University, Taiwan CQO, WNC Manager, ITRI, Taiwan	None

1. Executive officers holding WNC shares in another's name: None
2. Executive officers whose spouses, parents, or other relatives within the second degree of kinship are managers or directors: None
3. Chairman and president or person holding an equivalent position (highest-level executive officer) of WNC are the same person, or are spouses, or are within the first degree of kinship: None

Note 1: Mr. David Tsai was promoted to Vice President on October 5, 2021.

Note 2: Mr. Apollo Shyong was appointed General Plant Manager on January 5, 2022, while former General Plant Manager, Mr. Hugo Chen resigned as General Plant Manager on the same day.

Note 3: Mr. Clark Chou was promoted to Associate Vice President on October 5, 2021.

Note 4: Mr. Luder Lu was promoted to Associate Vice President on January 5, 2022.

Note 5: Mr. Ray Lee retired on October 8, 2021.

3.2.3. Remuneration of Directors, Supervisors, President, and Vice President

■ Remuneration of Directors and Independent Directors

Dec. 31, 2021; Unit: Thousand NT$; %

Title	Name	Remuneration								Total remuneration (A+B+C+D) & ratio of total remuneration to net income (%)		Relevant remuneration received by Directors who are also employees								Total remuneration (A+B+C+D+E+F+G) & ratio of total remuneration to net income (%) (Note 2)		Compensation received from non-consolidated affiliates or parent company
		Base compensation (A)		Severance pay and pensions (B)		Directors' profit-sharing bonuses (C)		Payment for professional practice (D)				Salary, bonuses, and allowances (E)		Severance pay and pensions (F)		Employees' profit-sharing bonuses (G)						
		From WNC	From all companies in the consolidated financial statements	From WNC	From all companies in the consolidated financial statements	From WNC	From all companies in the consolidated financial statements	From WNC	From all companies in the consolidated financial statements	From WNC	From all companies in the consolidated financial statements	From WNC	From all companies in the consolidated financial statements	From WNC	From all companies in the consolidated financial statements	From WNC		From all companies in the consolidated financial statements		From WNC	From all companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Haydn Hsieh	0	0	0	0	6,136	6,136	300	300	6,436 0.52	6,436 0.52	22,395	22,395	326	326	(Note 1)	0	(Note 1)	0	29,157 2.37	29,157 2.37	61,133
Director	Jeffrey Gau																					
Director	Wistron Corp. Representative: Frank F. C. Lin																					
Director	Wistron Corp. Representative: Donald Hwang																					
Director	Philip Peng																					
Independent Director	Karen Hsin	0	0	0	0	8,250	8,250	220	220	8,470 0.69	8,470 0.69	0	0	0	0	0	0	0	0	8,470 0.69	8,470 0.69	0
Independent Director	Neng-Pai Lin																					
Independent Director	Michael Tsai																					
Independent Director	T. Y. Lay																					

*Please state the policy, system, standards and structure of remunerations paid to independent directors, and describe the relevance between the directors' remunerations and factors such as their responsibilities, risks, and time invested:

1. The remunerations paid to WNC's independent directors are based on their respective degree of participation in WNC's operations, the risks they assume, and the amount of time they invest in WNC's operations. The general pay levels in the industry are also taken into consideration.
2. As the independent directors also assume roles on the audit committee and the remunerations committee and need to participate in the discussions and resolutions of committee meetings in accordance with the regulations governing the committees, their remunerations are paid no matter whether WNC is experiencing a profit or loss.

*Except for the remuneration listed in the above table, the remuneration that directors received by offering services (such as serving as a consultant instead of an employee) for their parent company or for companies (and companies that WNC has invested in) that are listed in the financial statements: None

Note 1: Not available because the list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; if the percentage used last year is adopted, the estimated bonus will be NT$2.072 million in cash.

Note 2: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; "Employees' profit-sharing bonuses" are excluded from the calculation for this column.

Range of Remuneration

Range of remuneration	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G) (Note 10)	
	From WNC	From all companies in the financial statements (H)	From WNC	From WNC and its non-consolidated affiliates (I)
Under NT$1,000,000	2 directors (Note 1)	Same as the column to the left	2 directors (Note 4)	
NT$1,000,000 – NT$1,999,999	3 directors (Note 2)	Same as the column to the left	2 directors (Note 5)	1 director (Note 8)
NT$2,000,000 – NT$3,499,999	5 directors (Note 3)	Same as the column to the left	4 directors (Note 6)	Same as the column to the left
NT$3,500,000 – NT$4,999,999				
NT$5,000,000 – NT$9,999,999				
NT$10,000,000–NT$14,999,999				
NT$15,000,000–NT$29,999,999			2 directors (Note 7)	5 directors (Note 9)
NT$30,000,000–NT$49,999,999				
NT$50,000,000–NT$99,999,999				
Over NT$99,999,999				
Total	10	10	10	10

Note 1: Wistron Corp. Representatives Frank F. C. Lin and Donald Hwang

Note 2: Jeffrey Gau, Philip Peng, Michael Tsai

Note 3: Wistron Corp., Haydn Hsieh, Karen Hsin, Neng-Pai Lin, T.Y. Lay

Note 4: Wistron Corp. Representatives Frank F. C. Lin and Donald Hwang

Note 5: Philip Peng, Michael Tsai

Note 6: Wistron Corp., Karen Hsin, Neng-Pai Lin, T.Y. Lay

Note 7: Haydn Hsieh, Jeffrey Gau

Note 8: Michael Tsai

Note 9: Haydn Hsieh, Jeffrey Gau, Philip Peng, Wistron Corp. Representatives Frank F. C. Lin and Donald Hwang

Note 10: The list for the distribution of employees’ profit-sharing bonuses was not determined as of the completion date of this Annual Report; “Employees’ profit-sharing bonuses” are excluded from the calculation for this column.

- **Supervisors’ remuneration:** N/A

  Range of Remuneration: N/A

■ Remuneration of the Chairman, President and Vice Presidents

Dec. 31, 2021; Unit: Thousand NT$; %

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance pay and pensions (B)</th><th colspan="2">Bonuses and allowances (C)</th><th colspan="4">Employees' profit-sharing bonuses (D)</th><th colspan="2">Total remuneration (A+B+C+D) & ratio of total remuneration to net income (%) (Note 2)</th><th rowspan="3">Compensation received from non-consolidated affiliates or parent company</th></tr>
<tr><th rowspan="2">From WNC</th><th rowspan="2">From all companies in the financial statements</th><th rowspan="2">From WNC</th><th rowspan="2">From all companies in the financial statements</th><th rowspan="2">From WNC</th><th rowspan="2">From all companies in the financial statements</th><th colspan="2">From WNC</th><th colspan="2">From all companies in the consolidated financial statements</th><th rowspan="2">From WNC</th><th rowspan="2">From all companies in the financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Chairman & CSO</td><td>Haydn Hsieh</td><td rowspan="13">41,452</td><td rowspan="13">41,452</td><td rowspan="13">1,721</td><td rowspan="13">1,721</td><td rowspan="13">74,110</td><td rowspan="13">74,110</td><td rowspan="13">(Note1)</td><td rowspan="13">0</td><td rowspan="13">(Note1)</td><td rowspan="13">0</td><td rowspan="13">117,283
9.52</td><td rowspan="13">117,283
9.52</td><td rowspan="13">None</td></tr>
<tr><td>Director;
President & CEO</td><td>Jeffrey Gau</td></tr>
<tr><td>Executive Vice President & General Manager of the Business Group</td><td>Larry Lee</td></tr>
<tr><td>Senior Vice President</td><td>Fayu Chen</td></tr>
<tr><td>Vice President & General Manager of the Business Group</td><td>Johnson Hsu</td></tr>
<tr><td>Vice President & General Manager of the Business Group</td><td>Repus Hsiung</td></tr>
<tr><td>Vice President</td><td>Chris Hwang</td></tr>
<tr><td>Vice President</td><td>TJ Chen</td></tr>
<tr><td>Vice President</td><td>Joseph Chi</td></tr>
<tr><td>Vice President</td><td>David Tsai
(Note 3)</td></tr>
<tr><td>Vice President</td><td>Apollo Shyong
(Note 4)</td></tr>
<tr><td>Vice President</td><td>Bird Huang
(Note 5)</td></tr>
<tr><td>Vice President</td><td>Ray Lee
(Note 6)</td></tr>
</table>

Note 1: Not available because the list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; if the percentage used last year is adopted, the estimated bonus will be NT$5.622 million in cash.

Note 2: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; "Employees' profit-sharing bonuses" are excluded from the calculation for this column.

Note 3: Mr. David Tsai was promoted to Vice President on October 5, 2021.

Note 4: Mr. Apollo Shyong was appointed General Plant Manager on January 5, 2022.

Note 5: Bird Huang retired on April 1, 2021.

Note 6: Mr. Ray Lee retired on October 8, 2021.

Range of Remuneration

Range of remuneration	Name of Executive (Note 6)	
	From WNC	From all companies in the financial statements
Under NT$1,000,000		
NT$1,000,000–NT$1,999,999		
NT$2,000,000–NT$3,499,999	1 executive (Note 1)	Same as the column to the left
NT$3,500,000–NT$4,999,999	1 executive (Note 2)	Same as the column to the left
NT$5,000,000–NT$9,999,999	7 executives (Note 3)	Same as the column to the left
NT$10,000,000–NT$14,999,999	2 executives (Note 4)	Same as the column to the left
NT$15,000,000–NT$29,999,999	2 executives (Note 5)	Same as the column to the left
NT$30,000,000–NT$49,999,999		
NT$50,000,000–NT$99,999,999		
Over NT$99,999,999		
Total	13	13

Note 1: Bird Huang

Note 2: TJ Chen

Note 3: Johnson Hsu, Repus Hsiung, Chris Hwang, Apollo Shyong, Joseph Chi, David Tsai, Ray Lee

Note 4: Larry Lee, Fayu Chen

Note 5: Haydn Hsieh, Jeffrey Gau

Note 6: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; "Profit-Sharing Employee Bonuses" are excluded from the calculation for this column.

■ **Names of Executive Officers Receiving Employees' Profit-Sharing Bonuses and Their Distribution:**

Dec. 31, 2021; Unit: Thousand NT$

Title	Name	Stock (Fair Market Value)	Cash (Note 8)	Total	Ratio of total amount to net income (%)
Chairman & CSO	Haydn Hsieh	0	9,847	9,847	0.80
Director; President & CEO	Jeffrey Gau				
Executive Vice President & General Manager of Business Group	Larry Lee				
Senior Vice President	Fayu Chen				
Vice President & General Manager of Business Group	Johnson Hsu				
Vice President & General Manager of Business Group	Repus Hsiung				
Vice President	Chris Hwang				
Vice President	TJ Chen				
Vice President	Joseph Chi				
Vice President	David Tsai (Note 1)				
General Plant Manager	Apollo Shyong (Note 2)				
Chief Financial Officer	Jona Song				
Chief Supply Chain Officer	Amy Hsu				
Chief Technology Officer	Horen Chen				
Associate Vice President	Owen Tai				
Associate Vice President	Robin Wu				
Associate Vice President	Jack YC Liu				
Associate Vice President	CW Sheu				
Associate Vice President	ChingLung Chen				
Associate Vice President	Kidd Huang				
Associate Vice President	James Chen (Note 3)				
Associate Vice President	Clark Chou (Note 4)				
Associate Vice President	Luder Lu (Note 5)				
Vice President	Bird Huang (Note 6)				
Vice President	Ray Lee (Note 7)				
General Plant Manager	Hugo Chen (Note 2)				

Note 1: Mr. David Tsai was promoted to Vice President on October 5, 2021.
Note 2: Mr. Apollo Shyong was transferred to General Plant Manager on January 5, 2022, while former General Plant Manager, Mr. Hugo Chen resigned as General Plant Manager on the same day.
Note 3: Mr. James Chen was promoted to Associate Vice President on April 1, 2021.
Note 4: Mr. Clark Chou was promoted to Associate Vice President on October 5, 2021.
Note 5: Mr. Luder Lu was promoted to Associate Vice President on January 5, 2022.
Note 6: Mr. Bird Huang retired on April 1, 2021.
Note 7: Mr. Ray Lee retired on October 8, 2021.
Note 8: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report. The table is an estimation based on the percentage used last year.

3.2.4. Analysis and Comparison of the Ratio of Total Remuneration Paid by WNC and by All Companies Included in the Consolidated Financial Statements for the Two Most Recent Fiscal Years to Directors, Supervisors, Presidents, Vice Presidents, etc. to Net Income of the Parent Company Only, and the Analysis of the Remuneration Policy, Standards and Portfolios, Procedures for Determining Remuneration, and the Correlation with Business Performance and Future Risks:

■ Ratio of total remuneration paid by WNC and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents to net income of the parent company only:

Titles	Ratio of total remuneration to net income of the parent company only (%)	
	2021	2020
Directors	1.21	0.9
Presidents and Vice Presidents	9.52 (Note)	8.47

Note: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report. Employees' profit-sharing bonuses are excluded from the calculation for this column.

■ Payment policies for directors' and employees' profit-sharing bonuses are specified in Article 18 of WNC's Articles of Incorporation: "If WNC shows an annual profit (the profit herein indicates the pretax profit without deducting the profit-sharing bonuses for employees and directors), the profit will be appropriated in accordance with the following. However, the amount to make up any accumulated losses shall be set aside:

(1) No less than 5% as employee profit-sharing bonuses; where such profit-sharing bonuses are distributed by shares or as cash, employees' of controlled companies, with qualifications set by the Board of Directors, can be included;

(2) No more than 1% as directors' profit-sharing bonuses in cash".

■ WNC's remuneration for directors is determined with reference to the company's overall operating performance, potential management risks and development trends of the industry, and reasonable compensation is paid on the basis of directors' participation in and contribution to the company's operations. The relevant performance appraisals and remuneration rationale have been reviewed by the Remuneration Committee and the Board of Directors, and the remuneration scheme will be reviewed depending on the actual operating conditions and relevant laws in order to maintain a balance between the company's sustainable operation and risk management.

■ WNC's remuneration for executive officers includes regular payments such as salaries, fixed bonuses, and other welfare and variable items such as performance-related bonuses, employees' profit-sharing bonuses (in cash and/or stock), stocks (RSA/treasury stocks), and stock options. Regular payments are determined based on the average levels within the industry to maintain WNC's competitiveness. Payment of variable items is determined based on WNC's profit performance and the performance of each employee. A higher ratio of variable items to annual remuneration indicates a better performance of WNC and each employee. Performance evaluations are conducted based on the achievement rate of annual operation goals, profit rate, growth rate, operation benefits, and future potential. The evaluation standards, goals, and weighting are specified at the beginning of each year based on the internal and external operating environment. Issuance of variable items shall be determined according to evaluation results and the current remuneration status of related industries and shall be assessed and approved by the Remuneration Committee before requesting the Board's approval before issuing the variable items.

3.3. Corporate Governance

3.3.1. Board of Directors Meeting Attendance Record

A total of six board meetings were held in 2021. The directors' attendance record is as follows.

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Chairman	Haydn Hsieh	6	0	100	
Director	Wistron Corp. Representative: Frank F.C. Lin	6	0	100	
Director	Wistron Corp. Representative: Donald Hwang	6	0	100	
Director	Jeffrey Gau	6	0	100	
Director	Philip Peng	6	0	100	
Independent Director	Karen Hsin	5	1	83	
Independent Director	Neng-Pai Lin	6	0	100	
Independent Director	Michael Tsai	5	1	83	
Independent Director	T. Y. Lay	6	0	100	

Other items of note:

■ If one of the situations below occurs during the meeting, the Board of Directors should specify the date of the meeting, session, content of the motion, each independent director's opinion, and the Company's response to the independent directors' opinions:

- Items listed in Article 14-3 of the Securities and Exchange Act: Not applicable as WNC has already established an Audit Committee.
- Except for the above, other resolutions that the independent director objected to or subjected to qualified opinion and recorded or declared in writing: None

■ If directors recuse themselves from voting on a motion due to conflicts of interest, the directors' names, content of motions, reasons for recusal and voting status should be specified:

Meeting	Name of director	Content of motion	Recusal and voting status
2021 first board meeting 03/17/2021	Haydn Hsieh, Jeffrey Gau	Proposal to adjust the salaries of executive officers in 2021	Except for the Chairman Mr. Haydn Hsieh, and the CEO Mr. Jeffrey Gau, who are also executive officers of the company, which means they were excluded from taking part in this discussion and voting in accordance with Article 15 of the Rules and Procedures of the Board of Directors Meeting, all present board members agreed to the motion upon the acting chairman's inquiry.
		Proposal to adjust the salaries of the Chairman & CSO and the President & CEO in 2021	Except for the Chairman Mr. Haydn Hsieh, and the CEO Mr. Jeffrey Gau, who were also executive officers of the company, which means they were excluded from taking part in this discussion and voting in accordance with Article 15 of the Rules and Procedures of the Board of Directors Meeting, all present board members agreed to the motion upon the acting chairman's inquiry.

Meeting	Name of director	Content of motion	Recusal and voting status
2021 fourth board meeting 08/06/2021	Haydn Hsieh, Jeffrey Gau	Proposal regarding the distribution of executive officers' profit-sharing bonuses in 2020	Except for the Chairman Mr. Haydn Hsieh, and the CEO Mr. Jeffrey Gau who were also executive officers of the company, which means they were excluded from taking part in this discussion and voting in accordance with Article 15 of the Rules and Procedures of the Board of Directors Meeting, all present board members agreed to the motion upon the acting chairman's inquiry.
2021 sixth board meeting 12/15/2021	Haydn Hsieh, Jeffrey Gau	Proposal regarding the distribution of executive officers' performance bonuses in 2021	Except for the Chairman Mr. Haydn Hsieh, and the CEO Mr. Jeffrey Gau, who were also executive officers of the company, which means they were excluded from taking part in this discussion and voting in accordance with Article 15 of the Rules and Procedures of the Board of Directors Meeting, all present board members agreed to the motion upon the acting chairman's inquiry.

■ Evaluation of the implementation of the Board of Directors meeting

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation methods	Evaluation items
Once a year	Jan. 1, 2021 to Dec. 31, 2021	Board of Directors, functional committees, and each member of the board and committees	Internal reviews and self-assessments of BOD, functional committees, and each member of the board and committees	• Performance evaluation of the Board includes five aspects: (1) involvement in the Company's operations, (2) quality of decisions made by the Board, (3) the composition and structure of the Board, (4) election of Board members, and (5) continued learning and implementation of internal controls. • Performance evaluation of each board member includes five aspects: (1) understanding of the Company's goals and missions, recognition of a director's responsibilities, (2) involvement in the Company's operations, (3) establishment of internal relationships and communications, (4) professionalism of the member, and (5) continued learning and implementation of internal controls. • Performance evaluation of functional committees and their individual members include five aspects: (1) involvement in the Company's operations, (2) understanding of the functional committee's responsibilities, (3) quality of decisions made by the functional committees, (4) composition of the committee and election of the members, and (5) implement of internal controls.

■ Evaluation of the goals and implementations of functional improvements made by the Board of Directors in the current and recent years:

- WNC has established an Audit Committee and Remuneration Committee. WNC makes announcements of content including board operations and directors' training records, on the Market Observation Post System (MOPS) to ensure real-time transparency.
- To implement corporate governance, improve the function of the Board of Directors, and enhance its operational efficiency, WNC passed the Regulations Governing Board Performance Evaluation on March 14, 2018. This specifies that performance evaluation of the Board should be conducted annually and that, starting from 2019, functional committees should be included in the scope of the Board of Directors' annual performance.
- After the election of directors on June 19, 2020, WNC added an additional independent director seat, which took the number of independent directors from three to four.
- At the board meeting on May 5, 2021, the Board of Directors approved a resolution appointing a corporate governance officer who will be responsible for corporate governance related affairs.

3.3.2. Audit Committee Meeting Attendance Record

The WNC Audit Committee comprises all four independent directors as its committee members. The committee shall convene a meeting each season before the Board of Directors meets to review WNC internal control systems, the implementation of internal audits, and any significant financial operations to practically supervise enterprise operations and provide risk control. The committee will communicate with Certified Public Accountants.

Review items in 2021 included:

- Reviewing financial reports quarterly and annually
- Modifying the internal control system and assessing its effectiveness
- Modifying the accounting system
- Reviewing significant asset transactions and investment cases
- Reviewing endorsements and guarantees
- Reviewing CPA appointments and remuneration
- Reviewing the 2022 annual audit plan

Audit Committee Members Attendance Status

A total of five Audit Committee meetings were held in 2021:

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Independent Director	Karen Hsin	4	1	80	
Independent Director	Neng-Pai Lin	5	0	100	
Independent Director	Michael Tsai	4	1	80	
Independent Director	T. Y. Lay	5	0	100	

Other items of note:

The Audit Committee should specify the date of the Audit Committee meeting, session, content of the motion, items that independent directors objected to, subjected to qualified opinion, or presented key recommendations on, the decision of the Audit Committee, and the Company's response to the Audit Committee's opinion when one of the below situations occur during the meeting:

- Items listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee meeting	Content of motion	Items that independent directors objected to, subjected to qualified opinion, or presented key recommendations on	Decision of the Audit Committee and the Company's response to the Audit Committee's opinion
The 3rd meeting of the 4th session 03/17/2021	• WNC's 2020 business report and financial statements • Proposal for distribution of WNC's 2020 profits • Proposal for amendments to WNC's accounting system • Proposal for the audit fee on the 2021 annual report audit services provided by KPMG's CPAs • Proposal for 2020 Statement on Internal Control • Proposal for adding and removing endorsements and guarantees items in the Procedures Governing Endorsements and Guarantees	None	After the approval of all Audit Committee members, the motion was submitted to the Board of Directors and approved by all directors present

<table>
<tr><th>Audit Committee meeting</th><th>Content of motion</th><th>Items that independent directors objected to, subjected to qualified opinion, or presented key recommendations on</th><th>Decision of the Audit Committee and the Company's response to the Audit Committee's opinion</th></tr>
<tr><td>The 4th meeting of the 4th session 05/05/2021</td><td>• Review of the 2021 Q1 consolidated financial statement</td><td rowspan="4">None</td><td rowspan="4">After the approval of all Audit Committee members, the motion was submitted to the Board of Directors and approved by all directors present</td></tr>
<tr><td>The 5th meeting of the 4th session 08/06/2021</td><td>• Review of the 2021 Q2 consolidated financial statement
• Proposal for amendments to internal control mechanism for the stock affairs unit</td></tr>
<tr><td>The 6th meeting of the 4th session 11/05/2021</td><td>• Review of the 2021 Q3 consolidated financial statement
• Proposal for WNC's 2022 annual audit plan
• Proposal for selling production equipment to NEWEB VIETNAM CO., LTD. for US$7,570, 000</td></tr>
<tr><td>The 7th meeting of the 4th session 12/15/2021</td><td>• Proposal for merger between NEWEB VIETNAM CO., LTD. and WNC VIETNAM CO., LTD.</td></tr>
</table>

- Except for the above, other resolutions that have not been ratified by the audit committee but have been approved by more than two thirds of the directors: None

■ If independent directors' recuse themselves from voting on motions due to conflicts of interest, their names, content of motions, reasons for recusal and voting status should be specified: None

■ Descriptions of the communications between the independent directors, the internal auditors and the CPAs (which should include the material items, measures, and audit results of corporate finance and business operations):

- Communications between the independent directors and the internal auditors:
  The independent directors received monthly audit reports. The internal auditors presented the findings of their audit reports, and communicated the status of follow-up implementation to members of the Audit Committee at their quarterly meetings.
  Independent directors and internal auditors have communicated well. The main issues communicated in 2021 are presented as follows:

Date of the Meeting	Summary of the main issues
The 3rd meeting of the 4th session 03/17/2021	• Reviewed the findings of the 2020 Q4 audit reports • Reviewed the results of the 2020 internal control self-assessment reports • Reviewed and approved the 2020 statement of the internal control systems
The 4th meeting of the 4th session 05/05/2021	• Reviewed the findings of the 2021 Q1 audit reports
The 5th meeting of the 4th session 08/06/2021	• Reviewed the findings of the 2021 Q2 audit reports • Reviewed and approved the revised internal control mechanism for the stock affairs unit
The 6th meeting of the 4th session 11/05/2021	• Reviewed the findings of the 2021 Q3 audit reports • Reviewed and approved the 2022 annual audit plan

Results: Communication matters between the independent directors and the internal auditors were reviewed or approved by the Audit Committee, with no objections from the independent directors.

- Communications between the independent directors and the CPAs:
  The independent auditors presented the findings of their quarterly review and audit results on corporate finances at the quarterly meetings of the Audit Committee. Under applicable laws and regulations, the independent auditors communicated with the Audit Committee immediately following any adjustments made as suggested at the meetings.

  Independent directors and independent auditors have communicated well. The main issues communicated in 2021 are presented as follows:

Date of the Meeting	Summary of the main issues
The 3rd meeting of the 4th session 03/17/2021	• The independent auditors presented the findings of the 2020 annual review on corporate finances, business performance, key audit items, and changes in accounting policy; • Reported on the latest regulatory changes and compliance matters; and • Answered questions raised by the Audit Committee
The 4th meeting of the 4th session 05/05/2021	• The independent auditors presented the findings of the 2021 Q1 review on corporate finances, business performance, and changes in accounting policy; and • Answered questions raised by the Audit Committee.
The 5th meeting of the 4th session 08/06/2021	• The independent auditors presented the findings of the 2021 Q2 review on corporate finances, business performance, and changes in accounting policy; • Reported on the latest regulatory changes and compliance matters; and • Answered questions raised by the Audit Committee.
The 6th meeting of the 4th session 11/05/2021	• The independent auditors presented the findings of the 2021 Q3 review on corporate finances and business performance; • Detailed the 2021 financial statement audit plan; • Reported on the latest regulatory changes and compliance matters; and • Answered questions raised by the Audit Committee

Results: The 2020 and 2021 quarterly financial statements have been reviewed and approved by the Audit Committee and reported to the Board of Directors, with no objections from the independent directors.

3.3.3. Corporate Governance and Discrepancies between Actual Corporate Governance and the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the Reason for the Discrepancy

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Discrepancies/ reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>1. Does the company establish and disclose its own corporate governance best-practice principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?</td><td>✓</td><td></td><td>WNC has established its corporate governance best practice principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and has disclosed the principles through the MOPS. The principles are established for carrying out corporate governance and to maximize shareholder profits and sustainability in corporate operations.</td><td>None</td></tr>
<tr><td>2. Shareholding structure and shareholders' rights
(1) Does the company establish an internal process for handling shareholders' proposals, questions, disputes, and lawsuits?
(2) Does the company maintain information on the identities of major shareholders and their ultimate controlling persons?
(3) Does the company establish and implement a risk control mechanism and firewalls between the company and its affiliates?
(4) Does the company establish internal regulations to prevent insider trading?</td><td>✓
✓
✓
✓</td><td></td><td>(1) WNC has designated the Shareholder Services Office (TEL: +886-2-6600-7998) to handle shareholders' proposals and disputes.
(2) WNC maintains lists of the major shareholders and their ultimate controlling persons. Changes in the amount of shares held by its directors, officers, and major shareholders are disclosed regularly according to government regulations.
(3) WNC has established the appropriate risk control mechanisms and firewalls according to regulations and internal rules, such as "Regulations Governing Supervision and Management of Subsidiaries," "Procedures Governing Endorsements and Guarantees," "Procedures Governing Loaning of Funds," and "Procedures for Acquisition or Disposal of Assets."
(4) WNC has established procedures to control the disclosure of material information and to prevent insider trading. WNC conducts annual training in the second quarter of each year for all its staff. The courses include topics such as avoiding conflicts of interest and prohibiting insider trading. WNC provides information on related stipulations to newly elected directors and executive officers to raise their awareness and sends e-mail messages to remind them of the disclosure of important financial information, so as to ensure that the policy of insider trading prevention is well implemented.
When conducting its director training on October 29, 2021, WNC invited an instructor to teach a 30 minute course on how to prevent insider trading. Real world examples were provided during the course for discussion. A total of 10 directors and executive officers participated in the course, including the CSO, President & CEO, and CFO (who is also the Corporate Governance Officer).
When the Board of Directors amended the Corporate Governance Best Practice Principles during the board meeting on March 9, 2022, an amendment was added stating that WNC insiders shall not trade their stocks within 30 days before the announcement of the Annual Report or within 15 days before the announcement of a quarterly financial statement. After this board meeting, insiders were informed of the date on which the year's Annual Report is expected to be announced and to not trade stocks within 30 days before the announcement of the</td><td>None</td></tr>
</table>

Evaluation item	Implementation status			Discrepancies/ reasons
	Yes	No	Summary	
			Annual Report or within 15 days before the announcement of a quarterly financial statement to avoid violations.	
3. Composition and duties of Board of Directors (1) Has the Board of Directors established and implemented plans to diversify the composition of its members? (2) Does the company spontaneously set up functional committees other than the Remuneration Committee and Audit Committee required by law? (3) Does the company establish performance evaluation measures/methods for the Board of Directors and conduct regular, annual evaluations, report the performance evaluation results to the Board of Directors, and use such as a reference for the remuneration and nomination for a second term for each independent director? (4) Does the company conduct regular evaluation of the independence of the CPA?	✓ ✓ ✓ ✓		(1) Director diversification: WNC has established, in the WNC Corporate Governance Best-Practice Principles, and implemented a diversification policy for the composition of the Board. Suitable directors are selected according to their diverse professional competencies and experience. Please refer to Note 1 and content relating to director diversification on page 18 for the specific management objectives and implementation of a diversification policy for board members. (2) Other than the Remuneration Committee and Audit Committee required by law, WNC has also set up an RBA Management Committee as a functional committee to implement Responsible Business Alliance (here after referred to as "RBA") and CSR related measures. (3) To strengthen corporate governance, enhance the functions of the Board of Directors, and improve the efficiency of the Board, WNC has established the "Regulations Governing the Board Performance Evaluation," based on which the Board conducts an annual performance evaluation for the Board (including functional committees). The evaluation period runs from January 1 to December 31 of any given year. WNC completed the 2021 performance evaluation for the Board (including functional committees) on February 22, 2022. The secretariat of the Board conducted internal and member evaluation on the aspects of "Overall Board of Directors", "Members of the Board", and "Functional Committees". The evaluation indicators include the degree of participation in WNC's operations, quality of decision-making , the perception of the responsibilities of the Board members, the composition and structure of the Board, internal controls, the election and continued learning of the Directors, understanding of WNC's mission and goals, internal relationship management, and communications. The evaluation results are divided into three levels: exceeds standards, meets standards, and to be improved. The performance evaluations for the 2021 Board and for the functional committees were "exceeds standards" and the results were submitted to the Board on March 9, 2022, to serve as a reference for the Board's continuous improvements of its functions, remuneration setting for the Board and the functional committees, and nomination for directors to serve the next term. (4) WNC's Audit Committee and the Board of Directors annually evaluate the independence and competence of the CPA, and request the CPA submit a Confirmation Letter of Independence every year to ensure that they are not involved in other financial interests or business relationships except for matters relating to the attestation fees and the finance/taxation audit service fees paid by WNC. Refer to Note 2 for details on the evaluation items. The CPA shall only be recruited and be involved in the audits after confirmation of their corporate family members' compliance with the related independence requests.	None

Evaluation item	Implementation status			Discrepancies/ reasons
	Yes	No	Summary	
4. Does the company assign an appropriate number of competent personnel and appoint a corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors in legal compliance, handling matters relating to board meetings and shareholders' meetings according to the law, and producing minutes of board meetings and shareholders' meetings)?	✓		WNC's CFO, who was appointed as the corporate governance officer at the board meeting held on May 5, 2021, is in charge of corporate governance affairs. The corporate governance officer will be responsible for furnishing information required for business execution by directors, monitoring awareness and compliance with relevant regulations, producing minutes of board meetings and shareholders' meetings, and assisting onboarding and continuous development of directors. Refer to Note 3 for details on the courses completed by WNC's corporate governance officer. 2021 corporate governance affairs handled: 1. Helped furnish information required for business execution by directors, and arranged required courses. 2. Helped with matters relating to board meetings and shareholders' meetings, and compliance with relevant regulations. 3. Gave seven days' notice prior to each board meeting, convened meetings and prepared meeting information. Reminded directors ahead of time when there were conflict of interest issues. Produced meeting minutes within 20 days of each board meeting. 4. In accordance with applicable laws, completed shareholders' meeting registration, meeting notices, handbooks and minutes before their respective deadlines.	None
5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), create a stakeholders section on its company website, and respond to stakeholders' questions on corporate responsibilities?	✓		WNC has established the appropriate communication channels with suppliers, customers, banks, investors, and other stakeholders to closely follow issues of concern to stakeholders. Communication between various types of stakeholders are included in the "Corporate sustainable development implementation plans and achievements" proposal and submitted to the Board on a regularly basis every year. For more details please refer to the stakeholder communication section of WNC's 2021 Sustainability report and the ESG page of WNC's website.	None
6. Does the company engage a professional agency to handle shareholder services relating to the annual shareholders' meeting?	✓		WNC has a shareholder services office providing shareholder services relating to the annual shareholders' meeting.	None
7. Disclosure of information (1) Does the company utilize a website to disclose finance, operational, and corporate information? (2) Are there other means of disclosing information (e.g. maintaining an English-language website, designating	 ✓ ✓		(1) WNC has set up a website with information on finance and operations. Related information is also disclosed on the MOPS according to government regulations. (2) WNC has information disclosed in both Chinese-language and English-language websites, and has assigned Ms. Jona Song (CFO) as the chief spokesperson and Ms. Molly Lin (Associate Vice President) as the acting spokesperson to handle information collection and disclosure.	None

Evaluation item	Implementation status			Discrepancies/ reasons
	Yes	No	Summary	
staff to handle information collection and disclosure, appointing spokespersons, and webcasting investors' conference)? (3) Does the company publicly announce and register with the Competent Authority its financial reports within two months of the close of each fiscal year, and announce and register with the Competent Authority its first, second, and third quarter's financial results and the operating status of each month before the specified deadline?	✓		(3) WNC announces and registers with the Competent Authority its financial reports, quarterly financial results, and the operating status each month on the MOPS before the specified deadline and uploads the same information on the company website.	
8. Are there other important discourses that help shareholders to understand the enforcement of corporate governance of the company (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors)?	✓		(1) The recruitment policies of WNC conform to government regulations. All employees have equal rights and development opportunities in WNC. (2) WNC signs purchasing contracts with suppliers to protect mutual rights. Those contracts signed since October 2013 include a compliant statement to meet WNC's Supplier CSR relevant regulations. (3) Please refer to Note 3 for the training courses that WNC's directors and executive officers attended. (4) Implementation of risk management policies and risk evaluation measures: WNC establishes internal management systems based on laws and regulations to conduct risk management and evaluation. Internal audit personnel also conduct regular audits to improve risk management. (5) WNC maintains stable and close relationships with customers to obtain stable and reasonable profits. (6) WNC has purchased liability insurance for Directors and other key employees. (7) When conducting succession planning and selecting succession candidates for board members, WNC takes into account future strategy development and operation plans, diversity requirements for member composition, and the background diversity and independence standards for board members, which include factors such as professional knowledge, technical know-how, experience, and gender. WNC organizes regular talent development meetings in accordance with its three to five year strategic and operational plans to assess its talent inventory, with the aim of establishing talent development strategies and talent selection/cultivation/retention plans for personnel (and their successors) in key positions. Reviews and discussions on	None

Evaluation item	Implementation status			Discrepancies/ reasons
	Yes	No	Summary	
			talent development progression are also regularly conducted. To improve the skills of high-ranking managers, WNC works with specialists and academic experts from outside WNC and conducts industry benchmarking to enable its high-ranking managers to look at diverse/dynamic competition from strategic perspectives. In addition, WNC has implemented individual development plans (IDP) and on-boarding plans, established a learning platform (training provided by the platform includes designating people to lead important integrated projects, manage overseas branches, and participate in board meetings), provided one-on-one instruction, and organized high-level external training courses for high-ranking managers, with the goal of helping them develop high-level professional management and leaderships skills and assisting them in their new work responsibilities. (8) Intellectual property risk management: In order to protect R&D resources, maintain innovative energy, strengthen competitive advantages, and boost the company's profitability, WNC's operational objectives are integrated with an intellectual property strategy and a risk management mechanism that ensures operational sustainability. a. Intellectual property strategy • Develop and accumulate intellectual property, construct a defensive network to protect WNC, its customers and its suppliers. • Deploy core technological intellectual property, strengthen attack capabilities, and raise the competitive threshold. • Seek out key technologies to license and leverage, form alliances with technological pioneers. • Revitalize intellectual property in order to gain financial benefit. b. Intellectual property risk controls • Business contracts stipulate intellectual property guarantee clauses and scope of responsibility. • Where appropriate risk is transferred to suppliers in the supply chain. • Construct an intellectual property infringement handling mechanism. • Allocate intellectual property reserves reasonably in response to litigation risks. • Strategic acquisition of required licensing or technical alliances • Execute patent monitoring of specific targets and technologies	

Evaluation item	Implementation status			Discrepancies/ reasons
	Yes	No	Summary	
			c. Intellectual property management plan and execution status for 2021: • Intellectual property rights management guidelines, Invention and innovation incentive guidelines, and Product development documents, projects and patent incentives guidelines have been formulated to extend the protective scope of patent rights, trademark rights, authorship rights, commercial secrets and know-how. • Construction of a patent management system to evaluate benefits and manage patent applications and costs • Annual selection and recognition of outstanding patents to encourage employees in their innovation efforts • WNC's 5G Network Infrastructure Acceleration Card won the 2021 Hsinchu Science Park Innovative Product Award. • Intellectual property achievements: by year-end 2021 WNC held a total of 2,061 patents worldwide; in 2021 alone 130 patents were awarded to the company. • Protection of intellectual property and trade secrets are part of compulsory training courses for new employees. In addition, every year all employees receive related training. Patent-related training courses are organized in Q2 and Q4 each year for new R&D personnel. In 2021 6,385 employees received training for a combined total of 6,253 hours. WNC reports its management plan and execution status for the current year to the BOD in the BOD meeting in the first quarter of every year. WNC reported its 2021 management plan and execution status to the BOD on March 9, 2022. (9) For more details, please refer to WNC's sustainability report.	

9. Please describe the improvements made in response to the most recent corporate governance assessment results published by the Taiwan Stock Exchange and provide the priority items and measures for deficiencies that are not yet addressed. (1) WNC has conducted a corporate governance self-assessment for year 2021 based on the regulations of the Taiwan Stock Exchange. The results indicate that WNC's performance ranked among the top 6% to 20% of all companies. (2) Starting 2019, WNC included functional committees into the scope of the Board's annual performance evaluation. The 2021 performance evaluation for the Board (including functional committees) was completed in February 2022, and the results were submitted to the Board. (3) To improve its ability to prevent insider trading, when WNC's Board of Directors amended the Corporate Governance Best Practice Principles during the board meeting on March 9, 2022, an amendment was added stating that WNC insiders shall not trade their stocks within 30 days before the announcement of the Annual Report or within 15 days before the announcement of a quarterly financial statement. (4) WNC will continue to cooperate with the competent authorities with regard to implementation and improvement of the corporate governance assessment in the future.

Note 1: The management goals stated in WNC's diversification policy for its Board of Directors and the implementation status of these goals are listed in the table below:

Goals	Status of achievement
The number of directors who concurrently serve as executive officers in WNC does not exceed one-third of the total number of directors.	Goal achieved
At least one board member is female.	Goal achieved
Independent board members do not serve for more than three terms.	Goal achieved
There are board members with inter-disciplinary expertise.	Goal achieved
The number of independent board members exceeds the number stipulated by law.	Goal achieved

Note 2: Independence and competence of the CPA

1. Evaluation of independence		
No.	Evaluation items	Complied
1	The appointed accountants have served as the audit accountants to WNC for no more than seven years.	V
2	The appointed accountants do not have direct or indirect pecuniary interest in WNC.	V
3	The appointed accountants and WNC do not have any inappropriate stakeholder relationships.	V
4	The accountants or the audit team members have not served as directors or executive officers, or held influential positions in audit cases at WNC in the past two years.	V
5	The appointed accountants do not permit others to practice under their name.	V
6	The appointed accountants and the audit team members do not hold shares in WNC.	V
7	The appointed accountants have no debtor/lender relationships with WNC.	V
8	The appointed accountants have no relationships of collective investment or profit sharing with WNC.	V
9	The appointed accountants are not employed by WNC to perform routine work in exchange for a fixed salary or serve as directors.	V
10	The non-audit services provided by the appointed accountants have no direct influence on material items of audit cases.	V
11	The appointed accountants are not spouses, lineal relatives, direct relatives by marriage, or collateral relatives within the second degree of kinship of any responsible person or managerial officer of WNC.	V
12	The appointed accountants have not received any business-related commissions.	V

2. Evaluation of competence		
No.	**Evaluation items**	**Complied**
1	No violations of Article 6 or Article 14 of the Certified Public Accountant Act.	V
2	The accountants have no record of disciplinary infractions with the CPA Disciplinary Committee within the past two years.	V
3	The accounting firm has sufficient scale, resources and regional coverage to handle audit services for WNC.	V
4	The accounting firm has proper quality control procedures. The aspects covered include the levels and main points of the inspection process, the means of handling audit issues and executing judgment, independent quality control inspections, and risk management.	V
5	The accounting firm timely informs the management of the company of any significant issues and developments in risk management, corporate governance, financial accounting and related risk controls.	V

Note 3: Directors' and executive officers' training records in 2021

Title	Name	Date of training	Hosted by	Course title	Hours
Chairman & CSO	Haydn Hsieh	10/26/2021	Taiwan Corporate Governance Association	Management right disputes (with analysis of real world examples)	3
		10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Director, Wistron Corp. Representative	Frank F.C. Lin	08/18/2021	Securities & Futures Institute	Integrity management regulations and CSR for publicly-traded companies	3
		09/01/2021	Financial Supervisory Commission, R.O.C. (Taiwan)	The 13th Taipei Corporate Governance Forum	6
		10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
		12/07/2021	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	3
Director, Wistron Corp. Representative	Donald Hwang	10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Director, President & CEO	Jeffrey Gau	10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Director	Philip Peng	04/27/2021	Securities & Futures Institute	A look at strategies for employee compensation and bonuses and their utilization	3
		07/27/2021	Taiwan Corporate Governance Association	Evaluation of organizational restructuring and re-registration for overseas holding companies and a look at how multinational enterprises are affected by the global minimum tax rate	1.5
		09/01/2021	Financial Supervisory Commission, R.O.C. (Taiwan)	The 13th Taipei Corporate Governance Forum	6
		10/26/2021	Taiwan Corporate Governance Association	Management right disputes (with analysis of real world examples)	3
		10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
		12/07/2021	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	6

Title	Name	Date of training	Hosted by	Course title	Hours
Independent Director	Karen Hsin	10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Independent Director	Neng-Pai Lin	08/19/2021	Securities & Futures Institute	A look at strategies for employee compensation and bonuses and their utilization	3
		09/01/2021	Financial Supervisory Commission, R.O.C. (Taiwan)	The 13th Taipei Corporate Governance Forum	3
Independent Director	Michael Tsai	12/07/2021	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	T. Y. Lay	10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Corporate Governance Officer (Note)	Jona Song	10/21/2021 to 10/22/2021	Accounting Research and Development Foundation	Continuing education course for principle accounting officers of issuers, securities firms, and securities exchanges	12
		10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
		04/26/2022 to 04/27/2022	Securities & Futures Institute	12-hour practical studies course for first-term board members, supervisors, and corporate governance officers	12

Note: WNC's corporate governance officer took office on May 5, 2021, and has undergone at least 18 hours of training within a year of taking office.

3.3.4. Composition, Responsibilities, and Operations of the Remuneration Committee

WNC established its Remuneration Committee after the Board of Directors passed a resolution on October 26, 2011. The Committee is responsible for constructing and regularly reviewing the policies, systems, standards, and structure of the performance evaluation and the directors' and executive officers' remuneration. The Committee will also regularly assess and determine the directors' and executive officers' remuneration. The directors' and executive officers' remuneration is linked with WNC's business performance and objectives to attract high-quality talent and enhance WNC's competitiveness.

■ Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria / Name	Professional qualifications and experience	Independent criteria	Number of other public companies in which the individual is concurrently serving as an Remuneration Committee member
Independent Director (Convener)	Neng-Pai Lin	Refer to pages 16–17 for details	Refer to pages 16–17 for details	2
Independent Director	Karen Hsin			0
Independent Director	Michael Tsai			0
Independent Director	T. Y. Lay			0

■ Attendance of Members at Remuneration Committee Meetings

- There are four members on the Remuneration Committee.
- The term of the current Remuneration Committee runs from June 19, 2020 to June 18, 2023. A total of three Remuneration Committee meetings were held in 2021. The attendance record of the Remuneration Committee members is as follows:

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Convener	Neng-Pai Lin	3	0	100	
Committee member	Karen Hsin	2	1	67	
Committee member	Michael Tsai	3	0	100	
Committee member	T. Y. Lay	3	0	100	

■ Other items of note:

- If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., Should the remuneration passed by the Board of Directors exceed the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified). Instances where the Board of Directors declined such a recommendation: None
- Resolutions of the Remuneration Committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion being specified: None
- Discussion items and resolutions:

Date of meeting	Content of important motions	Resolution by the Committee and the Company's response to the Committee's opinion
2021 Meeting I of the Remuneration Committee 03/17/2021	• Proposal to adjust salaries of executive officers in 2021 • Proposal to adjust salaries of the Chairman & CSO and the President & CEO in 2021 • Motion regarding distribution of employees' and directors' profit-sharing bonuses in 2020 • Motion regarding amendment of the Remuneration Committee Charter	The proposals and recommendations were passed by unanimous vote of the Remuneration Committee and approved by the Board of Directors
2021 Meeting II of the Remuneration Committee 08/06/2021	• Proposal regarding distribution of directors' profit-sharing bonuses in 2020 • Proposal regarding distribution of executive officers' profit-sharing bonuses in 2020	
2021 Meeting III of the Remuneration Committee 12/15/2021	• Proposal regarding distribution of executive officers' performance bonuses in 2021	

3.3.5. Execution of Sustainable Development Implementation Items and Discrepancies Between Actual Sustainable Development and the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons for the Discrepancies

Implementation item	Execution status			Discrepancies /reasons
	Yes	No	Summary	
1. Has the company established an exclusively (or concurrently) dedicated unit to be in charge of corporate social responsibility and authorized high-ranking managers to implement action plans and report on the progress of such plans to the Board of Directors?	✓		WNC's Marketing and Corporate Communication Division has established in 2020 an ESG sustainable development center to direct WNC's implementation efforts on sustainable development. Such efforts include the stipulation of policies and management regulations related to sustainable development, disclosure of progress and achievements in sustainable development, and assisting WNC's functional units in implementing items related to sustainable development. Operations related to implementing sustainable development will be conducted by various functional units in accordance with their job duties, and shall comply with related WNC policies. Personnel in functional units shall also pay close attention to related international initiatives and regulations to see if management regulations and operational procedures for implementing sustainable development need to be updated. WNC established a Sustainable Development Instructional Committee and Sustainable Development Committee in April 2022, to serve as a cross-unit communications and collaboration platform to enhance vertical and horizontal cooperation in the implementation of ESG strategies. Members of the Sustainable Development Instructional Committee include the President & CEO as well as first-tier managers. The committee is the highest decision making body in WNC regarding ESG related topics, and is responsible for reviewing sustainable development policies, managing WNC's ESG guidelines and mid- and long-term goals, and implementing sustainable development initiatives. It also provides suggestions and instructions on how to develop ESG projects in accordance with WNC's business management guidelines, business development strategies, and customer requirements. The Sustainable Development Committee is a cross-unit collaboration platform that formulates WNC's short, mid- and long-term goals for ESG, implements ESG projects, and discloses sustainable development information in accordance with customer requirements. The Chairperson of the Sustainable Development Committee regularly (once a year) reports to the Board of Directors regarding communication with stakeholders on sustainable development, plans WNC has made regarding sustainable development, as well as progress made in this area. Every year, the Board of Directors reviews ESG reports as well as WNC's sustainable development goals, strategies and progress in sustainable development, and brings up relevant items for discussion and provides opinions when appropriate.	None

<table>
<tr><th rowspan="2">Implementation item</th><th colspan="3">Execution status</th><th rowspan="2">Discrepancies /reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>2. Does the company conduct risk assessments in accordance with key principles regarding environmental, social, and corporate governance issues related to company operations, and does the company establish related risk management policies or strategies?</td><td>✓</td><td></td><td>WNC implements existing administrative organizational structures and internal control mechanisms to manage risks associated with global operations and production sites. All business groups and functional units perform their respective duties to identify risks, formulating management strategies and appropriate response measures to prevent, reduce or transfer risks. The management of each unit also examine internal and external variables related to business operations (including general economics, industry and technology, customers and markets, supply chains, internal personnel and operational processes, etc.), and analyze the threats and opportunities they may bring to business operations in weekly top tier manager meetings. A project will be determined as a major risk if it is assessed as a potential major threat to business operations after a careful analysis of all aspects. Projects carrying major risk will be adjusted over time and due to changes in the internal and external environment.
According to the "WNC Business Continuity Management Policy", each WNC unit should pay close attention to changes in the external environment and market demand to formulate and implement a continuous operations plan with the goal of protecting the safety of personnel, identifying and reducing risk of incidents that may lead to operational disruption, and minimizing the response, recovery time and cost of disaster events, while striving to minimize the impact on continuity of operations so as to protect the rights and interests of WNC and its stakeholders.</td><td>None</td></tr>
<tr><td>3. Environmental Issues
(1) Does the company establish appropriate environmental management systems based on the characteristics of its industry?</td><td>✓</td><td></td><td>WNC pays close attention to environmental protection and monitors related trends. In addition to complying with all local environmental protection laws and regulations, WNC also actively collaborates with customers to jointly implement environmental management systems and green product management systems with its suppliers. The WNC Taiwan headquarters and the main production sites in China have all obtained ISO 14001, ISO 14064-1, ISO 50001 and IECQ QC 080000 certification and regularly conduct internal audits and third-party examinations every year. WNC's new Vietnam site, NEWEB VIETNAM CO., LTD., which commenced mass production in Q4 2021, received ISO 14001 certification in November 2021.</td><td>None</td></tr>
<tr><td>(2) Does the company strive to improve the utilization efficiency of various resources and use renewable materials?</td><td>✓</td><td></td><td>WNC is continuing to strengthen measures for reducing environmental pollution, improve energy usage efficiency, and design and manufacture green products in accordance with its Environmental Health and Safety & Energy Management Policy to minimize the impact of its operations on the environment and meet stakeholder requirements. For details, please refer to Section 5.1.2 “Energy Management” and Section 5.2.1 “Sustainable Product Design” in WNC's 2021 Sustainability Report.</td><td>None</td></tr>
<tr><td>(3) Does the company evaluate the potential risks and opportunities that climate change poses to the company both currently and in the future, as well as implement response measures for climate-related issues?</td><td>✓</td><td></td><td>WNC discloses the risks and opportunities brought about by climate change in accordance with the methods developed by the Task Force on Climate-Related Financial Disclosure (TCFD) and evaluates their potential impact on company operations and finances, enabling the company to take measures to better prepare for climate events.
For details, please refer to Section 3.3.3 “Climate Change Risk Management” in WNC's 2021 Sustainability Report.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Implementation item</th><th colspan="3">Execution status</th><th rowspan="2">Discrepancies /reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(4) Does the company compile data on its greenhouse gas emissions, total amount of water usage, and total weight of waste produced in the previous two years, as well as establish policies regarding energy conservation, carbon reduction, greenhouse gas reduction, water usage reduction, and waste management?</td><td>✓</td><td></td><td>WNC is continuing to strengthen measures for reducing environmental pollution and improve energy usage efficiency in accordance with WNC’s Environmental Health and Safety & Energy Management Policy.

WNC has established the following quantifiable environmental goals:
<table>
<tr><th>Category</th><th colspan="2">Goal description</th></tr>
<tr><td>Greenhouse gases</td><td>Reduce GHG (scopes 1& 2) emissions intensity by 50% (base year: 2019).</td></tr>
<tr><td>Renewable energy</td><td>Electricity produced via renewable energy accounts for 30% of total electricity usage.</td></tr>
<tr><td rowspan="2">Waste</td><td>Reduce waste intensity by at least 10% (base year: 2021)</td></tr>
<tr><td>Waste recycling rate of at least 90%</td></tr>
<tr><td>Water usage</td><td>Reduce water usage intensity by at least 10% (base year: 2020)</td></tr>
</table>

Environmental data from WNC’s primary production sites in the past two years:
<table>
<tr><th>Category</th><th>2020</th><th>2021</th></tr>
<tr><td>GHG emissions (Scope1+2) (tonnes CO2e)</td><td>57,115.54</td><td>58,372.15</td></tr>
<tr><td>Waste (tonnes)</td><td>4,575</td><td>4,583</td></tr>
<tr><td>Water usage (cubic meters)</td><td>452,608</td><td>453,915</td></tr>
</table>

For details, please refer to Sections 5.1 “Climate Change Management” and Section 5.3 “Environmental Protection” in WNC’s 2021 Sustainability Report.</td><td>None</td></tr>
<tr><td>4. Social Issues
(1) Does the company specify related management policies and procedures based on related laws/regulations and international human-rights conventions?</td><td>✓</td><td></td><td>WNC complies with relevant labor laws and regulations, and promises to follow international regulatory and human rights conventions such as “Universal Declaration of Human Rights” released by the UN, “The UN Global Compact’s Ten Principles,” and the “Core Labor Standards of Fundamental Conventions” released by the International Labor Organization. WNC voluntarily follows the spirit of the RBA’s Code of Conduct. WNC plans to expand implementation of the RBA’s Code of Conduct requirements throughout its entire supply chain. WNC has established the WNC RBA Management Committee and adopted its own WNC RBA Code of Conduct. WNC’s Code of Conduct shall be carried out and followed by all WNC employees, subsidiaries, and suppliers.
For details, please refer to Section 4.1 “Respect for Human Rights” in WNC’s 2021 Sustainability Report.</td><td>None</td></tr>
<tr><td>(2) Has the company established and implemented a reasonable employee benefits program (covering items such as salary, compensation, leave, and other benefits) and appropriately reflecting business performance or achievements in</td><td>✓</td><td></td><td>WNC has formulated a remuneration policy to appropriately adjust employee remuneration in line with the company’s operational results and employee performance. WNC also regularly adjusts employees’ salaries according to commodity prices, market supply and demand, salary standards, local laws, and other factors. It has also implemented various incentive systems to reward high-performing employees and units, such as performance bonuses, employee dividends, restricted stock awards and other stock incentives, annual long-term employee awards, outstanding team awards, outstanding employee awards, and patent awards. In 2021, in response to overall economic and industry development, structural salary adjustments have been carried out, and the company’s employee compensation ratio has also been raised simultaneously; the “employee stock ownership trust” program has</td><td>None</td></tr>
</table>

Implementation item	Execution status			Discrepancies /reasons
	Yes	No	Summary	
employee remuneration?			been continuously promoted and expanded to encourage colleagues to accumulate funds by acquiring company stock and sharing in the company's operational results. Besides providing labor insurance (which includes injury benefits, disability benefits, maternity benefits, and death benefits) and National Health Insurance as required by law, WNC employees are also covered by group insurance (which includes life insurance, accident insurance, hospital insurance, cancer insurance, and occupational accident insurance), and said employees may also purchase the aforementioned insurance to cover their family members. WNC also provides maternity leave, family care leave, menstruation leave, and paternity leave, and employees can utilize the aforementioned types of leave as their situation requires. For details, please refer to Chapter 4 "Friendly Workplace and Social Care" in WNC's 2021 Sustainability Report.	
(3) Does the company provide a safe and healthy work environment for its employees and organize safety and health training on a regular basis?	✓		WNC has worked proactively to establish a safe and healthy work environment. Besides establishing management regulations regarding labor safety and health, WNC also preemptively conducts related risk assessments, provides controls, and manages changes under those controls for their impact on safety and health. ISO 45001 internal audits and third-party examinations are regularly conducted every year to verify the operating status of the occupational safety and health management systems and to ensure their continuous improvement. In addition, all sites in Taiwan have earned CNS 45001 certification (Taiwan Occupational Safety and Health Management System, TOSHMS). In 2021 there were 18 cases of disabling injury involving employees at Taiwan sites, and two cases of disability. The types of injuries were mainly cuts, falls, sprains and crushes. All accidents have been investigated with cause analysis done. Responsible units were requested to formulate appropriate improvement measures for environmental changes to prevent recurrence. For details, please refer to Section 4.5.1 "Occupational Safety and Health Management" in WNC's 2021 Sustainability Report.	None
(4) Does the company establish effective career-development training plans for employees?	✓		WNC values the importance of recruiting fully qualified employees and devotes special attention to improving the skills and general knowledge of colleagues. Based on this concept and the central principle of growth, innovation, and cooperation, employees are provided with training programs designed to enhance job performance and key competencies, as well as supervisory and leadership training. For details, please refer to Section 4.4 "Talent Cultivation" in WNC's 2021 Sustainability Report.	None
(5) Do WNC's products and services comply with relevant laws, regulations, and international guidelines in the areas of customer health and safety, client privacy, marketing, and advertising, and does the company have customer rights protection policies	✓		Product marketing of WNC's products is handled by its customers, and product markings are also determined by customer requirements. WNC's Quality Assurance Division is responsible for green product and customer service matters. It cooperates with internal units to ensure that WNC products are produced in accordance with customer requirements, environmental regulations, and related international standards during each phase from product design, through production, to delivery. Consumer rights affairs are directly handled by our customers. To raise the level of trust and satisfaction that customers hold in WNC's products and services, our customer services division has instituted a customer satisfaction mechanism. Every year a satisfaction survey and analysis is carried out on product quality, technology, delivery, and other service items. Based on this customer satisfaction survey, analysis of reasons for dissatisfaction are relayed	None

Implementation item	Execution status			Discrepancies /reasons
	Yes	No	Summary	
and channels for handling customer complaints?			to related business units, allowing them to draft and execute plans for improvement and track improvement progress.	
(6) Has the company established a supplier management policy and required its suppliers to comply with related regulations regarding environmental protection, occupational health and safety, and labor rights, and does it monitor suppliers' compliance in these areas?	✓		WNC has formulated a "WNC Supplier Code of Conduct" and requires all new suppliers to sign a "Supplier CSR Declaration" and a "WNC Group Supplier's Commitment for Code of Ethics," in which they declare their commitment to fulfilling social responsibilities. WNC also asks suppliers to fill out a "WNC Supplier CSR Questionnaire" in order to ascertain supplier's implementation outcome in the areas of labor, health and safety, environmental protection, management systems, and business ethics. WNC conducts a CSR audit on key suppliers. WNC's Supplier Quality Management Center is responsible for tracking audit results and the improvement plans submitted by the suppliers, and monitors suppliers in accordance with supplier evaluation management regulations to ensure compliance with RBA regulations.	None
5. Does the company reference widely recognized international standards or guidelines when producing sustainability reports or reports that disclose the company's non-financial information, and are these reports assured or verified by a third-party agency?	✓		WNC's 2021 Sustainability Report was written in accordance with the standards prescribed by Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). The report has also been verified by The British Standards Institution, a fair and independent third-party agency, in accordance with the AA1000 Assurance Standard, the GRI Standards, and SASB, and the report has been confirmed to comply with the core option of the GRI standards, SASB, and the medium assurance level of the AA1000 Assurance Standard.	None
6. If the Company has established sustainable development principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the principles and their implementation: To summarize the statements above, there is no notable discrepancy between the measures' implementation and WNC's sustainable development principles.				
7. Other important information to facilitate a better understanding of WNC's sustainable development practices: For detailed information, please refer to WNC's Sustainability Report (https://csr.wnc.com.tw/index.php/zh/downloads/) or the ESG page of WNC's website: (https://csr.wnc.com.tw/)				

3.3.6. Ethical Corporate Management and Discrepancies Between Actual Ethical Corporate Management and the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons for the Discrepancies

Evaluation item	Implementation status			Discrepancies/ reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and programs (1) Does the company formulate ethical corporate management policies approved by the Board and declare those ethical corporate management policies and procedures, as well as the commitment by its board and top management to actively implement such management policies in its guidelines and external documents? (2) Does the company establish mechanisms to assess risk of unethical conduct, regularly analyze and assess business activities with higher risk of unethical conduct within the scope of its operations, and formulate policies to prevent unethical conduct based on such mechanisms, and at least include all the listed activities stated in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies? (3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, have the commitment to implement the policies, and regularly review and adjust such policies?	 ✓ ✓ ✓		(1) In order to demonstrate WNC's willingness to shoulder its social and environmental responsibilities, comply with corporate ethics, enhance the company's image, and comply with international conventions placing greater scrutiny on the development of labor, health and safety, environmental protection, and ethics standards, WNC has formulated "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", a "Code of Ethical Conduct", "Procedures for Ethical Management and Guidelines for Conduct", "WNC Supplier Code of Conduct", and a "WNC RBA Code of Conduct." All these have been approved by the Board of Directors. In addition, WNC has disclosed the company's ethics policies and required that all of its employees and major suppliers sign a commitment to its code of ethics. (2) WNC has mechanisms in place to assess risks of unethical conduct and regularly analyzes and assesses business activities with higher risks of unethical conduct within the scope of business operations through implementation of the RBA management system and relevant relationships. WNC's RBA management committee represents the company's RBA management system and is in charge of the formulation, implementation, and maintenance of the company's related policies. WNC has also formulated a "WNC Reporting and Handling Procedure" to stipulate the procedure and form for reporting unlawful conduct. An independent complaints mailbox (wnc.integrity@wnc.com.tw) has also been established on WNC's website. (3) With regard to units and personnel that may face situations presenting a higher potential for unethical conduct, WNC administers training and education and compiles relevant work handbooks to increase employee knowledge and provide relevant guidelines. Internal auditing, job rotation, review and adjustment are also implemented on a regular basis to reduce relevant risks. In addition, the "WNC Intellectual Property Rights Management Measures" were formulated to further protect WNC's trade secrets and intellectual property rights.	None
2. Ethical corporate management (1) Does the company evaluate business partners' ethical records	 ✓		(1) WNC has formulated a "WNC RBA Code of Conduct" for stakeholders such as our affiliated enterprises, employees, and suppliers to follow and observe. The Code is divided into five parts: a. Labor; b. Health and Safety; c. Environment; d. Ethics; and	None

Evaluation item	Implementation status			Discrepancies/ reasons
	Yes	No	Summary	
and include ethics-related clauses in business contracts? (2) Does the company establish a dedicated unit supervised by the Board to be in charge of corporate integrity which reports regularly (at least once a year) to the Board on its policies regarding ethical management, prevention of unethical conduct, and supervision on the implementation of such policies? (3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and has the company enforced it? (4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and do the internal auditors formulate related audit plans based on risk assessment results for unethical conduct, and audit the conformance of the prevention of unethical conduct, or are they audited by CPAs on a regular basis?	 ✓ ✓ ✓		e. Management System. WNC requires that its major suppliers sign the RBA Code of Conduct and commit to complying with the relevant provisions of the Code. (2) WNC has established an Integrity Office in accordance with the “Procedures for Ethical Management and Guidelines for Conduct.” The Integrity Office is responsible for implementing ethical management at WNC, and is also the unit in charge of amending, interpreting, and providing advisory consultation on the aforementioned Procedures and Guidelines as well as the recording and filing of related reports. The Integrity Office and the Audit Office shall monitor the implementation of the aforementioned Procedures and Guidelines and submit (at least once a year) reports to the Board of Directors on the implementation status. WNC’s achievements in implementing ethical management in 2021 are as below: a. All IDL employees have signed a commitment to WNC’s code of ethics. b. 100% of employees have completed the “WNC Ethics and Anti-Corruption Code of Conduct” on-line training course. c. All employees who received the “Commitment to Integrity Questionnaire for Employees with Specific Job Duties” completed it. d. The twenty cases sent to the independent complaint mailbox, which cover topics such as honesty and integrity, workplace harassment, production line worker discipline, violation of law, and workplace ethics, have been processed. The root cause for all twenty cases were found and suitable response measures were implemented. (3) An independent complaint mailbox (wnc.integrity@wnc.com.tw) has been established on the WNC website. In addition, WNC has formulated the “WNC Reporting and Handling Procedure” to stipulate the procedure and form for reporting unlawful conduct. (4) Pursuant to legal requirements, WNC has established an Audit Office, which is independent of the company and is directly under the Board of Directors. Its business scope includes all the operations of WNC and its subsidiaries. Auditing is performed in accordance with the audit plan which has been approved by the Board of Directors. The audit plan is formulated based on identified risks. The Audit Office performs project audits when necessary and provides management personnel with information regarding existing faults or potential risks in a timely manner. The Audit Office reports its auditing activities to the Audit Committee on a regular basis and attends board meetings to report to the Chairman and the Audit Committee when necessary.	

Evaluation item	Implementation status			Discrepancies/ reasons
	Yes	No	Summary	
(5) Does the company regularly hold internal and external educational trainings on ethical corporate management?			(5) WNC provides "WNC Supplier Code of Conduct" e-learning courses to suppliers and offers counseling (training and field visits) to major suppliers. For employees, WNC administers a "WNC CSR & RBA introduction" e-learning course to enable employees to understand WNC's sustainable development and the WNC RBA Code of Conduct Manual. Since 2017, WNC has provided a "WNC Ethics and Anti-Corruption Code of Conduct" e-learning course for management integrity training. In 2021, the total number of participants was 5,637 and the total number of training hours was 5,637.	
3. Operation of reporting channels (1) Does the company establish both a reward/punishment system and an integrity hotline? Will a designated person conduct follow-up on the accused party? (2) Does the company establish measures to protect confidentiality and standard operating procedures for investigating accusations as well as the subsequent measures after investigations are closed? (3) Does the company provide proper whistleblower protection?	✓ ✓ ✓		(1) WNC's Human Resources Administration Division is tasked with establishing complaints channels and handling employee complaints and disciplinary matters. In addition to the written reporting mechanism, an independent complaints mailbox (wnc.integrity@wnc.com.tw) has also been established on the WNC website. (2) WNC has formulated a "WNC Reporting and Handling Procedure" that clearly specifies the responsible person for handling reported matters, the reporting and handling procedure and the violation report form, that the investigation process will be conducted on a confidential basis, and prescribes that the reporting and handling procedure and the violation report form be utilized to detail the handling procedure and record the issue and handling results in writing. After the investigation is concluded, follow-up measures are taken in accordance with the severity of the matter concerned. When necessary, the matter is reported to the competent authority or transferred to judicial units for investigation. (3) The "WNC Reporting and Handling Procedure" specifies that the responsible unit will ensure the identities of reporting parties will be kept secret, and that reporting parties are not subject to retaliation.	None
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and the Market Observation Post System?	✓		WNC publishes the "Ethical Corporate Management Best-Practice Principles," "Code of Ethical Conduct, " and "Procedures for Ethical Management and Guidelines for Conduct" on the company's internal website for employees to check at any time. WNC publishes a WNC Sustainability Report to elaborate on its ethical management policies and implementation results, and the information is disclosed on the company website at https://csr.wnc.com.tw/index.php/zh/downloads/. WNC also publishes its "Ethical Corporate Management Best-Practice Principles" and "Code of Ethical Conduct" on the MOPS.	None

5.	If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. There have been no discrepancies.
6.	Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). WNC clearly discloses its ethics policies through education and training (including orientation), announcements on the company's internal website, integration of new practices into the company's work regulations, and formal announcements. WNC also requires that all its employees (including newly recruited members) and major suppliers sign the commitment to a code of ethics and uphold the highest ethical standards during business interactions. Any/all forms of corruption, extortion, blackmail, embezzlement, and misappropriation of public funds and/or company property are prohibited. Also, bribes or any other form of improper advantage must not be provided or accepted.

3.3.7 If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched for.

Please search for these documents on WNC's website or on the MOPS website.

3.3.8 Other significant information that will provide a better understanding of the status of the company's implementation of corporate governance may also be disclosed.

■ Related certification of employees who are appointed to ensure transparency of relevant financial information at WNC:

- Globally recognized certified internal auditor: One employee at the audit office.
- Globally recognized certification in internal control self-assessment: One employee at the audit office.
- Number of employee(s) who have passed the R.O.C. CPA examination: One employee at the finance division.

3.3.9 Internal Control System Execution Status

- Statement on Internal Control

Wistron NeWeb Corporation

Statement on Internal Control

Date: March 9, 2022

Based on the findings of a self-assessment, Wistron NeWeb Corporation (WNC) states the following with regard to its internal control system during the year 2021:

1. WNC's Board of Directors and executive officers are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal controls are a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and WNC takes immediate remedial actions in response to any identified deficiencies
3. WNC evaluates 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 (herein below the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal controls: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. WNC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of this evaluation, WNC believes that, as of December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of WNC's annual report and prospectus, and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will give rise to legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the Board of Directors in their meeting held on March 9, 2022. All nine attending directors have affirmed the content of this statement.

Wistron NeWeb Corporation

Chairman: Haydn Hsieh

President: Jeffrey Gau

- If a CPA was retained to conduct a special audit of the internal control system, disclose the audit report: N/A.

3.3.10 Legal penalties imposed by the competent authorities on WNC or its employees, and WNC's discipline of its employees for violation of internal control systems, major deficiencies and improvement measures in the most recent year and as of the publishing of this annual report: None

3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings

■ Major resolutions of shareholders' meeting

WNC held its 2021 shareholders' meeting on July 29, 2021. The resolutions and implementation status are listed below:

Important resolution	Implementation status
• Ratification of the 2020 Business Report and Financial Statements.	Motion approved by vote of shareholders in attendance.
• Ratification of the proposal for distribution of 2020 profits	Motion approved by vote of shareholders in attendance. The ex-dividend date was set as August 7, 2021, and dividend issuance date as August 20, 2021. According to resolution of the shareholders' meeting, the cash dividend was issued at NT$2.50122691 per share.
• Discussion on the amendments to certain parts of the Articles of Incorporation of WNC	Motion approved by vote of shareholders in attendance. Amendment registration completed on August 12, 2021, announcement made on the company website, and relevant matters executed according to the resolution.
• Discussion on the amendments to certain parts of the Rules and Procedures of the Shareholders' Meeting	Motion approved by vote of shareholders in attendance, and announcement made on the company website.

■ Major resolutions of board meetings

Board meeting	Major resolutions
2021 first board meeting 03/17/2021	• Approved WNC's 2020 business report and financial statements. • Approved the proposal for distribution of WNC's 2020 profits. • Approved the proposal for the time, location, and matters to be discussed at the 2021 Annual Shareholders' Meeting.
2021 second board meeting 05/5/2021	• Approved the 2021 Q1 consolidated financial statements. • Approved the proposal for the cancellation of 2019 employee restricted stock awards and the record date for capital reduction. • Approved the proposal for the appointment of the corporate governance officer.
2021 third board meeting 07/06/2021	• Approved the proposal for the time and location of the postponed 2021 Annual Shareholders' Meeting. • Approved authorization for the Chairman to determine, before the shareholders' meeting passes the proposal for distribution of WNC's 2020 profits, an ex-dividend date and related matters.
2021 fourth board meeting 08/06/2021	• Approved the 2021 Q2 consolidated financial statements • Approved the proposal for the cancellation of 2019 employee restricted stock awards and the record date for capital reduction.
2021 fifth board meeting 11/05/2021	• Approved the 2021 Q3 consolidated financial statements • Approved the proposal for the cancellation of 2019 employee restricted stock awards and the record date for capital reduction.

Board meeting	Major resolutions
2021 sixth Board meeting 12/15/2021	• Approved the merger of NEWEB VIETNAM CO., LTD. and WNC VIETNAM CO., LTD.
2022 first board meeting 03/9/2022	• Approved WNC's 2021 business report and financial statements • Approved the proposal for distribution of WNC's 2021 profits • Approved the proposal for the time, location, and matters to be discussed at the 2022 Annual Shareholders' Meeting.

3.3.12 Major issues of record or written statements made by any director or supervisor dissenting from important resolutions passed by the Board of Directors: None

3.3.13 Resignation or dismissal of WNC's key individuals, including the Chairman, President, and heads of accounting, finance, internal audit, corporate governance officer and R&D: None

3.4. Accountant Fee

3.4.1. CPA Fee

Unit: Thousand NT$

Accounting firm	Name of CPA		Audit period	Audit fee	Non-audit fee (Note)	Total	Remarks
KPMG	Emily Tseng	Hai-Ning Huang	Jan. 1, 2021–Dec. 31, 2021	6,176	1,143	7,319	

Note: Services provided are primarily related to tax compliance audits, taxation consulting services, checklist on information regarding annual employee benefits and compensations, customs inspection service fees and capital audits fees.

3.4.2. In the event that the non-audit fees paid to the CPA, the accounting firms of the CPA and their affiliates account for one-fourth of the audited public funds and above, disclose the amount of the audit fees, non-audit fees, and the non-audit services: None

3.4.3. In the event of a change of accounting firms and the audit fees paid in the year when such change takes place is less than the audit fees of the previous year, disclose the amount of the audit fees before and after the change and the reasons: None

3.4.4. In the event that the audit fees decrease by 10% or more compared to the previous year, disclose the amount, proportion, and the reason for the reduction in the audit fees: None

3.5. Change of CPA:

Previously, the audit CPAs for WNC were Emily Tseng and Hai-Ning Huang from KPMG. Due to staff rotation at KPMG, starting 2022 the audit CPAs for WNC are Grace Lu and Emily Tseng.

3.6. The company's Chairman, President, or executive officers in charge of its finance and accounting operations who have assumed positions in the independent audit firm or its affiliates in the most recent year: None

3.7. Changes, Stock Trades and Stock Pledges, in Shareholdings by Directors, Supervisors, Executive Officers, and Shareholders with 10% Shareholdings or More in the Most Recent Year and as of the Date of the Publication of this Annual Report

3.7.1. Changes in Shareholdings of Directors, Supervisors, Executive Officers, and Major Shareholders

Job title	Name	2021		2022 (As of April 12)	
		Holding increase (decrease)	Pledged holding increase (decrease)	Holding increase (decrease)	Pledged holding increase (decrease)
Directors and major shareholders	Wistron Corp. Representatives: Frank F. C. Lin and Donald Hwang	0	0	0	0
Chairman & CSO	Haydn Hsieh	95,600	0	0	0
Director; President & CEO	Jeffrey Gau	84,200	0	0	0
Director	Philip Peng	0	0	0	0
Independent Director	Karen Hsin	0	0	0	0
Independent Director	Neng-Pai Lin	0	0	0	0
Independent Director	Michael Tsai	0	0	0	0
Independent Director	T. Y. Lay	0	0	0	0
Executive Vice President & General Manager of the Business Group	Larry Lee	(21,000)	0	0	0
Senior Vice President	Fayu Chen	56,100	0	0	0
Vice President & General Manager of the Business Group	Johnson Hsu	49,700	0	0	0
Vice President & General Manager of the Business Group	Repus Hsiung	34,400	0	0	0
Vice President	Chris Hwang	30,600	0	0	0
Vice President	TJ Chen	(12,700)	0	0	0
Vice President	Joseph Chi	10,300	0	0	0
Vice President	David Tsai (Note 1)	(17,789)	0	0	0
General Plant Manager	Apollo Shyong (Note 2)	33,200	0	0	0
Chief Financial Officer	Jona Song	42,100	0	0	0
Chief Supply Chain Officer	Amy Hsu	26,400	0	0	0
Chief Technology Officer	Horen Chen	42,100	0	0	0

Job title	Name	2021		2022 (As of April 12)	
		Holding increase (decrease)	Pledged holding increase (decrease)	Holding increase (decrease)	Pledged holding increase (decrease)
Associate Vice President	Owen Tai	16,800	0	(13,000)	0
Associate Vice President	Robin Wu	20,400	0	0	0
Associate Vice President	Jack YC Liu	15,300	0	0	0
Associate Vice President	CW Sheu	23,000	0	0	0
Associate Vice President	ChingLung Chen	15,300	0	0	0
Associate Vice President	Kidd Huang	15,300	0	0	0
Associate Vice President	James Chen	49,100			
Associate Vice President	Clark Chou (Note 3)	0	0	0	0
Associate Vice President	Luder Lu (Note 4)	-	-	0	0
Vice President	Ray Lee (Note 5)	-	-	-	-
General Plant Manager	Hugo Chen (Note 2)	(129,200)	0	-	-

Note 1: Mr. David Tsai was promoted to Vice President on October 5, 2021.

Note 2: Mr. Apollo Shyong was appointed General Plant Manager on January 5, 2022, while former General Plant Manager, Mr. Hugo Chen, resigned from the position on the same day, so further shareholding information of Mr. Chen will not be disclosed).

Note 3: Mr. Clark Chou was promoted to Associate Vice President on October 5, 2021.

Note 4: Mr. Luder Lu was promoted to Associate Vice President on January 5, 2022.

Note 5: Mr. Ray Lee retired on October 8, 2021, so further shareholding information of Mr. Lee will not be disclosed.

3.7.2. Stock Trades with Related Parties

Name	Reason for the transfer	Transfer date	Transferee	Relationship	Shares	Transfer price
Larry Lee	Gift	05/31/2021	Lee Pei-hua	Daughter	36,000	
Larry Lee	Gift	05/31/2021	Hu Chung-shiu	Spouse	50,000	

3.7.3. Stock Pledge with Related Party: None

3.8. Related Party Relationship among WNC's 10 largest shareholders

April 12, 2022; Unit: Shares

Name of the shareholder	Shares held by the shareholder		Shares held by spouse or minor children		Shares held in the name of others		Name and relationship of any party among the 10 largest shareholders who is a related party, or is the spouse or a second degree relative of the shareholder		Notes
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Wistron Corp.	89,674,679	22.61	0	0	0	0	Haydn Hsieh	Director of Wistron Corp.	
Cathay Life Insurance Co., Ltd.	20,442,044	5.15	0	0	0	0	None	None	
Chang Gung Medical Foundation	11,715,509	2.95	0	0	0	0	None	None	
Labor Pension Fund (New Scheme)	11,069,226	2.79	0	0	0	0	None	None	
Taiwan Life Insurance Co., Ltd.	10,141,426	2.56	0	0	0	0	None	None	
JAR YUAN Investment Co., Ltd.	9,576,000	2.41	0	0	0	0	None	None	
Chunghwa Post Co., Ltd.	6,730,000	1.70	0	0	0	0	None	None	
Haydn Hsieh	6,084,571	1.53	806,575	0.20	0	0	Wistron Corp.	Director	
TransGlobe Life Insurance Inc.	4,730,230	1.19	0	0	0	0	None	None	
China Life Insurance Co., Ltd.	4,578,000	1.15	0	0	0	0	None	None	

3.9. The total number of shares and total equity stake held in any single enterprise by WNC, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by WNC

December 31, 2021; Unit: Shares

Investee Enterprise	Investments made by WNC		Investments made by directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by WNC		Total investments	
	Shares	%	Shares	%	Shares	%
WNC Holding Corporation	2,633,170	100	0	0	2,633,170	100
NeWeb Holding Corporation	103,300,000	100	0	0	103,300,000	100
W-Neweb Corporation	200,000	100	0	0	200,000	100
WNC UK Limited	60,000	100	0	0	60,000	100
WNC Japan Inc.	400	100	0	0	400	100
NeWeb GmbH	150,000	100	0	0	150,000	100
WNC Vietnam Co., Ltd.	(Note)	100	0	0	(Note)	100
NeWeb Vietnam Co., Ltd.	(Note)	100	0	0	(Note)	100
WebCom Communication (Kunshan) Corporation	(Note)	100	0	0	(Note)	100
WNC (Kunshan) Corporation	(Note)	100	0	0	(Note)	100
Wistron NeWeb (Kunshan) Corporation	(Note)	100	0	0	(Note)	100
NeWeb Service (Kunshan) Corporation	(Note)	100	0	0	(Note)	100
NeWeb Communication (Kunshan) Corporation	(Note)	100	0	0	(Note)	100
Kunshan Changnun Precision Casting Co., Ltd.	(Note)	47.44	0	0	(Note)	47.44

Note: The company is a limited company

4 Capital Overview

4.1. Capital and Shares

4.1.1. Type of Stock

April 12, 2022

Type of stock	Authorized capital			Remarks
	Issued shares	Un-issued shares	Total shares	
Common stock	396,558,502 (Note)	403,441,498	800,000,000	Employee stock options: 25,000,000 shares

Note: Including 105,600 shares of expired restricted stock awards yet to be cancelled

4.1.2. Related Information for Shelf Registration: None

4.1.3. Sources of Capital

Unit: Except for the par value (in NT$), numbers are in thousands (Shares or NT$)

Month/ year	Par value (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Value	Shares	Value	Sources of capital	Capital increased by assets other than cash	Other
05/2021	10	800,000	8,000,000	397,414	3,974,143	Cancellation of Restricted Stock Awards: 210 thousand shares	None	Note 1
08/2021	10	800,000	8,000,000	397,339	3,973,393	New issuance of Restricted Stock Awards: 75 thousand shares	None	Note 2
11/2021	10	800,000	8,000,000	396,559	3,965,585	Cancellation of Restricted Stock Awards: 780.8 thousand shares	None	Note 3

Note 1: Approval letter 1100014818 issued on May 26, 2021.
Note 2: Approval letter 1100024171 issued on August 25, 2021.
Note 3: Approval letter 1100035256 issued on November 29, 2021.

4.1.4. Composition of Shareholders

April 12, 2022; Unit: Shares

Item	Shareholder types						
	Government agencies	Financial institutions	Other institutional shareholders	Foreign institutions & natural persons	Domestic natural persons	Other (Note)	Total
Number of shareholders	6	6	145	197	40,508	1	40,863
Shareholding (shares)	22,672,726	2,995,920	164,396,843	38,180,376	168,207,037	105,600	396,558,502
Shareholding (%)	5.72	0.76	41.45	9.63	42.41	0.03	100.00

Note: Including 105,600 shares of expired restricted stock awards yet to be cancelled

4.1.5. Shareholding Distribution Status

April 12, 2022; Unit: Shares

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding (%)
1–999	10,798	1,836,816	0.46
1,000–5,000	24,352	47,056,240	11.87
5,001–10,000	3,040	22,930,247	5.78
10,001–15,000	936	11,589,497	2.92
15,001–20,000	516	9,319,318	2.35
20,001–30,000	413	10,265,357	2.59
30,001–40,000	206	7,191,934	1.81
40,001–50,000	133	6,065,051	1.53
50,001–100,000	237	16,409,428	4.14
100,001–200,000	122	16,915,413	4.27
200,001–400,000	51	14,194,204	3.58
400,001–600,000	15	7,454,319	1.88
600,001–800,000	10	6,880,241	1.73
800,001–1,000,000	6	5,461,834	1.38
1,000,001 or over	28	212,988,603	53.71
Total	40,863	396,558,502	100.00

4.1.6. Major Shareholders

April 12, 2022; Unit: Shares

Shareholder's Name	Shareholding	
	Shares	%
Wistron Corp.	89,674,679	22.61
Cathay Life Insurance Co., Ltd.	20,442,044	5.15
Chang Gung Medical Foundation	11,715,509	2.95
Labor Pension Fund (New Scheme)	11,069,226	2.79
Taiwan Life Insurance Co., Ltd.	10,141,426	2.56
JAR YUAN Investment Co., Ltd.	9,576,000	2.41
Chunghwa Post Co., Ltd.	6,730,000	1.70
Haydn Hsieh	6,084,571	1.53
TransGlobe Life Insurance Inc.	4,730,230	1.19
China Life Insurance Co., Ltd.	4,578,000	1.15

4.1.7. Market Price, Net Worth, Earnings, and Dividends per Share During the Most Recent Two Years

Unit: NT$

Item		Year	2020	2021	Jan. 1, 2022– Mar. 31, 2022
Market Price per Share	Highest market price	Current	86.6	84.2	78.6
		Adjusted	84.1	81.7	
	Lowest market price	Current	45.1	58.8	67.5
		Adjusted	42.6	56.3	
	Average market price		70.2	73.46	72.31
Net Worth per Share	Before distribution		42.21	42.88	44.38
	After distribution		39.72	(Note 1)	—
Earnings per Share	Weighted average shares (unit: thousand shares)		390,154	390,966	392,018
	Earnings per share		3.76	3.15	0.77
Dividends per Share	Cash dividends		2.50122691	2.1 (Note 1)	—
	Stock dividends	Dividends from Retained Earnings	0	0	—
		Dividends from Capital Surplus	0	0	—
	Accumulated Undistributed Dividends		0	0	—
Return on Investment	Price / Earnings Ratio (Note 2)		18.67	23.32	—
	Price / Dividend Ratio (Note 3)		28.07	34.98 (Note 1)	—
	Cash Dividend Yield Rate (%) (Note 4)		3.56	2.86 (Note 1)	—

Note 1: Dividends per Share will be finalized after ratification at the 2022 shareholders' meeting.
Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

4.1.8. Dividend Policy and Implementation Status

■ Dividend policy

If WNC shows a year-end earnings surplus, it firstly pays taxes in full, and then makes up any accumulated losses. Thereafter a 10% appropriation of the remaining amount shall be set aside towards the legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter an amount shall be set aside or reserved as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings at the beginning of this period, shall be proposed, with no less than 10% as dividends to shareholders, by the Board of Directors and ratified at the shareholders' meeting.

In consideration that WNC is involved in a capital- and technologically-intensive industry and in consideration that WNC is expanding and to ensure its continued and steady growth, a long-term investment plan must be adopted. Therefore, WNC adopts a residual dividend policy as its dividend policy. The cash dividends shall not be less than 10% of the total dividends.

■ Proposed distribution of dividends

The proposal for the distribution of 2021 profits of cash dividends of NT$2.1 per share, as listed in the table below, was passed at the meeting of the Board on March 9, 2022. The proposal will be implemented after ratification during the Shareholders' Meeting to be held on June 10, 2022.

Earnings Appropriation Statement for Year 2021

Unit: NT$

Item	Amount
Unappropriated retained earnings at beginning of period	5,147,555,737
Plus: Profit after tax (net income) for the year	1,232,153,655
Minus: Changes in the remeasurements of the defined benefit plans	(51,242,400)
Plus: Share-based payment transactions	1,952,000
Minus: Legal reserve	(118,286,326)
Minus: Special reserve	(82,619,264)
Retained earnings for appropriation	6,129,513,402
Shareholder dividends and bonuses (Cash dividend: NT$2.1 per share)	(832,551,094)
Unappropriated retained earnings at end of period	5,296,962,308

■ Descriptions of any expected significant changes to dividend policies: None

4.1.9. The impact of stock dividends distribution proposed in this shareholders' meeting toward WNC's business performance and EPS: N/A

4.1.10. Profit-Sharing Bonuses for Employees and Directors

■ Percentage and scope specified in the “Articles of Incorporation”:

If WNC shows an annual profit (the profit herein indicates the pretax profit without deducting the profit-sharing bonuses for employees and directors), the profit will be appropriated in accordance with the following. However, the amount to make up any accumulated losses shall be set aside:

- No less than 5% as profit-sharing bonuses for employees; where such bonuses are distributed by shares or as cash; employees of controlled companies, with qualifications set by the Board of Directors, can be included;
- No more than 1% as directors’ profit-sharing bonuses in cash.

■ The accounting treatment if there is a difference between the actual distribution and the estimated basis for calculating profit-sharing bonuses for employees and directors, and the shares as stock bonus for employees:

If the actual amounts subsequently paid differ from the above estimated amounts, the difference will be recorded in the year paid as a change in accounting estimate.

■ Profit-sharing bonuses distribution approved by the Board of Directors

- The profit-sharing bonuses approved by the Board of Directors is NT$158.248 million for employees and NT$14.386 million for directors. There is no difference between the estimated expense and the proposed amounts approved by the Board of Directors.
- Ratio of stock bonuses for employees to the net income of the parent-company-only financial statements: N/A

■ The actual distribution of the employees' profit-sharing bonuses and directors’ profit-sharing bonuses during the previous year (including the distributed shares, amounts, and stock price): If there is a difference between the proposed amount, the difference, reason, and processing status, it shall be described.

Unit: NT$

	Proposed amount approved by the Board	**Actual distribution amount (Note)**
Employees’ profit-sharing bonuses (in cash)	175,657,620	175,657,620
Directors’ profit-sharing bonuses	12,546,971	12,546,971
Total	188,204,591	188,204,591

Note: The above profit-sharing bonuses for employees and directors were expensed under WNC’s 2020 statement of comprehensive income and the same amounts were approved by the Board.

4.1.11. Buyback of Stock: None

4.2. **Issuance of Corporate Bonds:** None

4.3. **Special Shares:** None

4.4. **Overseas Depositary Receipts:** None

4.5. **Employee Stock Options:** None

4.6. Issuance of Employee Restricted Stock Awards

4.6.1. Issuance of Employee Restricted Stock Awards

April 30, 2022

Type of employee restricted stock awards	**Employee restricted stock awards for the year 2019**
Date of effective registration	December 30, 2019
Issue date	August 3, 2020
Number of employee restricted stock awards issued	7,400,000
Issued price	0
Employee restricted stock awards as a percentage of shares issued (%)	1.90
Vesting conditions of employee restricted stock awards	Employees who are still in service at the end of vesting periods, are qualified to receive Restricted Stock Awards on the first anniversary of the grant date of Restricted Stock Awards, in a number determined for grant that year. Based on WNC's overall performance and the employees' performance assessment results, WNC shall determine the number of the Restricted Stock Awards distributable within the total number of shares to be granted during the year. 1. WNC's overall performance indicators A. The vested ratio of the total number of Restricted Stock Awards to be granted during the year is determined based on WNC's EPS from the consolidated financial statements (which have been audited and certified by a certified public accountant) of the most recent year upon the expiration of the vesting period. WNC's EPS will be compared with those of other companies in the network-communications industry category: If WNC's EPS ranks among the top 1/3 of the companies in the network communications industry, the vested ratio will be 100%. If WNC's EPS ranks below the top 1/3 but among the top 2/3 of companies in the network communications industry, the vested ratio will be 75%. If WNC's EPS fails to rank among the top 2/3 of the companies in the network communications industry, the vested ratio will be 0%. B. The companies in the same network-communications industry category as WNC refer to: Sercomm Corporation, Gemtek Technology Co., Ltd., Microelectronics Technology Inc., Prime Electronics and Satellitics Inc., Zinwell Corporation, Alpha Networks Inc., CyberTAN Technology, Inc., Accton Technology Corporation, Arcadyan Technology Corporation, AzureWave Technologies, Inc., and Senao Networks, Inc. If there are changes to this list, the Remuneration Committee of WNC is in charge of approving the changes. C. With regard to WNC's overall performance indicators, upon the occurrence of circumstances unforeseeable during the formulation of the current measures (such as international industry and economic situations having a significant impact on WNC's operations), WNC's remuneration committee may propose to adjust such indicators or the vested ratio. Any proposed adjustments to the indicators or ratio shall be approved by the Board of Directors before they can be applied. 2. Employees' performance indicators Subject to the company's overall performance indicators above, employees with service of one year, two years, and three years following the grant date of Restricted Stock Awards, and who obtain an A or above twice in their annual performance assessment results in the corresponding year(s), can receive up to 100% of the total number of shares to be granted during that/those year(s). Employees who obtain an A and an A- in their performance assessment may receive up to 80% of the total number of shares to be granted during the corresponding year. Employees who obtain an A- twice may receive up to 60% of the total number of shares to be granted

Type of employee restricted stock awards	Employee restricted stock awards for the year 2019
	during the corresponding year. Employees with a performance assessment result of B or below forfeit any right to shares during the corresponding year. 3. If WNC's overall performance indicators fail to rank among the top 2/3 of companies in the network communications industry, it is considered, in principle, that the vesting conditions are not met. However, if the employee who has been granted Restricted Stock Awards has made important contributions to the company and if the employee obtains an A or above twice in their performance assessment results in the same year, WNC's remuneration committee may propose a different number of vested shares within the total number of Restricted Stock Awards granted to the employee during the year. Such a proposal shall be approved by the Board of Directors before it can be applied. In this case, WNC's overall performance indicators will be excluded as one of the vesting conditions.
Restricted rights of employee restricted stock awards	With the exception of inheriting stock awards, employees receiving Restricted Stock Awards shall not sell, pledge, transfer, gift to others, assign, or otherwise dispose of their Restricted Stock Awards before meeting the vesting conditions. Once employees meet the vesting conditions, the Restricted Stock Awards will be sent to employees' settlement account via a trust account in accordance with the stipulations in the security trust agreement. Employees' right to attend, raise proposals, speak, and vote at shareholders' meetings are enforced in accordance with the stipulations in the security trust agreement. Besides the rights stipulated in the security trust agreement mentioned in the previous paragraph, employees who receive Restricted Stock Awards in accordance with the regulations in this section also have the same rights, including but not limited to, stock dividends, bonuses, additional paid-in capital, and stock options via capital increase by cash, as other WNC common stock shareholders have, even before the vesting conditions are met. For employees who meet the vesting conditions for Restricted Stock Awards beginning with: book closure dates for issuance of bonus shares, book closure dates for ex-dividend, book closure dates for issuance of shares for cash capital increase, book closure period for shareholders' meetings as stipulated in Paragraph 3 of Article 165 of the Company Act, or other legal closure periods; and ending with the record date of stock rights distribution, the vesting time and procedures shall be decided in accordance with the security trust agreement.
Custody status of employee restricted stock awards	Managed by security trust
Measures to be taken when vesting conditions are not met	WNC will redeem at no cost and cancel the employee restricted stock awards when vesting conditions are not met.
Number of employee restricted stock awards that have been redeemed or bought back	1,171,400
Number of released restricted stock awards	1,793,400 (Note)
Number of unreleased restricted stock awards	4,435,200
Ratio of unreleased restricted stock awards to total issued shares (%)	1.12
Impact on shareholder rights	As of 2019, 1,793,400 shares of restricted stock awards were vested. Since the rights and obligations of the vested shares are the same as those of the common stock issued by WNC, there is no significant impact on the shareholders of WNC.

Note: The number of released shares does not include the 1,171,400 shares that were redeemed and cancelled.

4.6.2. List of executive officers receiving restricted stock awards and the top ten employees with restricted stock awards

April 30, 2022 Unit: NT$/share

	Job title	Name	No. of restricted stock awards received	Restricted stock awards received as a percentage of shares issued (%)	Released				Unreleased			
					Number of released shares	Issued price	Issued amount	Released restricted shares as a percentage of shares issued	Number of unreleased shares	Issued price	Issued amount	Unreleased restricted shares as a percentage of shares issued (%)
Executive officers	Chairman & CSO	Haydn Hsieh	3,085,000	0.78	781,200 (Note 5)	0	0	0.2	2,036,100	0	0	0.51
	Director; President & CEO	Jeffrey Gau										
	Executive Vice President & General Manager of the Business Group	Larry Lee										
	Senior Vice President	Fayu Chen										
	Vice President & General Manager of the Business Group	Johnson Hsu										
	Vice President & General Manager of the Business Group	Repus Hsiung										
	Vice President	Chris Hwang										
	Vice President	TJ Chen										
	Vice President	Joseph Chi										
	Vice President	David Tsai (Note 1)										
	General Plant Manager	Apollo Shyong (Note 2)										
	Chief Financial Officer	Jona Song										
	Chief Supply Chain Officer	Amy Hsu										
	Chief Technology Officer	Horen Chen										
	Associate Vice President	Owen Tai										
	Associate Vice President	Robin Wu										
	Associate Vice President	Jack YC Liu										

	Job title	Name	No. of restricted stock awards received	Restricted stock awards received as a percentage of shares issued (%)	Released				Unreleased			
					Number of released shares	Issued price	Issued amount	Released restricted shares as a percentage of shares issued	Number of unreleased shares	Issued price	Issued amount	Unreleased restricted shares as a percentage of shares issued (%)
Executive officers	Associate Vice President	CW Sheu										
	Associate Vice President	ChingLung Chen										
	Associate Vice President	Kidd Huang										
	Associate Vice President	James Chen										
	Associate Vice President	Clark Chou (Note 3)										
	Associate Vice President	Luder Lu (Note 4)										
Employees	Vice General Plant Manager	Jason YH Chen	935,000	0.24	233,500 (Note 6)	0	0	0.06	617,100	0	0	0.16
	Sr. Associate Vice President	Paul Chen										
	CQO	I Wei Tao										
	CTO of the Networking	Gene Chuang										
	Associate Vice President	Jonathan Li										
	Associate Vice President	Joanne Han										
	Associate Vice President	Having Lu										
	Associate Vice President	Dennis Chan										
	Associate Vice President	Kris Chang										
	Associate Vice President	James Huang										

Note 1: Mr. David Tsai was promoted to Vice President on October 5, 2021.
Note 2: Mr. Apollo Shyong was appointed General Plant Manager on January 5, 2022.
Note 3: Mr. Clark Chou was promoted to Associate Vice President on October 5, 2021.
Note 4: Mr. Luder Lu was promoted to Associate Vice President on January 5, 2022.
Note 5: The amount of released shares does not include 267,000 stocks that were cancelled.
Note 6: The amount of released shares does not include 84,400 stocks that were cancelled.

4.7. Status of New Share Issuance in Connection with Mergers and Acquisitions: None

4.8. Financing Plans and Implementation: N/A

5 Overview of Business Operations

5.1. Business Content

5.1.1. Business Scope

■ Main business services

CC01060 Wired Communication Mechanical Equipment Manufacturing

CC01070 Wireless Communication Mechanical Equipment Manufacturing

CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing

CC01080 Electronics Components Manufacturing

F401010 International Trade

CF01011 Medical Devices Manufacturing

F108031 Wholesale of Medical Devices

F208031 Retail Sale of Medical Apparatus

Research, development, design, testing, manufacturing and sales of the following products:

1. Satellite communication products
2. Mobile and portable communication products
3. Products, components, semi-finished products and peripherals of medical testing equipment, medical diagnostic equipment, smart mobile aids, medical consumables, and medical information transmission systems.

Import/export trade services for the above-mentioned products

■ Revenue distribution

Revenue Distribution of Products by Category

Unit: Thousand NT$

Item \ Year	2021	
	Amount	Percentage (%)
Wireless communications products	65,350,800	97.21
Others	1,878,799	2.79
Total	67,229,599	100.00

■ Current products

Category	Item
Satellite communications products	• DTH TV dish antenna systems • Single cable multi-output outdoor receiver systems and derivative products • Satellite digital signal convertors • Digital satellite radio receiver systems • Digital HD radio receiver systems • Satellite communications transmitters • 4K/8K high-definition digital satellite radio receivers • Lightweight high-frequency satellite two-way communications receivers

Category	Item
Mobile and home communications products	• Wireless broadband access network communications equipment and modules • Mobile indoor and outdoor broadband network terminal devices • Next-generation mmWave cellular signal boosters • Next-generation mmWave mobile broadband home gateways • Smart home devices with voice assistant • Fiber-optic connectivity devices • Surveillance cameras • Automotive cellular/Wi-Fi/BT modules • V2X communications end devices • Miniaturized high-definition interior car cameras • Next-generation V2X communications OBUs • V2X roadside communications modules • Wi-Fi mesh routers • BLE modules and sensors • High-speed datacenter network switches • Embedded antennas for mobile devices
Other wireless products	• Miniaturized high-frequency forward collision warning automotive radar devices • Miniaturized high-definition automotive cameras • mmWave transmission modules • Industrial cellular modem • Narrow-band IoT asset-tracking devices • RFID portal antennas

■ New products under development

Category	Items
Microwave communications product series	• Next-generation high-power mmWave transceivers • Next-generation miniaturized mmWave RF/antenna units • Outdoor mmWave long-range communications equipment • Non-geostationary satellite broadband equipment
Mobile and home communications product series	• Enterprise-level Wi-Fi mesh access points • Cloud-based Wi-Fi access point management software • Broadband QoS software • Microcell base station radio units • Mobile network infrastructure distribution units • 5G fronthaul gateways • Outdoor small cells • AIoT image sensors • Automotive AI image sensors • Fleet management recording and tracking devices • Automotive sensor fusion solutions • UWB positioning devices • UWB smart home devices • Smart wireless sensors for home care

5.1.2. Industry Overview

- Industry development trends and current market conditions

WNC pays great attention to industry trends in wireless technology across a range of frequency bands, and has cultivated professional competencies in high-speed wireline networks and future communications technologies over time. Implementation of next-generation network frameworks will drive a new wave of market growth, as exemplified in the following sections:

For smart internet applications in the home, as of Q1 2021, there were at least 1.2 billion households worldwide with wired broadband, of which more than 60% were using fiber-optic broadband. In North America, coaxial cable broadband is the main broadband technology in use, whereas the European market is seeing the continued deployment of Fiber-to-the-home (FTTH). The U.S. government has passed an infrastructure bill in which one of the initiatives is to expand the country's physical broadband infrastructure. The EU announced a Digital Decade policy in 2021; one of the goals of this policy is to provide gigabit connectivity to all European households by 2030. These initiatives are expected to improve broadband infrastructure in the U.S. and the EU and to accelerate the adoption of high-speed broadband. With wired broadband speeds increasing around the world, smart home applications made possible by integrating high-speed broadband with home Wi-Fi meshes, continually improving AI algorithms, and voice assistants such as Google Assistant or Amazon Alexa, have brought greater convenience to people's lives.

For next-generation mobile communications, after many years of development, 4G transmission speeds have increased from LTE Cat. 4 to LTE Cat. 20, matching current fiber-optic speeds. Telecommunications companies around the world are investing heavily in next-generation 5G mobile networks due to their extremely low latency and low power consumption characteristics, and wireless internet is gradually replacing wired internet, just as fiber-optics replaced copper wiring. The United States has been proactive in deploying 5G networks, further accelerating the implementation of 5G mobile broadband. Due to the ongoing COVID-19 pandemic, seamless broadband connectivity has become a necessity for work as well as social interaction, leading to greatly increased demand for mobile broadband networks. The gradual popularization of 5G networks has increased the scope of its applications to include IoT markets, such as automotive communications, which require extremely low-latency connectivity and integration of sensors based on radar, camera, LiDAR, and other technologies. Connected devices need to process much more data in a shorter period of time than in the past, which highlights the importance of AI-assisted data screening. The edge computing capabilities of GPUs, TPUs, and other high-speed processing units combined with deep learning algorithms will expand network applications beyond those of specialized networks. AI algorithms will enable the full utilization of the transmission capabilities and bandwidth of next-generation networks, creating many new business opportunities for the market.

The V2X market has been growing steadily due to continued advancements in IoT technology and the ongoing deployment of 5G networks. According to a report from IHS Markit, 47.5 million connected vehicles were sold in 2020, and this figure is expected to grow by 20% to 56.8 million in 2021. In the future, Telematics Service Providers (TSPs) will bring about new IoV services, such as car control, parking space searching, real-time traffic monitoring and route planning, rental car sharing, voice-controlled automotive entertainment systems, and better automotive safety and driving assistance systems. The maturation of voice-control devices will allow them to expand from the general consumer market to the automotive industry. In connected vehicles, voice control will allow drivers and passengers to have more intuitive control of automotive entertainment systems. Smart home services may also be integrated into such systems.

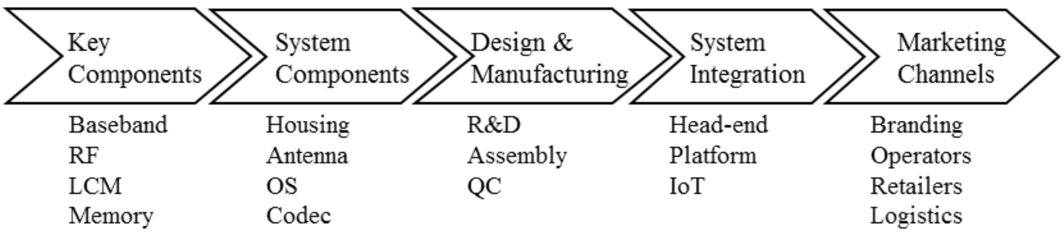
The automotive industry is currently undergoing a major change, shifting its focus to Mobility as a Service (MaaS). C.A.S.E (Connected, Autonomous, Shared, and Electric) technologies are currently the four main trends in the automotive industry, and they are driving the digitization and electrification of automobiles. Due to the challenges brought about by climate change, at the 2021 United Nations Climate Change Conference (COP26), more than 30 governments and six major automakers signed a declaration to work towards all sales of new cars and vans being zero emission globally by 2040, or by no later than 2035 in leading markets, which will accelerate the electrification of automobiles in 2022. Automotive connectivity has been developing rapidly in recent years due to the development of V2X communications technologies, related solutions from upstream chip vendors, and the implementation of 5G C-V2X standards. This has led to V2X-integrated ADAS systems becoming standard in many cars on the U.S. automotive market, filling the gaps which standard sensors cannot fill and providing drivers with more safety information such as on upcoming traffic conditions. The V2X market is expected to grow significantly. This technology will benefit all road users and reduce the number of accidents. Sensor fusion and the integration of V2X with ADAS are key for cars to quickly achieve Level 4 autonomous driving.

According to a report published by IDC, global IoT spending will grow to around US$754.28 billion in 2021 and reach US$1.2 trillion in 2025 for a 5-year (2021-2025) CAGR of 11.4%. The report also stated that China will account for 26.1% of global IoT spending in 2025, with the U.S. coming in second at 24.2%. IoT application vary in different regions; in China, IoT is primarily used in V2X, smart home solutions, wearable devices, and smart water, electricity, and gas meters.

Logistics management in e-commerce has become much more important in the post-pandemic era. Ecosystems and customized modules will need to be established via IoT platforms, and the integration of AI and the IoT (AIoT) will lead to rapid growth for the IoT market and create new business services. The incorporation of AIoT in the Cloud, end devices, and the Internet has led to the integration of voice control and visual identification in many consumer products in recent years, turning them into smart end devices. In the future, more and more home appliances and end devices are expected to become AIoT devices. AIoT will also reduce costs and enable more flexible production for the Industrial IoT, allowing it to better adapt to rapidly changing markets. In 2021, many service operators have been actively promoting 5G private networks, and cloud service providers are also providing 5G private network services, which will lead to faster growth for the IoT in the vertical applications market.

■ Industry value chain

The electronics industry is characterized by its long supply chain, numerous components, and complex cooperative-competitive partnerships. Coinciding with the integration of a variety of product categories and diversified operational strategies, members within the industry value chain have steadily increased. Recent trends demonstrate that antiquated boundaries between specialized divisions and within vertically integrated structures are becoming blurred as the complexity of products increases.



■ Product development trends

- Upgrades in wireless bandwidth

With the maturation of online streaming and extended reality (XR) technologies, there is growing demand for convenient, high-bandwidth wireless connectivity. This demand has led to the rapid growth of 802.11ax (Wi-Fi 6/6E), Mesh, 5G, and other high-bandwidth wireless communications technologies. 5G will be a key technology in the next decade, because it can bring about a world of ubiquitous real-time connectivity. According to a report, there were 10.7 billion mobile end devices worldwide in 2020, and this number is expected to reach 17 billion in 2030. Since different wireless communications technologies have different characteristics, more diverse antenna design capabilities, more precise manufacturing, and more flexible production resource allocation will be required. These capabilities will be the keys to success in the upcoming connectivity revolution.

- Low Earth Orbit (LEO) satellites

The development of B5G/6G Non-Terrestrial Networks (NTN) by deploying space and high-altitude vehicles carrying communications payloads will help realize full network coverage for the planet. 85% of the Earth's surface currently does not have internet coverage, and numerous enterprises are now looking for a low-cost global connectivity solution as their need for IoT data increases. LEO satellites, which are not affected by geography or surface deployment restrictions, can provide internet connectivity to rural areas at a low cost, expanding coverage around the world. According to a 2021 report from Berg Insight, despite the impact of COVID-19, satellite IoT users are expected to grow from 3.4 million in 2022 to 15.7 million in 2025 for a CAGR of 35.8%. LEO satellite services are expected to grow rapidly in 2022; WNC's technical expertise in high-frequency and satellite communications will enable us to engage with satellite communications service operators in a number of ways.

- Virtualization of network architecture

The disruptive technologies and developments mentioned above are all closely linked to the Internet. Without the Internet, it would have been difficult to develop technologies such as voice services, wireless broadband, and AI. Because many things depend on the Internet, a lot of stress has been placed on network backbones around the world, and has brought people’s attention to SDN/NFV and other network virtualization technologies. The implementation of virtualization technology has grown from massive data centers to include various network service platforms. Virtualization is seen as the solution that can meet the bandwidth demand in the B5G age. Using virtualization technology as a foundation enables more flexible data transformation using network slicing, allowing for a variety of new applications to be developed. Open network infrastructure along with universal hardware and virtualization will make networks more flexible and more compatible. It will also make them easier to organize, set up, and manage. The standardization of network equipment marks an expansion in scope and will pave the way for new supply chains and the establishment of an open and free Internet.

■ Competitive environment

With the development of IoT, big data, AI, the metaverse, and new network applications, the demand for network products is rapidly increasing, related technologies are continuously being upgraded, and more and more peer manufacturers are flocking to new business opportunities. Nevertheless, compared to ordinary wired network products, wireless communications products possess higher technical requirements for wireless RF, antenna design, and network access verification. To fulfill an IoT project-type market that often requires diverse products requested in small quantities, within multi-element applications fields, and with high levels of customization, only manufacturers with deep experience in wireless product design and the capacity for efficient design, effective verification, and scalable mass production can occupy crucially advantageous positions in the new market.

In light of changes to global economies and trade as well as impacted production and materials the cost for manufacturing and raw materials has increased. Manufacturers now need to be able to procure key materials through strategic partners and obtain price advantages in mass procurement by efficiently utilizing automated flexible production and by avoiding overly diversified raw material parts in their designs; this has become a crucial element for success in the manufacturing industry. Chips as raw materials, due to the integration trend, are also experiencing intensified market competition. Thus one of the main factors for achieving success is determining how to maintain competitiveness in emerging supply chains, while obtaining direct technical support from chip suppliers. All in all, only technology leaders that have firm control over these supply chains and any technical improvements therein, and that effectively leverage their interactions, can widen the gap between themselves and their peers, maintain their advantage, and provide customers with superior products and services.

5.1.3. Technology Research and Development

■ Research and development expenditures during the last fiscal year and the current fiscal year.

Unit: Thousand NT$

Year	2021	Jan. 1, 2022–Mar. 31, 2022
Research and development expenditures	2,801,742	-
Percentage of total revenue (%)	4.17	-

■ Successfully developed technologies or products in 2021

Category	Technology or product
Mobile and home communication products	• 5G O-RAN E2E systems • Wi-Fi 6E mesh software • Cloud OAM systems • AI algorithms for automotive cameras • ADAS forward collision detection algorithms • Miniaturized high-definition interior car cameras • 10G fiber gateways • Programmable SmartNICs
Other wireless products	• WFH router firmware • QoS software

5.1.4. Long-Term and Short-Term Business Development

Category	Marketing strategy	Operations management
Short-term business development	Focusing on technology-oriented ODM/JDM services, WNC sets short-term goals to fully understand and cooperate with all major service operators, channel operators and branding companies in corresponding sales regions, and to improve its interaction with distributors, aiming to establish integrated marketing channels.	• Sustained technology development WNC is built on its professional management team with many years of technological experience. In addition to continuous improvement in the quality of current products, WNC will continue developing products with higher transmission rates and richer functionality to respond to market demands. • Improving production capacity and manufacturing capability In coordination with business expansion and new product development schedules of the company, WNC plans to consolidate and make full use of existing production capacity to actively improve its manufacturing capability and lower costs. It aims to turn its manufacturing strength into the core competency that can create profits.
Long-term business development plans	WNC plans long-term marketing strategies to strengthen current customer relationships and broaden its market share of products. In addition, WNC emphasizes interaction and communication with its customers. WNC's aim is to meet customer demands through effective communication to provide the right product for the right market and proactively develop products for niche markets.	• Implementing internal control systems WNC's operations management planning process involves establishing complete management measures and effectively implementing internal control systems, confirming that all areas of operations achieve their goals with efficiency and favorable outcomes. It also involves releasing reliable financial reports and complying with corresponding laws and regulations. By undertaking all of these actions, WNC aims to ensure the profit levels, performance standards, and asset security of the company. • Enhance product research and development With deep understanding of every change in both markets and technologies, development of niche products that feature high profits and growth rates are possible. WNC continues to invest in research and development to grasp key component technologies with the aim of achieving the highest level of consumer satisfaction and product profit levels. • Establishing economies of scale By proactively developing new customers and product lines to realize the effects of economies of scale, and with production capacity expansion and manufacturing capability enhancement, WNC aims to lower manufacturing costs and improve overall competency as well as obtain reasonable growth of both business scale and business profits. • Operational scale in coordination with financial policy a. Establish and integrate domestic and overseas productivity according to operational needs. b. Enhance asset and liability management capability, maintain reasonable cash conversion cycles, and provide a healthy financial structure.

5.2. Market and Sales Overview

5.2.1. Market Analysis

Geographic distribution of major product markets

Unit: Thousand NT$

Year / Area	2020		2021	
	Amount	Percentage of revenue (%)	Amount	Percentage of revenue (%)
The Americas	28,309,531	45.19	33,826,002	50.32
Asia	15,363,164	24.52	16,411,288	24.41
Europe	18,927,150	30.21	16,957,883	25.22
Others	48,886	0.08	34,426	0.05
Total	62,648,731	100.00	67,229,599	100.00

Market share

From its establishment in 1996 WNC has continuously developed wireless technologies, accumulating much practical experience, and achieving the following milestones:

- Highest revenue of listed network communications manufacturers in Taiwan
- Largest worldwide supplier of satellite TV antennas
- Leading supplier of in-vehicle satellite radio and vehicle network devices
- Major supplier of in-vehicle wireless modules, HF radar products, and smart meter communications solutions
- Preferred partner of key global chip suppliers for enterprise-level wireless communications products
- 30% market share of laptop built-in antennas (no. 1 globally)

In terms of mobile communications networks and enterprise-level wireless devices WNC is second-to-none as a global supplier. In addition to long-term development of 3G and 4G technology the company was a pioneer in the development of 5G technology as well as being the first company to release enterprise-level Wi-Fi 6/6E products. These indicate that WNC's technological capability and product quality is recognized by customers from each industry. In the future, WNC will continue to follow its core values to serve its customers.

Future market status and growth potential

Improvements in Internet technology bring about new applications, which in turn lead to the development of various new technologies. Then, as the new technologies are commercialized, the Internet requires further upgrades, forming a never-ending cycle of technological advancements. As we progress toward the goal of a completely wireless world, wireless technologies have developed from one-way control to two-way communications tools. In the future, wireless power/energy transfer will free human creativity from the constraints of power cables, leading to major advancements in product design. As a leader in broadband communications, WNC has always believed that broadband wireless technology development is a never-ending journey. Just as athletes always strive to become faster and stronger, companies are continually working to increase the transmission speed/distance and lower the power consumption of communications technologies. Through this process, we have learned how to overcome environmental, physical, and cost limitations to painstakingly craft our products. In today's overly saturated consumer electronics market, products need to become more refined to remain competitive. Service suppliers, brand companies, and system integrators are starting to emphasize ease-of-use, aesthetics, and low power consumption, because in today's world, electronics products not only need functionality, but also need to focus on various design aspects and find a balance within limitations. In the age of integration, the only companies that can survive are those who have mastered diverse technologies and have extensive experience in development. WNC has a solid foundation in wireless communications technologies, and our software development and system integration capabilities are core competencies that our customers rely on. These unique traits and our know-how are the reasons that WNC is continuing to grow and thrive today.

Competitive Advantages

■ Competitive advantages of WNC

- Professional management team

The management team at WNC has accumulated many years of experience and management capability in the communications field enabling us to fully understand market changes. The management team leads all functional teams to create, practice, and continuously enhance our competitive advantages. The management team at WNC leads the company toward its customer satisfaction goals through a company culture of fundamentals advocacy, teamwork cohesion, customer focus, and value creation.

- Complete product technical solutions

WNC applies its fundamental strengths in antenna and RF design capabilities. Those strengths are focused in the broadband, multimedia, and IoT domains and in the development of a full range of short-, medium-, and long-distance communications products. WNC has rich experience in microwave communications, digital wireless communications, antenna design, software engineering, and multimedia integration development. Through its outstanding research and development capabilities and in-depth cooperation with global industries, WNC not only provides multi-product solutions but is also able to provide complete technical services including product conception, design, verification, production, and logistics.

- Comprehensive quality management systems

WNC devotes itself to product and service quality and efficiency and has continually made improvements to its management systems. The management system certifications that WNC has obtained include: Quality-related certifications such as ISO 9001:2015, IATF 16949:2016, TL9000-H R5.5/M5.0, ANSI/ESD S20.20:2014, ISO/IEC 17025:2005, and ISO 13485 Medical devices - Quality management systems; green product certifications such as IECQ QC 080000, SONY Green Partner, and FSC™ Chain-of-Custody; ESH-related certifications such as ISO 14001:2015, ISO 14064-1:2006, OHSAS 18001:2007, CNS 15506:2011, and ISO 50001:2011; and information safety-related certifications such as ISO/IEC 27001:2013 and AEO. WNC also continues to implement Six Sigma and Business Process Improvement (BPI) projects in order to provide the highest quality products and services to our customers. WNC established a complete customer advisory system and after-sales service to enhance customer satisfaction and maintain long-term partnerships.

- Lean cost control mechanism

Markets are continuously expanding, and WNC is able to preserve its advantage by maintaining competitive economies of scale. By its lean cost-control mechanism, WNC not only assures the company’s steady profit-making capabilities but also continuously improves the company’s total operational performance.

Future development factors and response strategies

<table>
<tr><th>Type</th><th colspan="2">Description</th></tr>
<tr><td>Favorable factors</td><td colspan="2">

● 5G and mmWave

2021 was a year of expansion for 5G networks. With a need for high speed, low latency, and widespread deployment every large operator has joined in the roll out of commercial 5G networks. The deployment of open 5G networks has driven the upgrade of basic network infrastructure. This next-generation virtualized infrastructure uses universal interfaces to connect high speed/high bandwidth RF and processing units, in turn bringing about increased business opportunities for network communications companies. Besides its investment in 5G technologies, WNC is also an active member of the O-RAN Alliance, contributing with its extensive knowledge of mmWave technology. This has enabled WNC to conduct R&D of 5G mmWave head-end and user-end products from an advantageous forward position. WNC's product lines now include head-end infrastructure products such as switches and ORAN devices; edge infrastructure products such as private MEC devices, RSUs, signal boosters, automotive cameras, 5G/4G modules, and CPU modules; user-end products such as 5G, Wi-Fi, PON, LEO satellite user-end equipment and webcams; and IoT sensors, modules, and devices for IoT applications. Of these products, IoT sensors, modules, and devices play key roles in 5G private networks.

● AIoT and integrated networks

Smart products have existed in the consumer market for some time, but in recent years, advancements in AI have boosted the value of such products. Increasingly advanced algorithms and deep learning made possible by big data analysis have helped smart products adapt to different usage scenarios. However, with convenience comes new issues. Increased bandwidth loading, increased network latency, and security concerns are all issues that need to be quickly addressed. Besides wireless network products, WNC has also shipped high-end wireline network equipment, solidifying its position in the wireline network technology sector and giving it opportunities to participate in high-speed internet infrastructure projects of major service providers. Proper allocation of processing resources of smart products so that time-critical data that requires secure transfer is transmitted by the quickest and most secure method is of critical importance. These requirements have previously and repeatedly been discussed during the development of autonomous vehicles. Developers and manufacturers of smart products will create many new opportunities and face many new challenges.

</td></tr>
<tr><th>Type</th><th>Description</th><th>Response measures</th></tr>
<tr><td rowspan="3">Unfavorable factors</td><td>

● Slow economic growth

According to the evaluation report of the World Bank, the ongoing spread of new COVID-19 variants, inflation, and increasing debt and inequality around the world have added to economic uncertainty, and global economic growth is forecast to slow down from 5.5% in 2021 to 4.1% in 2022. In addition, due to supply chain shortages, ongoing tensions between the U.S. and China, and slowdowns in the economies of many countries, the overall outlook for the global economy remains gloomy.

</td><td>In response to the US-China trade war WNC has established factories in Vietnam (V1) and Tainan (S2) giving customers greater flexibility in choice of manufacturing locations. Now, with the onset of the COVID-19 pandemic we have accelerated the optimization of global capacity as well as the upgrade of supply chains. In this way production yields can be improved and revenue and profit growth increased.</td></tr>
<tr><td>

● Operational costs have increased

Rising labor costs due to new regulations and the increasing cost of materials and shipping have placed great pressure on the entire manufacturing industry. Global political risks and uncertainties still exist, which may have a direct or indirect influence on the operations and profit-earning ability of the company.

</td><td>In addition to continuing optimization of its global production capacity allocation to support future business growth, WNC will also look to reduce its labor costs and utilize flexible marketing strategies with rapid product integration development capability to match the right product to the right niche market while responding to market demand. The above measures allow WNC to pursue maximum profits, expand the scope of operations, and lower manufacturing costs. Meanwhile, as operators seek to reduce costs and switch from branded to unbranded equipment, many new opportunities abound for WNC.</td></tr>
<tr><td>

● Weak US dollar and European currencies influence company profits

Since WNC is mainly focused on export sales of products, changes in exchange rates can affect the profitability of the company.

</td><td>Our finance units must focus on changes in exchange rates and the demand for capital at all times and take all necessary measures to mitigate risks.</td></tr>
</table>

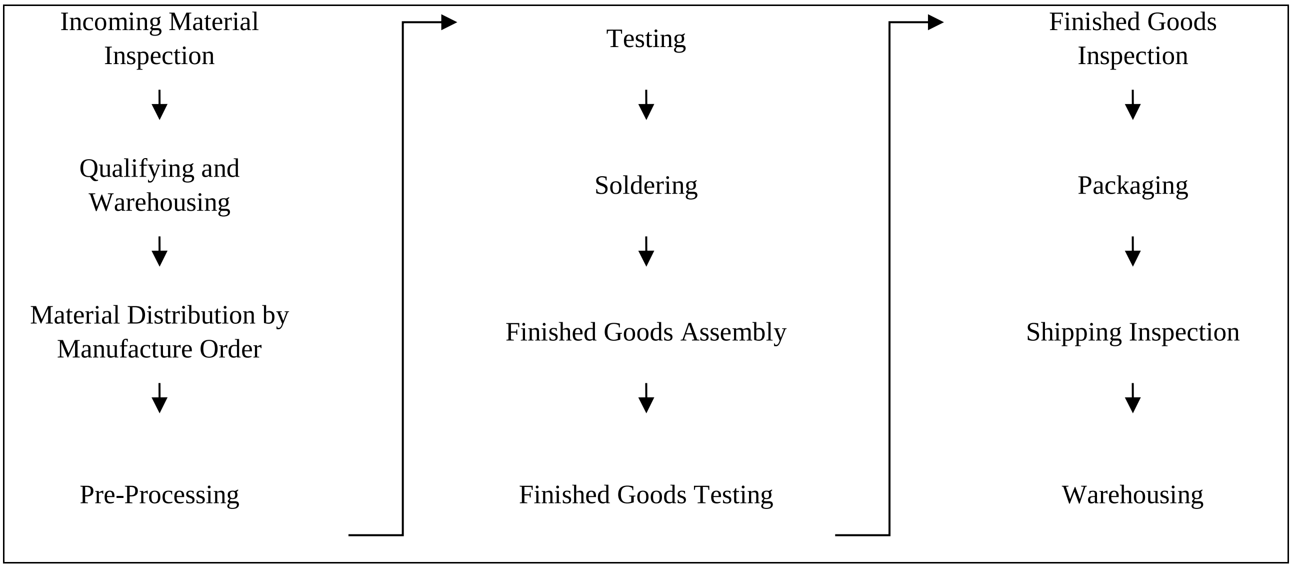
5.2.2. Primary Applications of Major Products and Production Processes

Primary Applications

Type	Functions and features of products	Main applications
Antenna Solutions	• Key technologies include satellite antennas, multi-band antennas and embedded antennas (for use in laptops and tablets). • Provision of fast and complete customization services according to different system requirements, as well as antenna modification designs in accordance with ECN. • Cutting edge manufacturing equipment, high performance processes and reliable automated production enable processes to be adjusted according to different product application environments, ensuring antenna quality and cost effectiveness. • IoT module solutions for connectivity devices, platforms include Bluetooth®, Bluetooth Low Energy, RFID and NFC.	• Signal receiving and transmission for all kinds of wireless communications devices • Wireless receiving and transmission for IoT devices • Satellite HF signal receiving and transmission
Module Solutions	• Provision of all kinds of form factors and technologies (such as Wi-Fi, Bluetooth, 3G/4G/5G, mmWave, and LPWA) in support of a wide range of application requirements. • Specialized RF design capability to enhance transmission strength and achieve outstanding performance. • Module and system design experience, automated production and test process capabilities, monthly output can achieve millions of units. • System in Package capabilities mean requirements for small form factor IoT device manufacturing can be easily met.	• Expansion and flexible conversion of a wide range of wireless communications technology
Internet Access Solutions	• 3G/4G/5G user equipment • Verification of 5G vRAN software/hardware platforms • 5G mmWave High Power CPE & Repeater • Enterprise networks software/hardware platforms • Precision integration of wireless and wireline networks • High speed next generation fiber optics network (XGS-PON, NG-PON2) access equipment and platform integration	• Enterprise intranet construction and management • Telcom WAN end user access • Wi-Fi hotspot equipment
Smart Home Solutions	• Integration of cutting edge IPTV technologies such as DRM, middleware, Video on Demand, and high performance chip sets for UHD and FHD OTT decryption. • Specialized design and manufacture of antennas and signal converters for all types of DBS product applications. • Capability in system integration design of high frequency circuits, antenna feed subsystems and dish reflectors, so as to achieve highest product performance and smallest form factor. • Integration of all kinds of wireless technologies, supporting monitoring and control of all types of smart devices. • PSIA certified full-HD indoor/outdoor IP cameras with HDR and image analysis functions	• Sharing, broadcast and control of multimedia content • Smart home security monitoring

Type	Functions and features of products	Main applications
Enterprise Networks and Data Centers solutions	• Enterprise Wi-Fi terminal access gateways and Mesh software design • Enterprise mmWave P2P Base Station Backhaul • Data center 400G grade spine switches • Data center Leaf/TOR (Top Of Rack) switches • vCPE/uCPE for SD-WAN	• Enterprise-use LAN and management systems • Software Defined Networks and data centers and core network equipment
AIoT Solutions	• Smart meters: supplying 3G/4G communications module solutions to Europe, US, Japan, Australia markets as well as home use meter communications modules and smart meter communications hubs • Satellite positioning asset trackers • Wearable satellite positioning asset trackers • Hybrid cloud computing self-organizing network (SON) wireless relay system prototypes • IoT hybrid cloud system big data processing software and SON software • Hybrid cloud environment IoT learning system design • System integration and verification ability approved by major European, US and Japanese operators	• Wireless communications for IoT vertical applications markets
Automotive solutions	• IATF16949 verification equipment, complete testing lab and quality control systems for end to end services • Telematics: WLAN/Bluetooth, 3G/4G automotive communications modules and other telematics applications • Vehicle trackers: high level system integration capability for US/Japan/Europe markets OBD-II and fleet management devices • Contract SDARS module manufacturer for major US satellite broadcasters • Tier 2 supplier for international automobile manufacturers, skilled in design and manufacture of RF and microwave related products for satellite and terrestrial communications applications • Comprehensive design and R&D capabilities in HD Radio™ satellite broadcast and DAB broadcast products • Scalable and price competitive blind spot detection (BSD) radar sensor solutions • Complete 24 GHz and 77/79 GHz technology portfolios, supporting advanced driver assistance system (ADAS) applications and functions	• Telematics receiving and network equipment • Vehicle-to-everything (V2X) equipment • Advanced Driver Assistance Systems (ADAS)

Production Process



5.2.3. Supply/Demand Status of Major Raw Materials and Components

The primary raw materials and components of WNC comprise items such as integrated circuits, storage devices, LCDs, filters, chipsets, connection cables and connectors, mechanical components, dish antennas, and PCBs. WNC maintains business relations with two or more suppliers for each type of raw material or component, and, once vendors are qualified, maintains stable and favorable relationships with them.

In addition to fully controlling material supply status, WNC conducts strategic material purchases, adjusts incoming material schedules and implements second sources for materials/parts when needed. To meet customer requirements and conduct production resource planning, WNC has strict requirements regarding the source of materials, quality, and delivery.

5.2.4. Accounts Representing At Least 10% of Total Sales & Purchases During the Most Recent Two Years

Key Buyers: None

Key Suppliers: None

5.2.5. Production Value During the Most Recent Two Years

Unit: Set; Thousand NT$

Year / Production / Major product	2020			2021		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Wireless communications products	325,000,000	310,452,524	63,504,435	360,000,000	352,344,296	66,748,168

Note: WNC's major products are wireless communications products. The changes in capacity and quantity were primarily caused by changes in the product portfolio and the expansion of production sites/lines.

5.2.6. Sales Value During the Most Recent Two Years

Unit: Set; Thousand NT$

Year / Sales / Major Product	2020				2021			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wireless communi-cations products	12,160,377	1,554,183	222,892,076	59,028,064	12,768,055	1,359,190	262,540,858	63,991,610
Others	0	145,544	0	1,920,940	0	82,334	0	1,796,465
Total	12,160,377	1,699,727	222,892,076	60,949,004	12,768,055	1,441,524	262,540,858	65,788,075

5.3. Employee Data During the Most Recent Two Years and the Current Fiscal Year up to the Date of Printing of the Annual Report

Year		2020	2021	Jan. 1, 2022–Mar. 31, 2022
Number of employees	Sales	395	348	397
	Research and development	1,281	1,096	1,136
	Manufacturing	1,934	2,006	2,272
	Administration	688	730	775
	Direct labor employee	7,655	7,654	8,306
	Total	11,953	11,834	12,886
Average age		30.5	31.9	31.5
Average years of service		3.1	3.3	3.1
Education	PhD (%)	0.34	0.37	0.4
	Master's (%)	11.25	11.75	10.80
	Bachelor's (%)	33.25	34.19	34.19
	Others (%)	55.16	53.69	54.61

5.4. Environmental Protection Measures

In our technology-intensive industry, WNC's main manufacturing processes cover the fields of SMT, precision assembly, product testing, and technical development. These processes produce little pollution. Although WNC is not included in the industries that are regulated for waste emission control by the Environmental Protection Administration (EPA) according to relevant stipulations, WNC is taking the initiative to improve our environmental protection measures. WNC utilizes appropriate equipment to process waste gas produced during manufacture to reduce environmental impact, and arranges for testing at a fixed interval to detect waste gas density in order to ensure our processing efficiency. In managing waste materials, WNC has entrusted qualified suppliers that are recognized by the EPA to conduct waste clearance and processing, and to file declarations electronically in accordance with the relevant legal stipulations. In addition, we have made arrangements for our suppliers to conduct on-site audits at a fixed interval to ensure the process flows and the suppliers' processing methods are in compliance with relevant regulations to prevent pollution-related issues from arising.

WNC has been certificated based on the ISO 14001 environmental management system since 2005, and conducts systematic management to ensure full implementation of operational policy and continuous improvement. WNC successfully obtained the ISO 14001:2015 certificate in November 2017 and passed third party verification across all sites globally (including the Vietnam site) in November 2021.

To enhance corporate social responsibility and strive for environmental sustainability, WNC has in-plant energy-saving, carbon reduction, and waste reduction plans designed to promote illumination energy conservation, rainwater recycling, and reuse of waste in our factories and their vicinities. Further, a plan to construct solar panels at different sites was launched in 2017, and green electricity was officially adopted in December 2017 in the WNC headquarters. Solar panels were also installed in Hsinchu (S1) plant as planned and became operational in 2018. In 2018, we purchased the Tainan (S2) plant, where solar panels were also installed. Currently, all WNC sites in Taiwan have adopted green electricity. In 2020 construction began on the S3 plant in the Tainan Science Park. Solar power generation systems have already been incorporated in the design.

Following the introduction of the ISO50001 energy management system in 2017, WNC developed an energy management platform in 2018. Energy baselines are established through data collection and modular computing, which enables real-time monitoring of energy use. The system automatically distributes energy and resource usage reports, assisting monitoring and management by the responsible units so that abnormalities can be detected at an early stage. Focus is placed on high-power consumption units and equipment, enabling management to reduce consumption and waste and to achieve energy conservation, carbon reduction, and to reduce impact on the environment. To continue promoting our in-plant energy saving and carbon emissions reduction plan, we started building an energy management platform in 2021 and invited experts as consultants to conduct on-site inspections, support examination of equipment efficiency, and provide diagnostic results and suggestions.

In order to control the company's greenhouse gas emissions more closely, WNC implemented the ISO14064 GHG inventory system in September 2018, allowing comprehensive identification of carbon emission sources and calculating the carbon dioxide equivalents of different plants, with verification performed by a third party starting from 2019. These initiatives have been simultaneously introduced in newly purchased/newly constructed plants while cooperation with a third party verification organization began at the end of 2020 with the introduction of a carbon management platform. Via the platform all global emissions data of the company are compiled so as to understand related trends and to serve as a basis for carbon reduction strategies in compliance with government directives and to meet customer expectations. All of WNC's sites passed ISO14064 certification in March 2021.

In April of 2021 WNC passed the annual ISO50001 energy management system migration verification. Via this system energy usage at each plant can be monitored and waste prevented.

In response to the continued expansion of our S1 plant and increasing worker numbers, and to meet legally set emissions standards, in August 2020 installation was completed of a wastewater treatment facility within the plant along with water pollution measures, approval of the competent authority was granted in February 2022.

Taiwan also currently faces a further issue, that of its ability to process waste materials. Trans-national freight is also producing greater quantities of packaging waste causing a rise in processing costs and a lack of third party processing resources. In addition to adding good quality processing vendors, each year, WNC negotiates more favorable handling fees, seeks out up and down stream opportunities for cooperation and looks for ways to reuse waste materials. In 2021 we continued to pursue more sustainable solutions achieving a recycling rate of 83%.

5.4.1 Total losses (including compensation) and fines for environmental pollution in the most recent fiscal year and the current fiscal year up to the date of printing of the annual report as well as possible expenses and measures relating to environmental protection in the present and future (if the aforementioned items cannot be reasonably estimated or described, the reason(s) for this should be provided):

- **Losses due to environmental pollution:**

WNC did not have any environmental pollution issues in 2021. Therefore, there were no fines nor losses incurred.

- **Countermeasures and possible expenses in the future:**

WNC and its subsidiaries place great emphasis on environmental protection. Besides implementing pollution prevention measures internally, WNC commissions qualified vendors to process/reuse business waste in accordance with related laws and regulations. WNC will also continue to enhance internal training regarding regulations and reporting/handling processes related to environmental protection.

5.5. Labor Relations

5.5.1. Benefits, continuing education, training, and pension systems for employees and their implementation status, as well as labor agreements and various measures that protect employee rights:

■ Employee benefits:

- Taiwan sites:

Employees at Taiwan sites have labor insurance and National Health Insurance as required by law. In accordance with related laws, the Employee Welfare Committee handles items related to employee welfare, such as distributing welfare funds in accordance with regulations and organizing activities and gatherings for employees. Other employee benefits include employee stock ownership trust, childbirth subsidies, wedding cash gifts, funeral subsidies, and birthday/holiday gifts. Employee recreation centers, reading rooms, health centers, massage services, lactation rooms, and designated parking spaces for women, including pregnant women, are also available at WNC's Taiwan sites.

- China sites:

As required by law, employees at WNC's China sites have comprehensive insurance coverage (five types of insurance and a mutual housing fund) as well as accident insurance. A union and an employee meal service committee have been established, and events such as dinner gatherings and arts/outdoor activities are held for employees. Other benefits include childbirth subsidies, holiday gifts, and raffle drawings. There are also employee recreation centers and reading rooms.

- Vietnam site:

As required by labor laws, employees at WNC's Vietnam site have medical insurance, social insurance, unemployment insurance, occupational injury insurance, and may establish a union. Other employee benefits include birthday/holiday gifts, and care given to employees who encounter family difficulties.

■ Employee education and training:

WNC places great emphasis on employee learning and encourages employees to expand their knowledge via means such as participating in external training, including conferences, seminars, and professional training and education courses. Subsidies are provided for employees taking such training. For internal training, WNC organizes face-to-face courses as well as online courses taught over Teams. Recordings of these courses are uploaded to the eHRD online learning system. 109 e-learning courses were uploaded in 2021, and 1,369 employees took these courses. WNC has also established a website for self-learning and organizes activities such as Quality Month, R&D Month and Teacher's Day on the website to create an atmosphere that encourages learning, and help employees obtain new knowledge during the pandemic.

The five WNC colleges underwent a restructuring in 2021. Senior managers were appointed directors of the colleges, and expert committees composed of experts in different fields were established under the colleges. The directors and committees formulated a course framework for the five WNC colleges in accordance with WNC's business strategies as well as external trends and created a course level system (levels 1–4) by referring WNC's business processes, enabling employees to quickly grasp which course were best suited to teach them the professional knowledge they lacked. To ensure course quality and learning efficacy, the teaching materials and tests used in WNC college courses are all reviewed by experts in a wide range of fields. Employee test results are reviewed, and after-class surveys given out to obtain feedback on employees' satisfaction level regarding the courses, how much they learned from the courses, their thoughts on the instruction method, and suggestions regarding the courses. The feedback will be used to improve course quality. WNC colleges organized a total of 270 courses in 2021.

In 2021, the amount of time spent on training employees at Taiwan sites was 104,681 hours, of which 80,373 hours were spent on IDL employee training and 24,308 hours were spent on DL employee training. A total of 2,745 IDL employees and 2,558 DL employees underwent training during the year. Besides imparting knowledge from within WNC, joint classes were held with academia, other companies in the industry and suppliers to enhance knowledge sharing and stimulate employee growth in accordance with WNC's business strategies and goals.

Areas of emphasis for WNC colleges in 2021:

- Digital Intelligence Leadership College

Intelligence Leadership College focuses on the cultivation of skills relating to cooperation, adaptability, and sustainable growth, with the goal of giving every employee the capability to be a leader. In 2021, the Digital Intelligence Leadership College organized a total of 95 courses in two categories, Management and General Knowledge. Courses in the management category, such as *Advanced Coaching Skill* and *Leadership in the Digital Intelligence Age*, focus on developing management skills, and are formulated based on the management responsibilities and requirements of managers at all levels and the management skills of mid and high-level managers. Courses in the General Knowledge category, such as *Data Governance*, *Ethics and Anti-Corruption*, and *Mentorship Skills and Communication* cover topics on WNC culture, digital transformation, individual performance, regulatory audits and more. The 21 e-learning courses that new employees need to take during their probation period are also in the General Knowledge category, as are skills training courses for different occupational safety & health roles.

- Business College:

In accordance with WNC's operational directives and global trends, the Business College organized a total of 23 courses in 2021. High-level supervisors were invited to share their successful strategies and experiences in interacting with customers. Through such sharing and interaction, employees can learn from each other and grow.

- Smart Manufacturing College:

In 2021, the Smart Manufacturing College organized 56 courses, with the goal of providing customers with high quality, competitive products. The college provides courses on 6 Sigma, manufacturing processes, green product design, quality systems, equipment, and problem analysis/solving, as well as courses on training for, and application of ISO/IATF 16949, IECQ QC080000, TL9000, and other quality standards.

- Research and Development (R&D) College:

The R&D College organized 85 courses in 2021 in accordance with WNC's R&D directives. The WNC RD Forum (WRDF), established in 2011, divided R&D into six primary areas, and the R&D College has utilized the forum to conduct cross-disciplinary technology exchanges and learning and invited internal/external experts to impart technological know-how and knowledge to WNC's R&D personnel, which enabled R&D personnel from different fields to obtain more comprehensive perspectives and share design ideas. Besides organizing basic R&D courses, the R&D College also organized the DFX series of courses, which uses past work cases to discuss key areas for R&D throughout the product design process. The goal of the DFX courses is to enhance R&D capability and build a solid foundation of design knowledge.

- AI College:

In December of 2019 WNC established an AI College. The College convenes information, software, R&D and automation supervisors to head up a management committee. After referencing the Institute for Information Industry's AI talent framework, the AI College organized its courses to focus on the areas of computational thinking, programming languages and AI development. In 2021 a masters' seminar and seven online courses were hosted. In addition in-house and external experts were invited to present three AI case study sessions. Via a hybrid learning model, employees learn AI concepts, further grasp the connections and opportunities between AI and the company's products, and develop the ability to use it through hands-on practice.

■ Pension system:

- Taiwan sites:

For the benefit of employees after their retirement, WNC's Taiwan sites have established regulations regarding employee retirement in accordance with the Labor Standards Act and the Labor Pension Act. These regulations cover retirement conditions, payment standards, procedures used to apply for pensions, and the payment of pensions. Besides providing six percent of an employee's monthly wage as pension for eligible employees as per the Labor Pension Act, WNC has also established the Employee Pension Supervisory Committee to oversee the employees' pension fund in accordance with law. This committee allocates pension preparation funds monthly according to our regulations on the appropriation and management of employee pensions, and deposits funds at a designated financial agency, in an account under the name of the Employee Pension Supervisory Committee.

- China sites:

WNC's China sites provide 16% of an employee's monthly wage each month as pension for eligible employees as per related labor and social insurance laws of the People's Republic of China.

- Vietnam site:

WNC's Vietnam sites provide 21.5% of an employee's monthly wage as social, medical, occupational injury, and unemployment insurance as per related social insurance laws of Vietnam.

■ Labor-manager agreements:

- Taiwan sites:

Establishment of employee suggestions platform and optimization of the platform user experience: Employees may make suggestions by using the platform on their PCs or scanning the provided QR code using their cellphones. Responsible units respond on the same platform upon receiving of suggestions meaning that employees can receive updates at any time.

Establishment of labor-management meetings: meetings are held regularly to communicate and coordinate items related to labor-management cooperation, improve measures that protect employee rights and enhance labor relations.

- China sites:

For WNC's China sites, meetings between high-level supervisors and employees are arranged to regularly communicate and coordinate labor-management cooperation and other items related to the enhancement of employee rights.

- Vietnam site:

Group agreements have been stipulated. The company representatives are arranged to quarterly communicate with employees, so as to enhance labor relations.

5.5.2. Losses due to labor dispute in the past year and up to when the annual report is published (including violations of the Labor Standard Act as discovered in inspections, list date of violation, violation number, legal regulation violated, content of violation, content of penalty): None

5.5.3. Possible current and future estimated monetary amounts and countermeasures: None

5.5.4. WNC has established various rules and regulations regarding employee behavior and ethics and expects employees to understand the moral and ethical standards they must uphold in their work as well as their rights and duties. The rules and regulations are as follows:

■ WNC's 10 beliefs and 10 principles: Since its establishment, WNC has been very active in cultivating its company culture. The 10 beliefs and 10 principles have thus been established for all employees to follow.

■ Service principles in work regulations: Employees shall comply with the service principles stated in WNC work regulations, including principles related to company honor, team spirit, and loyalty, to enable us to gain the respect and trust of customers, suppliers, and industry players.

■ WNC Employment Regulations: Principles regarding human resource management and employee behavior are explicitly stated and listed in WNC's work regulations.

■ Chart detailing hierarchical human resource management responsibilities: This chart stipulates the authorization levels for various levels of management in WNC regarding issues related to human resources.

- Measures for the Prevention and Punishment of Sexual Harassment in the Workplace: These regulations have been established to prevent sexual harassment, protect the dignity of employees, and ensure workplace equality.
- Employee leave regulations: These regulations include descriptions and related rules regarding various types of employee leave.
- Regulations for governing employee overtime work and compensatory leave: These regulations list the definitions of overtime work and compensatory leave, how the hours for such work and leave are calculated, and how to apply for overtime work or compensatory leave.
- Implementation measures for annual leave: These measures state the method by which special leave days are calculated, how unused annual leave is handled, and other related regulations.
- Employee performance evaluation regulations: These regulations detail the procedures for employee performance/goal management and performance evaluation. The results of performance evaluations will be used as a basis for promotions, salary raises, bonuses, and employee training/development. The results will also be used to demonstrate what is expected of employees.
- Procedures for evaluating employees during their probation period: These procedures are used to evaluate new employees to ascertain whether their performance (including behavior) meet WNC requirements. The results of these evaluations are used to decide whether employees meet the standards of official employees.
- Regulations governing the posting of announcements on the WNC website and employee Internet usage: These regulations provide a set of rules for the posting of announcements on the WNC website and employee Internet usage to prevent misuse of network resources and ensure work discipline.
- Procedures governing employee awards and punishments / Procedures governing DL employee awards and punishments regarding quality and discipline: These procedures list the standards and processes for employee awards/punishments.
- Regulations governing employee resignation procedures: These regulations stipulate how employees, supervisors, and HR personnel in charge of handling resignation shall handle the resignation process.
- Regulations governing employee changes: These regulations stipulate how employees, supervisors, and HR personnel in charge of handling job assignments shall establish employee shift schedules and handle procedures related to internal job changes.
- Code of Ethical Conduct: The WNC ethical behavior code of conduct helps ensure that employee behavior complies with ethical standards and enables stakeholders to better understand WNC’s ethical standards.

5.5.5. WNC has adopted the measures below to provide a safe work environment and ensure employee safety:

- ESH principles: WNC has announced ESH & Energy management policy and established ESH management rules which provide employees with a point of reference regarding ESH compliance and management, demonstrating WNC’s strong emphasis on ESH principles.
- ESH units: The unit responsible for safety and health operations in WNC sites is a top-tier unit. In accordance with regulations, each unit has its occupational safety and health supervisor as well as occupational safety and health management personnel. The unit also includes special operations personnel, including a production process supervisor, who ensure work safety is maintained in operation areas in order to protect the health and safety of personnel.
- Management systems: WNC regularly conducts checks to ensure that it is in compliance with the ISO 14001 environmental management system standard, ISO 45001 occupational health and safety management system standard, and the CNS 45001 occupational health and safety management standards.
- WNC has established a management system committee, with the WNC's CEO serving as the Chairperson and the heads of WNC’s Business Groups and Business Units serving as committee members. The committee convenes management and review meetings regularly to ensure that WNC’s ESH management systems retain their effectiveness and suitability and are continually improved.
- WNC conducts regular assessments of domestic and international occupational safety and health regulations as well as the requirements of stakeholders to ensure WNC is compliant with relevant requirements.
- WNC conducts annual internal and external audits and regularly organizes training for its internal audit personnel (including initial and recurrent training). Reviews on the teamwork operations of ESH management systems are conducted, and improvements to this aspect are constantly made.
- ESH management performance indicators (including management plans) are established to regularly review the implementation and effectiveness of ESH management systems.

- WNC conducts assessments of environmental protection factors and occupational safety and health risks and also implements management and control of pollutants according to their characteristics and risk level to effectively reduce environmental pollution and the safety and health risks for employees.
- Emphasizing communication between internal/external units is beneficial for benchmarking and implementation of ESH items and establishing good relationships with other companies near WNC.
- WNC is continually and actively implementing employee health management, health promotion, and occupational disease prevention plans, as well as annually monitoring the work environment to protect the safety and health of its employees.

■ In accordance with regulations, WNC employs qualified and licensed personnel particular to each task, and also provides the following education and training:

- Safety and health education and training for new employees.
- Safety and health education and training for all WNC employees.
- Training and establishing one qualified first aider for every 50 employees.
- In accordance with regulations, WNC provides regular on-the-job safety management training to employees responsible for special tasks, such as fire prevention management personnel, supervisors for operations involving organic solvents, personnel in charge of operations involving radiation, operators of equipment involving high pressure gases, and forklift operators. The training provided is adjusted to fit the job requirements of different tasks.

■ Firefighting equipment safety:

- WNC has established a comprehensive firefighting system, which includes alarm systems, escape tools, and firefighting equipment, in accordance with firefighting regulations.
- In addition to monthly inspection of firefighting equipment, WNC conducts audits from time to time to ensure the efficiency of the equipment and the systems. In accordance with regulations, qualified personnel are commissioned to conduct annual maintenance of firefighting equipment, and the maintenance results are reported to the competent authority.
- A monitoring and alarm system for high-temperature/hazardous equipment has been established, and drills are conducted monthly to ensure the efficiency of real-time warning and risk response mechanisms.
- Raise electrical safety in plants, lessen the risk of electrical fires, in addition to adding regulations on cable layout etc., boosting power source management and increasing frequency of inspection of low voltage capacitor discs, and introducing regular inspection of extension cords, high-temperature/dangerous equipment circuit IR.
- Group firefighting/fire prevention training is regularly organized, abnormalities, earthquakes etc. recorded.
- Buildings are inspected for public safety every two years, and inspection results are reported to the competent authority.
- Fire monitoring and control measures for hot work have been implemented.
- WNC’s participation in the civil defense force of the Hsinchu Science Park has enhanced its regional mobilization and response capabilities.
- WNC has established cooperative relations with clinics and neighboring companies to enhance emergency rescue capabilities, including a system for providing first aid to injured personnel and for securing their transportation to medical care facilities, in order to save lives and reduce property loss should a major disaster occur.
- In response to the Covid-19 epidemic, "factory split area controls" and "work from home measures" were initiated, management measures and contingency procedures for suspected and confirmed cases were established, contingency plans for comprehensive/partial disinfection and rapid screening testing in the factory area were also planned. We adjust epidemic prevention measures of the factory area on a rolling basis, and cooperate with the requirements of the local county and city governments and the Hsinchu Science Park Administration Bureau. To this end we strengthened the management of migrant workers' dormitories, launched a large-scale quarantine plan for migrant workers, and completed rapid testing of workers in Taiwan factories in June 2021. A total of 871 random samples were negative. In addition, in order to reduce the impact of plant operations interruptions or shutdowns, each unit clearly defined the operational items of each stage of the Business Continuity Plan (BCP) and carried out simulation drills, in order to minimize the impact on production.

■ Employee health:

- New employees undergo physical examinations before they report to work.
- Physical examinations, including additional examination items for employees responsible for special tasks, are provided annually.
- Free influenza vaccinations are provided to employees annually.

- Quarterly health lectures are held to increase the health care knowledge of employees.
- Health promotion activities such as cancer screenings, hiking events, and weight-loss programs are held quarterly.
- Physicians make monthly visits to WNC, including on-site visits to operations sites, to provide services such as health consultation and employee reinstatement evaluation.
- The water quality of water dispensers is inspected every two months.
- Articles on health care and disease prevention information are posted on the WNC portal site for employee's reference.
- Inspections on special working areas are conducted every half year to check the levels of chemical substances, organic solvents, dust, and noise. Results of these inspections are provided to employees.

■ Mechanical equipment / personnel safety:

- To lessen operational risk, protective devices are installed on all production-related equipment, safety SOPs are provided, and equipment operators are given education and training.
- Continuous improvement of machines, equipment and jigs/fixtures that carry potential risk of injury, and strictness of audits for the supply of equipment and final approval inspections, so as to prevent occupational injuries.
- Periodic maintenance of production machinery to ensure stability and safety of equipment, lessening operational risk.
- Periodic maintenance of dangerous machinery and equipment is entrusted to qualified contractors and annual inspections are carried out according to the law.
- Scheduled and unscheduled inspections of production equipment/facilities/environments, inspection and supervision of improvements so as to ensure operational safety.
- Qualified electrical technicians are hired to regularly inspect and maintain high and low voltage equipment as well as carry out infra-red safety testing.
- Strengthen management of hazardous chemicals, safety inspections on arrival at warehouse, protective measures, to prevent incidents and lessen damage.
- Chemical storage areas are established to store chemical substances, personal protective gear and other emergency equipment.
- To protect the safety and health of employees, local exhaust systems are installed in special work areas that have quantifiable dust particles in the air, or involve the use of chemical substances and organic solvents. Protective equipment is provided for employees to use.
- Meetings with contractors are regularly held to keep them up to date with plant regulations. Contractors are required to sign the "Commitment to Work Safety for Contractors in the WNC Plant". Before contractors enter WNC sites, they are briefed on the hazards they may encounter as well as on safety and health/environmental protection regulations.
- Contractors are required to submit a work application to facilitate risk evaluation and preparation of protective measures. Additionally, WNC continues to provide supervisor education to enhance their knowledge on the safety and health management of work supervision and maintain on-site safety and health monitoring. Personnel from the Industrial Safety Department of WNC will conduct an inspection of work sites from time to time to manage and control worksite safety and health.
- Implement toolbox safety meeting system to enhance communications and awareness of safety before construction begins, so as to lessen contractors' and employees' operational risk.
- Occupational safety and health training courses on various topics are held, and information on traffic and operational safety is posted on internal websites to increase hazard awareness, defensive driving skills, and safety of employees.

■ Personnel safety control: WNC employees shall wear their ID badge when entering/exiting WNC sites. Security personnel are stationed at the primary entrances and exits of WNC sites. They are responsible for conducting security checks, ensuring employee safety, and protecting the security of WNC property.

■ Food safety and hygiene:

- WNC selects qualified catering companies to provide catering services at WNC canteens, and these companies are required to comply with laws and regulations related to food safety and hygiene.
- Catering personnel undergo regular health examinations and training in food safety.
- Catering personnel undergo regular health examinations. Personnel who have contracted pulmonary tuberculosis, hepatitis, sexually transmitted diseases, and skin diseases, or those that are carriers of contagious diseases such as typhoid fever, are prohibited from working as catering personnel.

- WNC requires catering companies to use food ingredients that have passed inspections, and has compiled a key ingredients-vendor list. WNC also conducts audits on the food ingredients used in its canteens from time to time to ensure food safety.
- WNC’s general affairs and industrial safety personnel conduct monthly inspections of kitchens to ensure catering operations and the kitchen equipment meet safety and sanitation regulations.
- In response to Covid-19 controls on meal vendors have been strengthened (daily temperature check on entry/inspection of PPE).

■ Environmental protection:

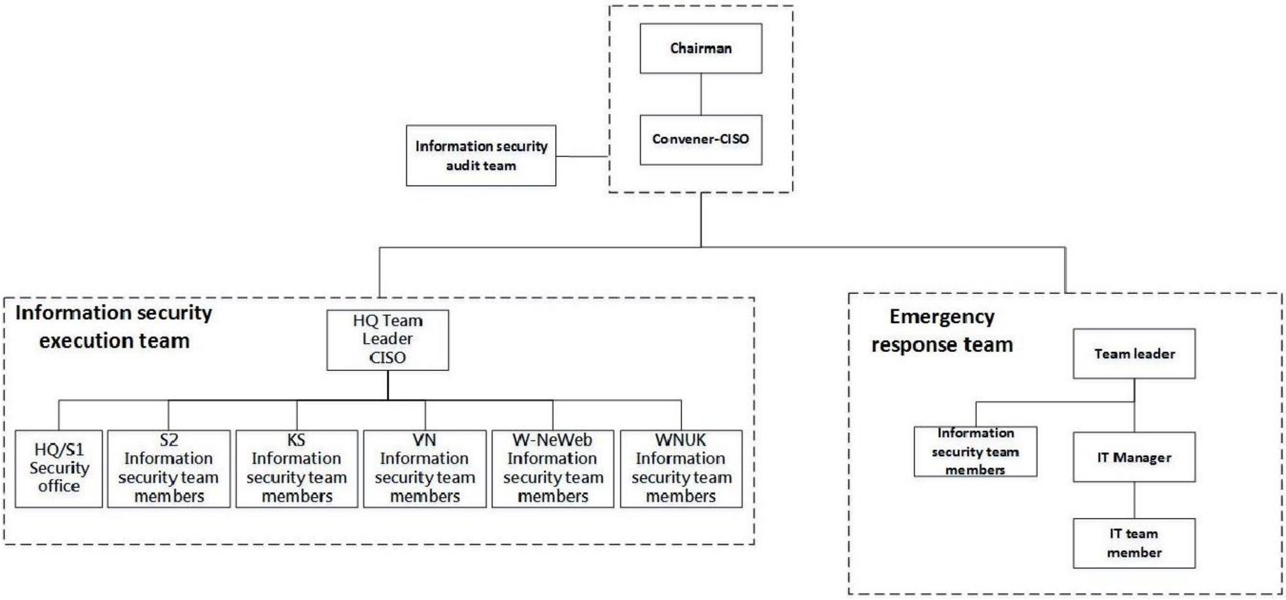
- WNC maintains its environmental management systems to ensure compliance with ISO14001, ISO 14064, and ISO 50001 standards, and continually makes improvements to these systems.
- Promote sustainable products design concepts, from materials sourcing, low carbon production, transportation loading, product use and end-of-life recycling, incorporate design phase consideration and planning so as to lessen environmental impact and reduce GHG emissions.
- Promote green products, introduce lead-free manufacturing, and purchase incoming material inspection equipment in accordance with customer and RoHS requirements.
- In-plant wastewater treatment facility with water quality monitoring instruments.
- WNC commissions qualified inspection agencies to conduct tests on wastewater from everyday use, air pollutants, and waste to ensure that WNC is compliant with related regulations.
- Waste sorting and reduction as well as resource reuse management plans have been implemented at WNC.
- Appropriate hazardous, general and recyclable waste materials storage area, with protection and prevention of environmental pollution.
- Disposal of waste materials is entrusted to companies with EPA certification. Regular site inspections at the processing facility to ensure waste is managed according to regulations. On selection of new waste processing companies evaluation is conducted to ensure legality of operations.
- Environmental operations for poisonous substances management, waste items handling etc. are reported and expedited according to the law.
- We continue to promote our annual energy conservation plan and green culture activities.
- To reduce waste, including plastic waste, reusable eating utensils are provided in WNC canteens, no straws are provided, and employees are encouraged to use reusable bags and cups.
- WNC organizes large-scale activities with environmental protection in mind, including adopting digital media, e-vouchers, and on-line systems to reduce paper usage. These activities provide case studies for reducing carbon emissions and production waste that WNC hopes others may find applicable.
- WNC is continually enhancing the environmental awareness of its employees by encouraging employees to reduce their impact on the environment, and protect the Earth in their daily work and lives by taking actions such as digitizing operational processes, reducing the amount of leftover food, and using electronic files instead of paper files.
- WNC has adopted a policy which bans the use of conflict minerals in order to help protect human rights, reduce the impact on the global environment, and meet its global corporate social responsibility.
- WNC proactively participates in government and civil projects focused on environmental protection, such as energy conservation, greenhouse gas inventory reporting, leftover food reuse, and beach cleanup in order to fulfill its responsibility in environmental protection.

5.6. Information Security Management

WNC strictly adheres to the contracts and confidentiality agreements entered into with customers, implements control over confidential information, and has a robust information security policy in place. In 2014, WNC set up an Information Security Committee, which oversees the creation and promotion of information protection measures. The Information Security Management Review Committee is composed of top-tier supervisors of each departmental unit, with the President and CEO as the chairman of the committee and the head of the DMIS unit as the convener. An ISMS management review meeting is held every six months to ensure the promotion and implementation of information security policies and related laws and regulations, and to review implementation effectiveness and progress of various information security projects and matters.

5.6.1. Information Security Management Strategy and Structure

■ Information Security Risk Management Structure



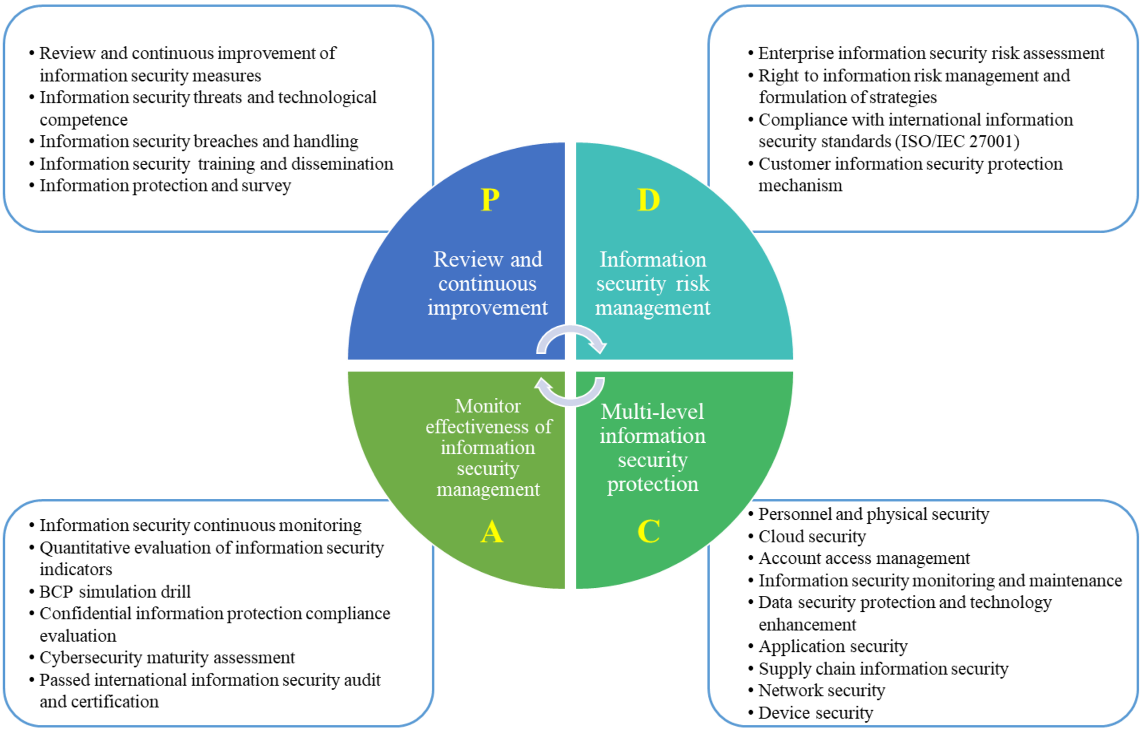
Note: This structure defines the protection rules and control mechanisms for confidential information

■ Information Security Management Policy

WNC follows the ISO/IEC 27001: 2013 standard and thus adopts the Plan-Do-Check-Act (PDCA) methodology in the establishment of an information security management system and in the maintenance of its effective operation and continuous improvement. Planning and establishment (Plan): According to the overall strategy and goals of the company, establish an information security committee to control threats and vulnerabilities, plan risk assessment, design and build a control mechanism to establish an information security management system. Implementation and operation (Do) According to evaluation results, establish or modify an appropriate control mechanism. Monitoring and checking (Check): Supervise the implementation of operational items of the information security management system, and evaluate and check the effectiveness. Maintenance and improvement (Act) According to the results and recommendations of monitoring and checking, implement corrective measures, improve and implement an appropriate control mechanism to maintain the operations of the information security management system.

In addition, information security measures as well as training and reminders relating to information security are evaluated on a regular basis in accordance with performance indicators and maturity evaluation results to ensure that key confidential data is not leaked.

- Enterprise Information Security Risk Management and Improvement Framework



■ Management Plans

WNC conducts the following on a yearly basis: Inventory and updating of information asset lists, risk assessment, business impact analysis, disaster recovery drills, regular review of user and privileged accounts and access privileges, review of firewall rules, security awareness and training, vulnerability scanning and penetration testing, implementation of data protection measures (such as notebook hard drive encryption) in accordance with data statuses, installation of software asset systems for legal authorization controls and illegal software monitoring, installation of system log archive platform, implementation of user-end detection systems/service to monitor and report information security events, and installation of information security daily inspection & irregularity reporting platform, and ISO27001 compliance checks. We also adopt social interaction project drills and other control mechanisms as needed and continuously improve the entire information security management system to ensure the confidentiality, integrity, and availability of the company's information-related systems.

■ Information security management resources

- Daily information security spot checks, bi-weekly information security room meetings, twice yearly ISMS management review conference.
- Information Security Protection Insurance
- In order to embed information security concepts in every employee, employees can learn about information security through the information security promotion area of the company's internal website, and must complete information security courses every year. In addition employees must complete an information security course as part of onboard training, including information security policy, regulations and case studies.
- Internal/external firewall backup mechanism and production line firewall construction
- Introduction of XDR
- Introduction of a third party threat vulnerability detection platform
- Completion of an information security spot check instrument board
- Information security incident reporting
- Optimization of DLP
- Introduction of MDR
- Anti-virus software replacement and boosted coverage

5.6.2. Major information security incidents

Please list losses and potential impact (such as impact to the company's operations or reputation) due to major information security incidents and the countermeasures taken in the most recent fiscal year and the current fiscal year up to the date of printing of the annual report. State the facts if such losses cannot be reasonably estimated: None

5.7. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Plant lease	Wiwynn Corporation	01/07/2019 to 01/18/2023 (automatic renewal after expiration)	Plant leasing in S2	Legal use, priority given to continuous leases
Land lease	Hsinchu Science Park Bureau	08/01/2019 to 12/31/2026	Changes to the Act for Establishment and Administration of Science Parks	Observance of the law, legal use
	Southern Taiwan Science Park Bureau	10/18/2019 to 10/17/2039	Land leasing	Observance of the law, legal use
Authorization	MPEG LA, L.L.C.	01/01/2008 to 12/31/2025 (AVC)	Patent licensing	Confidentiality clauses and authorization limits
	MPEG LA, L.L.C.	12/26/2014 to 12/31/2025 (HEVC)	Patent licensing	Confidentiality clauses and authorization limits
	HDMI Licensing L.L.C.	03/18/2008 to 03/17/2023	Patent licensing	Confidentiality clauses and authorization limits
	Dolby Laboratories Licensing Corporation	01/31/2011 to 03/31/2023 (automatic renewal after expiration)	System licensing	Confidentiality clauses and authorization limits
	Via Licensing Corporation	06/03/2011 to 06/02/2026	Patent licensing	Confidentiality clauses and authorization limits
	Access Advance LLC (HEVC Advance)	2021.12.16~2025.12.31 (automatic five-year extension)	Patent licensing	Confidentiality clauses and authorization limits
Construction	Yih Shin Construction Co., Ltd.	04/29/2020 to 06/24/2022 (acceptance of the construction completed)	Establishment of plant S3–civil engineering	Acceptance and warranty clauses
	Acter Group Corporation Ltd.	10/08/2020 to 06/06/2022 (acceptance of the construction completed)	Establishment of plant S3–mechanical and electrical engineering	Acceptance and warranty clauses
	Auto Tech Corporation Inc.	06/16/2020 to completion of the acceptance of the construction	Establishment of plant S3–Automated Storage/Retrieval System (ASRS)	Acceptance and warranty clauses

6 Financial Standing

6.1. Most Recent Five-Year Condensed Financial Information

6.1.1. Consolidated Financial Information

■ Condensed Balance Sheets

Unit: Thousand NT$

Item \ Year		Most recent five-year financial information					Jan. 1, 2022–Mar. 31, 2022
		2017	2018	2019	2020	2021	
Current assets		23,448,048	25,793,877	24,637,286	28,189,008	33,475,270	-
Property, plant, and equipment		5,620,272	6,353,679	7,050,586	7,043,544	8,214,463	-
Intangible assets		49,557	224,088	188,517	109,231	160,393	-
Other assets		814,465	792,508	2,560,338	2,597,193	2,646,879	-
Total assets		29,932,342	33,164,152	34,436,727	37,938,976	44,497,005	-
Current liabilities	Before distribution	13,878,386	17,094,483	16,197,980	17,949,263	23,930,083	-
	After distribution	15,235,461	18,460,916	17,173,561	18,943,099	Note	-
Non-current liabilities		1,832,317	220,458	2,073,349	3,204,124	3,564,323	-
Total liabilities	Before distribution	15,710,703	17,314,941	18,271,329	21,153,387	27,494,406	-
	After distribution	17,067,778	18,681,374	19,246,910	22,147,223	Note	-
Equity attributable to parent’s shareholders		14,221,639	15,849,211	16,165,398	16,785,590	17,002,599	-
Capital stock		3,667,772	3,894,121	3,902,323	3,976,243	3,965,585	-
Capital surplus		3,059,564	4,013,683	4,196,118	4,538,207	4,512,709	-
Retained earnings	Before distribution	7,815,783	8,346,593	8,428,762	8,907,628	9,096,656	-
	After distribution	6,458,708	6,980,160	7,453,181	7,913,792	Note	-
Other equity		(321,480)	(405,186)	(361,805)	(636,489)	(572,351)	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	14,221,639	15,849,211	16,165,398	16,785,590	17,002,599	-
	After distribution	12,864,564	14,482,778	15,189,817	15,791,754	Note	-

Source: Consolidated financial statements audited by a CPA; 2022 Q1 financial information has not been reviewed by a CPA

Note: The resolution for earnings distribution for 2021 has not yet been approved at the Shareholders’ Meeting; the distribution numbers are not listed.

■ Condensed Statements of Comprehensive Income

Unit: Thousand NT$

Item \ Year	Most recent five-year financial information					Jan. 1, 2022–Mar. 31, 2022
	2017	2018	2019	2020	2021	
Net operating revenues	56,889,794	56,049,676	62,239,582	62,648,731	67,229,599	-
Gross profit	7,624,996	7,112,667	7,089,931	6,950,837	7,253,928	-
Operating income (loss)	2,561,310	2,016,073	1,595,299	1,472,463	880,736	-
Non-operating income and expenses	129,324	209,513	288,426	253,289	530,929	-
Income before income tax	2,690,634	2,225,586	1,883,725	1,725,752	1,411,665	-
Continuing operations' profit for the period	2,063,690	1,929,345	1,461,173	1,466,920	1,232,154	-
Losses from discontinued operations	-	-	-	-	-	-
Net income (loss)	2,063,690	1,929,345	1,461,173	1,466,920	1,232,154	-
Other comprehensive income for the period (net after-tax)	(108,420)	(210,625)	24,047	64,934	(133,862)	-
Total comprehensive income for the period	1,955,270	1,718,720	1,485,220	1,531,854	1,098,292	-
Profit to parent's shareholders	2,063,690	1,929,345	1,461,173	1,466,920	1,232,154	-
Profit to non-controlling interests	-	-	-	-	-	-
Total comprehensive income to parent's shareholders	1,955,270	1,718,720	1,485,220	1,531,854	1,098,292	-
Total comprehensive income to non-controlling interests	-	-	-	-	-	-
EPS before adjusted (NT$)	5.76	5.21	3.76	3.76	3.15	-

Source: Consolidated financial statements audited by a CPA; 2022 Q1 financial information has not been reviewed by a CPA

6.1.2. Parent-Company-Only Financial Information

■ Condensed Balance Sheets

Unit: Thousand NT$

Item \ Year		Most recent five-year financial information				
		2017	2018	2019	2020	2021
Current assets		18,000,769	19,610,831	19,097,334	20,629,232	23,086,472
Property, plant, and equipment		3,219,239	4,351,194	5,433,406	5,430,315	5,634,268
Intangible assets		49,484	223,995	187,401	105,943	157,467
Other assets		6,563,629	7,235,636	9,201,993	10,161,144	10,866,038
Total assets		27,833,121	31,421,656	33,920,134	36,326,634	39,744,245
Current liabilities	Before distribution	11,779,165	15,351,987	15,769,241	16,391,059	19,201,645
	After distribution	13,136,240	16,718,420	16,744,822	17,384,895	Note
Non-current liabilities		1,832,317	220,458	1,985,495	3,149,986	3,540,001
Total liabilities	Before distribution	13,611,482	15,572,445	17,754,736	19,541,045	22,741,646
	After distribution	14,968,557	16,938,878	18,730,317	20,534,881	Note
Equity attributable to parent's shareholders		14,221,639	15,849,211	16,165,398	16,785,589	17,002,599
Capital stock		3,667,772	3,894,121	3,902,323	3,976,243	3,965,585
Capital surplus		3,059,564	4,013,683	4,196,118	4,538,207	4,512,709
Retained earnings	Before distribution	7,815,783	8,346,593	8,428,762	8,907,628	9,096,656
	After distribution	6,458,708	6,980,160	7,453,181	7,913,792	Note
Other equity		(321,480)	(405,186)	(361,805)	(636,489)	(572,351)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total Equity	Before distribution	14,221,639	15,849,211	16,165,398	16,785,589	17,002,599
	After distribution	12,864,564	14,482,778	15,189,817	15,791,753	Note

Source: Parent-company-only financial statements audited by a CPA

Note: The resolution for earnings distribution for 2021 has not yet been approved at the Shareholders' Meeting; the distribution numbers are not listed.

■ Condensed Statements of Comprehensive Income

Unit: Thousand NT$

Item \ Year	Most recent five-year financial information				
	2017	2018	2019	2020	2021
Net operating revenues	55,199,381	54,990,399	58,889,906	58,839,430	61,907,489
Gross profit	6,244,293	5,616,720	5,555,906	5,501,702	5,727,198
Operating income (loss)	2,034,102	1,432,790	1,108,061	1,033,334	535,140
Non-operating income and expenses	467,340	598,099	610,966	570,886	730,846
Income before income tax	2,501,442	2,030,889	1,719,027	1,604,220	1,265,986
Continuing operations' profit for the period	2,063,690	1,929,345	1,461,173	1,466,920	1,232,154
Losses from discontinued operations	-	-	-	-	-
Net income (loss)	2,063,690	1,929,345	1,461,173	1,466,920	1,232,154
Other comprehensive income for the period (net after-tax)	(108,420)	(201,625)	24,047	64,934	(133,862)
Total comprehensive income for the period	1,955,270	1,718,720	1,485,220	1,531,854	1,098,292
Profit to parent's shareholders	2,063,690	1,929,345	1,461,173	1,466,920	1,232,154
Total comprehensive income to parent's shareholders	1,955,270	1,718,720	1,485,220	1,531,854	1,098,292
EPS before adjusted (NT$)	5.76	5.21	3.76	3.76	3.15

Source: Parent-company-only financial statements audited by a CPA

6.1.3. CPA Opinions in the Most Recent Five Years

Year	Name of CPA firm	Name of CPA	Auditor's opinion
2017	KPMG	Sing-Hai Wei, Hai-Ning Huang	Unmodified opinion
2018	KPMG	Hai-Ning Huang, Sing-Hai Wei	Unmodified opinion
2019	KPMG	Emily Tseng, Hai-Ning Huang	Unmodified opinion
2020	KPMG	Emily Tseng, Hai-Ning Huang	Unmodified opinion
2021	KPMG	Emily Tseng, Hai-Ning Huang	Unmodified opinion

6.2. Most Recent Five-Year Financial Analysis

6.2.1. Consolidated Financial Analysis

Item \ Period		Most recent five-year financial information					Jan. 1, 2022–Mar. 31, 2022
		2017	2018	2019	2020	2021	
Financial ratio	Total liabilities to total assets (%)	52.49	52.21	53.06	55.76	61.79	-
	Long-term debts to property, plant, and equipment (%)	285.64	252.92	258.68	283.80	250.37	-
Ability to pay off debt	Current ratio (%)	168.95	150.89	152.10	157.05	139.89	-
	Quick ratio (%)	119.00	95.45	106.16	109.35	81.92	-
	Interest coverage ratio	36.25	28.13	19.46	26.99	22.50	-
Ability to operate	A/R turnover (times)	5.72	4.89	4.88	4.81	4.68	-
	A/R turnover days	64	75	75	76	78	-
	Inventory turnover (times)	7.65	6.20	6.83	7.26	5.52	-
	Accounts payable turnover (times)	6.10	5.52	5.73	5.55	5.40	-
	Average days to sell inventory	48	59	53	50	66	-
	Property, plant, and equipment turnover (times)	9.65	9.36	9.29	8.89	8.81	-
	Total assets turnover (times)	1.91	1.78	1.84	1.73	1.63	-
Earnings ability	Return on assets (%)	7.13	6.32	4.56	4.20	3.12	-
	Return on equity (%)	15.07	12.83	9.13	8.90	7.29	-
	Profit before tax to paid-in capital ratio (%)	73.36	59.53	48.27	43.40	35.60	-
	Net income ratio (%)	3.63	3.44	2.35	2.34	1.83	-
	EPS (NT$)	5.76	5.21	3.76	3.76	3.15	-
Cash flow	Cash flow ratio (%)	12.26	4.67	28.41	19.84	Note 1	-
	Cash flow adequacy ratio (%)	81.47	45.36	68.25	87.16	31.77	-
	Cash reinvestment ratio (%)	1.70	Note 2	13.16	9.34	Note 2	-
Leverage	Operating leverage	1.48	1.60	1.91	2.07	2.77	-
	Financial leverage	1.03	1.04	1.07	1.05	1.08	-

Analysis of items whose increased or decreased amounts are above 20% in the last two years:

1. “Quick ratio” decreased mainly due to an increase in short-term loans leading to an increase in current liabilities.
2. “Inventory turnover” decreased and “Average days to sell inventory” increased mainly due to supply issues for key components, which led to WNC conducting strategic material purchases and incoming material schedule adjustments to meet customer requirements and conduct production resource planning, which then led to increased inventory.
3. “Return on assets” and “Net income ratio” decreased mainly due to increased operational costs and operating expenses, which lowered income after tax.
4. “Cash flow adequacy ratio” decreased mainly due to reduced net cash flow for the year’s business operations.

Source: Consolidated financial statements audited by a CPA; 2022 Q1 financial information has not been reviewed by a CPA

Note 1: Net cash flow generated from operating activities was negative and has no analytical value.
Note 2: Net cash flow generated from operating activities with cash dividends deducted was negative and has no analytical value.

6.2.2. Parent-Company-Only Financial Analysis

Item	Period	2017	2018	2019	2020	2021
		Most recent five-year financial information				
Financial ratio	Total liabilities to total assets (%)	48.90	49.56	52.34	53.79	57.22
	Long-term debts to property, plant, and equipment (%)	498.69	369.32	334.06	367.12	364.60
Ability to pay off debt	Current ratio (%)	152.82	127.74	121.10	125.86	120.23
	Quick ratio (%)	132.34	100.87	91.96	91.47	78.81
	Interest coverage ratio	39.77	30.40	21.79	29.30	22.73
Ability to operate	A/R turnover (times)	5.13	4.71	4.71	5.03	5.05
	A/R turnover days	71	77	77	73	72
	Inventory turnover (times)	22.25	16.42	13.23	10.99	8.63
	Accounts payable turnover (times)	6.63	6.18	5.56	5.29	5.70
	Average days to sell inventory	16	22	28	33	42
	Property, plant, and equipment turnover (times)	16.93	14.53	12.04	10.83	11.19
	Total assets turnover (times)	1.97	1.86	1.80	1.68	1.63
Earnings ability	Return on assets (%)	7.56	6.70	4.67	4.31	3.36
	Return on equity (%)	15.07	12.83	9.13	8.90	7.29
	Profit before tax to paid-in capital ratio (%)	68.20	52.15	44.05	40.35	31.92
	Net income ratio (%)	3.74	3.51	2.48	2.49	1.99
	EPS (NT$)	5.76	5.21	3.76	3.76	3.15
Cash flow	Cash flow ratio (%)	10.05	6.83	18.48	19.35	Note 1
	Cash flow adequacy ratio (%)	100.26	55.01	56.20	78.58	28.79
	Cash reinvestment ratio (%)	Note	Note	7.76	9.68	Note 2
Leverage	Operating leverage	1.22	1.42	1.74	2.02	3.07
	Financial leverage	1.03	1.05	1.08	1.06	1.12

Analysis of items whose increased or decreased amounts are above 20% in the last two years:

1. “Interest coverage ratio” decreased mainly due to reduction in income before tax
2. “Inventory turnover” decreased and “Average days to sell inventory” increased mainly due to supply issues for key components, which led to WNC conducting strategic material purchases and incoming material schedule adjustments to meet customer requirements and conduct production resource planning, which then led to increased inventory.
3. “Return on assets” and “Net income ratio” decreased mainly due to increased operational costs and operating expenses, which lowered income after tax.
4. “Cash flow adequacy ratio” decreased mainly due to reduced net cash flow for the year’s business operations.
5. “Operating leverage” increased mainly due to the decrease in operating profit.

Source: Parent-company-only financial statements audited by a CPA

Note 1: Net cash flow generated from operating activities was negative and has no analytical value.
Note 2: Net cash flow generated from operating activities with cash dividends deducted was negative and has no analytical value.

The formulas used for calculating the figures in the above table are as follows:

1. Financial ratio
   (1) Total liabilities to total assets = Total liabilities/total assets
   (2) Long-term debts to property, plant and equipment = (Net equity + non-current liabilities)/net property, plant and equipment

2. Ability to operate
   (1) Current ratio = Current assets/current liability
   (2) Quick ratio = (Current assets – inventory – prepaid expenses)/current liability
   (3) Interest coverage ratio = Net income before interest and taxes/interest expenses

3. Ability to operate
   (1) Accounts receivable (including accounts receivable and notes receivable from operations) Turnover = Net sales/average accounts receivable (including accounts receivable and notes receivable from operations) balance
   (2) Accounts receivable turnover days = 365/accounts receivable turnover
   (3) Inventory turnover = Cost of goods sold/average inventory
   (4) Accounts payable (including accounts payable and notes payable from operations) turnover = Cost of goods sold/average accounts payable (including accounts payable and notes payable from operations) balance
   (5) Average number of days to sell inventory = 365/inventory turnover
   (6) Property, plant and equipment turnover = Net sales/net fixed assets
   (7) Total assets turnover = Net sales/total assets

4. Earnings ability
   (1) Return on assets = [Profit after tax + interest expense × (1 – effective tax rate)]/average total assets
   (2) Return on equity = Profit after tax/average net equity
   (3) Net income ratio = Net income/net operating revenue
   (4) Earnings per share (EPS) = (Net income attributable to shareholders of the parent – preferred stock dividends)/weighted average of outstanding shares

5. Cash flow
   (1) Cash flow ratio = Net cash flows generated from operating activities/current liabilities
   (2) Cash flow adequacy ratio = (Net cash flows generated from operating activities in the most recent five years/(capital expenditure + increase in inventory + cash dividends) in the most recent five years
   (3) Cash reinvestment ratio = (Net cash flows generated from operating activities – cash dividends)/(gross property, plant and equipment + long-term investments + other non-current assets + working capital)

6. Leverage
   (1) Operating leverage = (Net operating revenue – variable operating cost and expense)/net operating income
   (2) Financial leverage = Net operating income/(net operating income – interest expenses)

6.3. 2021 Audit Committee's Review Report

The Board of Directors has prepared the Wistron NeWeb Corporation 2021 business report, financial statements, and the profit distribution proposal. The CPA firm KPMG was retained to audit the financial statements of Wistron NeWeb Corporation and has issued an audit report relating to the financial statements. The business report, financial statements, and the profit distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron NeWeb Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron NeWeb Corporation, 2022 Annual Shareholders' Meeting

Chairman of the Audit Committee: Karen Hsin

March 9, 2022

6.4. Financial Reports

Representation Letter

The entities that are required to be included in the combined financial statements of Wistron NeWeb Corporation as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wistron NeWeb Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Wistron NeWeb Corporation

Chairman: Haydn Hsieh

Date: March 9, 2022

Independent Auditors' Report

To the Board of Directors
Wistron NeWeb Corporation:

Opinion

We have audited the consolidated financial statements of Wistron NeWeb Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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 of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Valuation of Receivables

   Please refer to Note 4(7) "Summary of Significant Accounting Policies－Financial instruments", Note 5 "Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty", and Note 6(2) "Explanation of Significant Accounts－Financial assets" to the consolidated financial statements.

Description of key audit matters:

The Group has its customers spread throughout the globe, wherein they are vulnerable to various changes, such as environmental, technical, market, economic as well as legal matters. When assessing the expected credit loss of its receivables during its lifetime, the receivables are measured based on the factors such as aging analysis of accounts receivable, customers' financial status, historical collection experience, current market conditions, and consideration of forward-looking information. The assessment of allowance for loss on accounts receivables involved subjective judgment of management, which has been identified as one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: Checking the completeness and correctness of aging analysis, and testing the key control of the management for credit rating and supervision process to assess the appropriateness of the grant of customer credit ratings; understanding and evaluating the management's consideration and the rate of lifetime expected credit losses relating to receivables that are overdue, considering the receipt of cash after the year end, and analyzing the possibility of the remaining receivables collection; testing the adequacy of the Group's provisions against the receivables by assessing the relevant assumptions, as well as considering the appropriateness of the Group's disclosures in the accounts.

2. Valuation of Inventories

Please refer to Note 4(8) "Summary of Significant Accounting Policies－Inventories", Note 5 "Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty", and Note 6(3) "Explanation of Significant Accounts－Inventories, net" to the consolidated financial statements.

Description of key audit matters:

The Group mainly engages in the research and development, as well as the production of wireless communication products, wherein its inventories are measured at the lower of cost and net realizable value. Due to the rapid changes in telecommunication industry, the old models produced by the Group may quickly be replaced by news ones, resulting in a risk in which the carrying value of inventories may be higher than its net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon which is tentative and might be subject to significant fluctuations. Therefore, the valuation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Obtaining the inventory aging report and checking the accuracy with the general ledger; testing the accuracy of the aging of inventory based on the available documents of the last valid transaction. Understanding and evaluating the management's judgment on the calculation of the net realizable value, and testing the relevant documents to assess the rationality for aging inventories; as well as evaluating the management's assumptions on the completeness of inventory provisions and making an assessment of their adequacy for aging inventories; and considering the appropriateness of the Group's disclosures in the accounts.

Other Matter

Wistron NeWeb Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Mei-Yu Tseng and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2022

<u>Notes to Readers</u>

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
Assets	**Amount**	**%**	**Amount**	**%**
Current assets:				
Cash and cash equivalents (note 6(1))	$ 3,089,772	7	4,531,021	12
Financial assets at fair value through profit or loss－current (note 6(2))	-	-	714,252	2
Financial assets at fair value through other comprehensive income－current (note 6(2))	939,784	2	947,932	2
Notes receivable (note 6(2))	504,109	1	1,012,969	3
Accounts receivable, net (note 6(2))	14,692,080	33	12,175,469	32
Receivables from related parties (notes 6(2) and 7)	207,520	1	153,497	-
Inventories, net (note 6(3))	13,448,663	30	8,277,301	22
Other financial assets－current (note 8)	170,870	-	91,613	-
Other current assets (note 7)	422,472	1	284,954	1
Total current assets	33,475,270	75	28,189,008	74
Non-current assets:				
Financial assets at fair value through other comprehensive income－non-current(note 6(2))	48,346	-	74,046	-
Investments accounted for using equity method (note 6(4))	90,487	-	101,250	-
Property, plant and equipment (notes 6(5) and 7)	8,214,463	19	7,043,544	19
Right-of-use assets (note 6(6))	1,612,025	4	1,693,398	5
Intangible assets (notes 6(7) and 7)	160,393	-	109,231	-
Deferred tax assets (note 6(14))	533,502	1	473,819	1
Refundable deposits (note 7)	25,087	-	21,098	-
Other non-current assets (notes 6(2) and (6))	337,432	1	233,582	1
Total non-current assets	11,021,735	25	9,749,968	26
Total assets	$ 44,497,005	100	37,938,976	100

	December 31, 2021		December 31, 2020	
Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
Current liabilities:				
Short-term borrowings (note 6(8))	$ 6,766,481	15	1,949,339	5
Contract liabilities－current (note 6(18))	680,390	2	641,677	2
Notes and accounts payable	11,346,038	26	10,756,128	29
Payables to related parties (note 7)	71,793	-	24,560	-
Salary and bonus payable	1,874,220	4	1,768,192	5
Other accrued expenses	1,987,747	5	1,689,562	5
Provision－current (note 6(10))	98,539	-	115,218	-
Lease liabilities－current (note 6(11))	51,855	-	66,000	-
Long-term borrowings, current portion (note 6(8))	110,063	-	-	-
Other current liabilities (notes 6(9) and 7)	942,957	2	938,587	2
Total current liabilities	23,930,083	54	17,949,263	48
Non-current liabilities:				
Long-term borrowings (note 6(8))	1,686,304	4	1,350,400	4
Deferred tax liabilities (note 6(14))	158,257	-	150,579	-
Lease liabilities－non-current (note 6(11))	1,522,563	4	1,582,190	4
Net defined benefit liabilities－non-current (note 6(13))	172,460	-	114,316	-
Other non-current liabilities (notes 6(9) and 7)	24,739	-	6,639	-
Total non-current liabilities	3,564,323	8	3,204,124	8
Total liabilities	27,494,406	62	21,153,387	56
Equity (notes 6(15) and (16))**:**				
Ordinary share capital	3,965,585	9	3,976,243	10
Capital surplus	4,512,709	10	4,538,207	12
Retained earnings	9,096,656	20	8,907,628	24
Other equity	(572,351)	(1)	(636,489)	(2)
Total equity	17,002,599	38	16,785,589	44
Total liabilities and equity	$ 44,497,005	100	37,938,976	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Net operating revenue (notes 6(18) and 7)	$ 67,229,599	100	62,648,731	100
Operating costs (notes 6(3), (11), (13), (19) and 7)	59,975,671	89	55,697,894	89
Gross profit	7,253,928	11	6,950,837	11
Operating expenses (notes 6(2), (11), (13), (19) and 7)**:**				
Selling	2,461,715	4	1,893,493	3
General and administrative	1,119,386	2	1,002,562	2
Research and development	2,801,742	4	2,563,770	4
Expected credit impairment loss (gain)	(9,651)	-	18,549	-
Total operating expenses	6,373,192	10	5,478,374	9
Net operating income	880,736	1	1,472,463	2
Non-operating income and expenses:				
Interest income (note 6(20))	22,992	-	32,390	-
Other income (notes 6(12), (20) and 7)	569,409	1	439,015	-
Other gains and losses (note 6(20))	14,306	-	(147,861)	-
Finance costs (notes 6(11) and (20))	(65,661)	-	(66,401)	-
Share of loss of associates accounted for using equity method (note 6(4))	(10,117)	-	(3,854)	-
Total non-operating income and expenses	530,929	1	253,289	-
Income before income tax	1,411,665	2	1,725,752	2
Income tax expense (note 6(14))	179,511	-	258,832	-
Net income	1,232,154	2	1,466,920	2
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit plans (note 6(13))	(64,053)	-	(15,615)	-
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(33,348)	-	56,235	-
Income tax related to items that will not be reclassified subsequently (note 6(14))	(17,951)	-	(5,287)	-
Total items that will not be reclassified subsequently to profit or loss	(79,450)	-	45,907	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(68,015)	-	23,784	-
Income tax related to items that may be reclassified subsequently (note 6(14))	(13,603)	-	4,757	-
Total items that may be reclassified subsequently to profit or loss	(54,412)	-	19,027	-
Other comprehensive income (loss)	(133,862)	-	64,934	-
Total comprehensive income	**$ 1,098,292**	**2**	**1,531,854**	**2**
Earnings per share (New Taiwan Dollars) (note 6(17))				
Basic earnings per share	**$**	**3.15**		**3.76**
Diluted earnings per share	**$**	**3.10**		**3.72**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings				Other equity				
	Ordinary share capital	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	Deferred compensation cost	Total	Total equity
Balance as of January 1, 2020	$ 3,903,293	(970)	4,196,118	2,196,016	394,300	5,838,446	8,428,762	(536,610)	179,267	(4,462)	(361,805)	16,165,398
Net income for the period	-	-	-	-	-	1,466,920	1,466,920	-	-	-	-	1,466,920
Other comprehensive income for the period	-	-	-	-	-	(12,493)	(12,493)	19,027	58,400	-	77,427	64,934
Total comprehensive income for the period	-	-	-	-	-	1,454,427	1,454,427	19,027	58,400	-	77,427	1,531,854
Appropriation and distribution of retained earnings:												
Appropriation for legal reserve	-	-	-	144,860	-	(144,860)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(36,958)	36,958	-	-	-	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	-	(975,581)	(975,581)	-	-	-	-	(975,581)
Due to donated assets received	-	-	9	-	-	-	-	-	-	-	-	9
Share-based payment transactions	72,950	970	342,080	-	-	20	20	-	-	(352,111)	(352,111)	63,909
Balance as of December 31, 2020	3,976,243	-	4,538,207	2,340,876	357,342	6,209,410	8,907,628	(517,583)	237,667	(356,573)	(636,489)	16,785,589
Net income for the period	-	-	-	-	-	1,232,154	1,232,154	-	-	-	-	1,232,154
Other comprehensive income for the period	-	-	-	-	-	(51,242)	(51,242)	(54,412)	(28,208)	-	(82,620)	(133,862)
Total comprehensive income for the period	-	-	-	-	-	1,180,912	1,180,912	(54,412)	(28,208)	-	(82,620)	1,098,292
Appropriation and distribution of retained earnings:												
Appropriation for legal reserve	-	-	-	145,445	-	(145,445)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(77,427)	77,427	-	-	-	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	-	(993,836)	(993,836)	-	-	-	-	(993,836)
Due to donated assets received	-	-	17	-	-	-	-	-	-	-	-	17
Share-based payment transactions	(10,658)	-	(25,515)	-	-	1,952	1,952	-	-	146,758	146,758	112,537
Balance as of December 31, 2021	$ 3,965,585	-	4,512,709	2,486,321	279,915	6,330,420	9,096,656	(571,995)	209,459	(209,815)	(572,351)	17,002,599

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2021	2020
Cash flows from operating activities:		
Income before income tax	$ 1,411,665	1,725,752
Adjustments:		
Adjustments to reconcile loss (profit)		
Depreciation	1,438,884	1,466,121
Amortization	119,236	116,491
Expected credit impairment loss (gain)	(9,651)	18,549
Net gain on financial assets and liabilities at fair value through profit or loss	(312)	(1,221)
Interest expense	65,661	66,401
Interest income	(22,992)	(32,390)
Dividend income	(63,352)	(58,809)
Compensation cost arising from share-based payment transactions	112,537	63,909
Share of loss of associates accounted for using equity method	10,117	3,854
Gain on disposal of property, plant and equipment	(8,135)	(885)
Adjustment for other non-cash-related losses, net	7,855	12,188
Provision for inventory devaluation loss	223,308	232,415
Total adjustments to reconcile loss (profit)	1,873,156	1,886,623
Changes in operating assets and liabilities:		
Notes receivable	508,860	(658,106)
Accounts receivable	(2,506,960)	3,729
Receivables from related parties	(54,023)	(7,791)
Inventories	(5,394,670)	(1,444,412)
Other operating assets	(213,141)	157,962
Notes and accounts payable	589,910	1,518,227
Payables to related parties	11,586	(7,011)
Other operating liabilities	504,271	480,184
Total changes in operating assets and liabilities	(6,554,167)	42,782
Total adjustments	(4,681,011)	1,929,405
Cash flows generated from (used in) operations	(3,269,346)	3,655,157
Interest received	25,135	31,114
Dividends received	63,852	58,809
Interest paid	(55,630)	(70,968)
Income taxes paid	(329,732)	(112,436)
Net cash flows generated from (used in) operating activities	(3,565,721)	3,561,676
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(27,148)
Capital received from financial assets at fair value through other comprehensive income	-	499
Acquisition of financial assets at fair value through profit or loss	(1,170,000)	(3,405,760)
Proceeds from disposal of financial assets at fair value through profit or loss	1,884,564	3,106,475
Acquisition of property, plant and equipment	(2,418,382)	(1,298,975)
Proceeds from disposal of property, plant and equipment	8,366	6,841
Increase in refundable deposits	(3,989)	(3,502)
Acquisition of intangible assets	(135,088)	(55,553)
Increase in other financial assets	(400)	-
Increase in other non-current assets	(205,308)	(257,206)
Net cash flows used in investing activities	(2,040,237)	(1,934,329)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	4,823,801	(395,354)
Proceeds from long-term borrowings	506,500	1,244,400
Repayments of long-term borrowings	(38,976)	-
Increase in guarantee deposits received	1,277	2,059
Repayment of the principal portion of lease liabilities	(79,690)	(82,013)
Cash dividends paid	(993,836)	(975,581)
Due to donated assets received	17	9
Net cash flows generated from (used in) financing activities	4,219,093	(206,480)
Effect of exchange rate changes	(54,384)	66,135
Net (decrease) increase in cash and cash equivalents	(1,441,249)	1,487,002
Cash and cash equivalents at beginning of period	4,531,021	3,044,019
Cash and cash equivalents at end of period	$ 3,089,772	4,531,021

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020

(amounts expressed in Thousands of New Taiwan Dollars, except for per share information and unless otherwise noted)

1. Company history

Wistron NeWeb Corporation (the “Company”) was founded in Hsinchu, Republic of China (R.O.C.), on December 7, 1996. The registered address of the Company’s office is 20 Park Avenue II, Hsinchu Science Park, Hsinchu 308, Taiwan, R.O.C. The Company’s ordinary shares were publicly listed on the Taiwan Stock Exchange on September 22, 2003.

The consolidated financial statements comprises the Company and its subsidiaries (together referred to as the “ Group”) and the Company’ s interest in associates. The Group is engaged mainly in the research, development, design, testing, manufacturing and sale of wired communication equipment, wireless communication networking equipment, electronic components, regulated telecommunication radio frequency equipment, medical devices, satellite communication systems, mobile and portable communication equipment, products, components, semi-finished products and peripherals of medical testing equipment, medical diagnostic equipment, smart mobile aids, medical consumables, medical information transmission systems.

2. Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on March 9, 2022.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(2) The impact of IFRSs issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract

- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(3) The impact of IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the IFRSs endorsed by the FSC.

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(a) Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;

(b) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and,

(c) The net defined benefit liabilities are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and the entities controlled by the Company (its subsidiaries). The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements

The list of subsidiaries is included in the consolidated financial statements:

			Percentage of Ownership		
Name of Investor	**Name of Subsidiary**	**Business**	**December 31, 2021**	**December 31, 2020**	**Note**
the Company	NeWeb Holding Corporation (NEWH)	Investment holding company	100%	100%	
the Company	WNC Holding Corporation (WNCH)	Investment holding company	100%	100%	
the Company	W-NeWeb Corporation (NUSA)	Sales of satellite communication and portable communication products	100%	100%	
the Company	WNC GmbH (NDE)	Services for wireless communication products	-	- %	Note 1
the Company	WNC UK Limited (NUK)	Services for wireless communication products	100%	100%	
the Company	WNC JAPAN Inc. (NJP)	Services for wireless communication products	100%	100%	

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2021	Percentage of Ownership December 31, 2020	Note
the Company	WNC Vietnam Co., Ltd. (NVN)	Assembly processing of satellite communication and portable communication products	100%	100%	
the Company	NeWeb Vietnam Co., Ltd. (NVNM)	Manufacturing and sales of satellite communication and portable communication products	100%	100%	
the Company	NeWeb GmbH (NEU)	Sales and services for wireless communication products	100%	- %	Note 2
NEWH	WNC (Kunshan) Corporation (NQJ)	Manufacturing and sales of satellite communication and portable communication products	100%	100%	
NEWH	Webcom Communication (Kunshan) Corporation (NYC)	Manufacturing and sales of satellite communication and portable communication products	100%	100%	
NEWH	Wistron NeWeb (Kunshan) Corporation (NQX)	Manufacturing and sales of satellite communication and portable communication products	100%	100%	
NEWH	NeWeb Communication (Kunshan) Corporation (NQY)	Manufacturing and sales of satellite communication and portable communication products	100%	100%	
NEWH	NeWeb Service (Kunshan) Corporation (NQC)	Repair and maintenance services for satellite communication and portable communication products	100%	100%	

Note 1: The liquidation of NDE was completed in November 2020.

Note 2: The Company invested in NEU in September 2021. The investment has been included in the consolidated financial statements since then.

C. List of subsidiaries which are not included in the consolidated financial statements: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising from retranslation are recognized in profit or loss except for the differences in equity instruments at FVOCI, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations are translated to TWD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to TWD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

A. It expects to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprise cash, cash in bank and checking deposits. Cash equivalents are short-term and 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 which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are initially measured at the transaction price.

A. Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI and FVTPL.

The Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group’s right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(c) Financial assets measured at FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12-months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment as well as forward- looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due and the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity transaction

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amounts of consideration received less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities not classified as held-for-trading, or designated as at FVTPL, which comprise loans and borrowings, accounts payable, and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

(d) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations has been discharged or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amounts presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the standard cost method and includes expenditure and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in process, the cost includes an appropriate share of direct labors and production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Investment in associates

Associates are those entities over which the Group has a significant influence and the authority to participate in the financial and operating policy decisions of the investees but not to the extent of controlling or joint controlling over those policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 3 to 50 years

(b) Machinery and equipment: 1 to 6 years

(c) Research and development equipment: 5 to 6 years

(d) Other equipment: 3 to 5 years

(e) Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, laboratory engineering, etc. Each constituent is depreciated based on its useful life of 50 years, 5 years, and 3 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Leases

A. Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

(b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(c) the Group has the right to direct the use of an asset if either:

i. the Group has the right to the direct use of the identified asset when it has the decision-making rights that are most relevant to the changes on how and for what purpose the asset is used throughout the period.

ii. the decision on how, and for what purpose, the asset is used is predetermined,

(i) the Group has the right to operate the asset, without the supplier having the right to change those operating instructions; or

(ii) the Group designed the asset in a way that predetermines how, and for what purpose, it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

B. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments (including in-substance fixed payments);

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group's estimate of the amounts expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Group will exercise an extension or a termination option; or

(e) there is any lease modifications

When the lease liability is remeasured, other than lease modification, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its offices, which qualify as short-term leases, as well as its other equipments, which qualify as short-term leases and low-value asset leases. the relevant lease payments and is recognized in expense on a straight-line basis during the lease period.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

(d) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

C. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(12) Intangible assets

A. Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over 1 to 5 years for intangible assets.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amounts are estimated.

The recoverable amounts of an asset or cash-generating unit (CGU) are the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical warranty data.

(15) Revenue from contract with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

A. Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

When the Group offers volume discounts to its customers, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refunded liability is recognized for expected volume discounts payable to customers in relation to sales made. No element of financing is deemed present as the sales are made with a credit term, which is consistent with the market practice.

The Group reduces revenue by the amounts of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amounts of expected returns.

The Group's obligation to provide a refund for faulty product under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(10).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

B. Rendering of services

Some of the manufacturing and sales contracts of the Group include pre-production activities such as researching, developing, designing and testing of new products. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the reporting date as a proportion of the total services to be provided.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed-price contracts, the customer pays the fixed amounts based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amounts to which the Group has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

C. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(16) Government grants

Government grants are recognized as deferred income at fair value and then be recognized in profit on a straight-line basis if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amounts of future benefit that employees have earned in the current and prior periods, discounting that amounts and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amounts expected to be paid if the Company has a present legal or constructive obligation to pay this amounts as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amounts recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amounts ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between the expected and the actual outcomes.

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amounts of current tax payables or receivables are the best estimate of the tax amounts expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

A. The entity has the legal right to settle tax assets and liabilities on a net basis; and

B. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

(a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to they extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(20) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds payable, unvested restricted stock awards and employee remuneration through the issuance of shares. The weighted-average outstanding shares are retroactively adjusted for the effects of stock dividends transferred from retained earnings and capital surplus to ordinary shares.

(21) Operating segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about judgments made in applying accounting policies that have the most significant effects is as follows:

The Group determines the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably not to exercise that option. In assessing whether a lessee is reasonably to exercise the options, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee. The Group reassesses whether it is reasonably certain to exercise an extension option or not to exercise the option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. If there is a change in the lease term, the Group recognizes the amounts of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Please refer to note 6(11).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(1) The loss allowance of receivables

The Group has estimated the loss allowance of receivables that is based on the risk of a default occurring and the rate of ECL. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(2).

(2) Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. Please refer to note 6(3) for further description of the valuation of inventories.

The Group's accounting policies and disclosures include the fair value measurement for financial assets and liabilities. The Group determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Group evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the assumption used in fair value measurement, please refer to note 6(21) of the financial instruments.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash, cash in bank and checking deposits	$ 2,148,312	2,659,302
Time deposits	941,460	1,871,719
	$ 3,089,772	4,531,021

Please refer to note 6(21) for the disclosure of foreign currency risk of the financial assets and liabilities.

(2) Financial assets

Details were as follows:

A. Financial assets at FVTPL:

	December 31, 2021	December 31, 2020
Beneficiary certificates－mutual funds	$ -	714,252

B. Financial assets at FVOCI:

Equity instruments at FVOCI

	December 31, 2021	December 31, 2020
Current:		
Domestic listed stocks	$ 939,784	947,932
Non-current:		
Foreign unlisted stocks	$ 48,346	74,046

These investments in equity instruments not held for trading, and therefore, are accounted for as FVOCI.

None of the aforementioned stock investments were disposed for the years ended December 31, 2021 and 2020, therefore, there were no transfers of any cumulative gain or loss under equity relating to these investments.

C. Notes receivable, accounts receivable (including related parties), and overdue receivables, net, were as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
Current:			
Notes receivable	$ 504,109	1,012,969	354,863
Accounts receivable	14,779,988	12,273,028	12,276,757
Accounts receivable from related parties	207,520	153,497	145,706
	15,491,617	13,439,494	12,777,326
Less: loss allowance	(87,908)	(97,559)	(79,010)
	$ 15,403,709	13,341,935	12,698,316
Non-current:			
Overdue receivable	$ -	176,264	176,264
Less: loss allowance	-	(176,264)	(176,264)
Overdue receivable, net (recorded in other non-current assets)	$ -	-	-

The Group applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for its receivables (including overdue receivables). To measure the ECL, receivables (including overdue receivables) have been grouped based on the shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The expected loss allowance was determined as follows:

	Not past due	Past due within 60 days	Past due 61 to 90 days	Past due 91 to 180 days	Past due more than 181 days	Total
December 31, 2021						
Group 1						
Weighted-average loss rate	- %	- %	- %	- %	2.89%	
Gross carrying amount	$ 12,682,772	966,904	92,829	161,462	69,026	13,972,993
Expected loss allowance	$ -	-	-	-	1,996	1,996
Group 2						
Weighted-average loss rate	- %	- %	- %	5.06%	91.90%	
Gross carrying amount	$ 1,135,686	80,325	66,153	151,302	85,158	1,518,624
Expected loss allowance	$ -	-	-	7,649	78,263	85,912
Gross carrying amount	$ 13,818,458	1,047,229	158,982	312,764	154,184	15,491,617
Expected loss allowance	$ -	-	-	7,649	80,259	87,908
December 31, 2020						
Group 1						
Weighted-average loss rate	- %	- %	- %	- %	- %	
Gross carrying amount	$ 9,708,933	563,237	11,091	24,809	60,268	10,368,338
Expected loss allowance	$ -	-	-	-	-	-
Group 2						
Weighted-average loss rate	- %	- %	- %	20.60%	93.42%	
Gross carrying amount	$ 2,760,294	178,974	-	19,316	288,836	3,247,420
Expected loss allowance	$ -	-	-	3,979	269,844	273,823
Gross carrying amount	$ 12,469,227	742,211	11,091	44,125	349,104	13,615,758
Expected loss allowance	$ -	-	-	3,979	269,844	273,823

Group 1: Customer of low risk.
Group 2: Customer of generic risk.

The movement in the allowance for doubtful accounts with respect to receivables (including overdue receivables) was as follows:

	For the years ended December 31,		
		2021	2020
Beginning balance	$	273,823	255,274
Impairment loss recognized (reversed)		(9,651)	18,549
Amounts written off		(176,264)	-
Ending balance	$	87,908	273,823

(3) Inventories, net

		December 31, 2021	December 31, 2020
Raw materials	$	10,125,153	5,931,752
Work in process and semi-finished products		1,097,624	646,108
Finished goods		2,225,886	1,699,441
	$	13,448,663	8,277,301

The details of operating costs were as follows:

	For the years ended December 31,		
		2021	2020
Cost of goods sold	$	59,761,376	55,474,362
Inventory devaluation loss		223,308	232,415
Revenue from sale of scrap		(9,558)	(6,684)
Physical inventory loss (gain)		545	(2,199)
	$	59,975,671	55,697,894

(4) Investments accounted for using equity method

Aggregate information of associates which is accounted for using equity method, that are not individually material to the Group which included in the consolidated financial statements of the Group was as follows:

		December 31, 2021	December 31, 2020
Aggregate information of associates that are not individually material	$	90,487	101,250

Shares attributable to the Group were as follows:

	For the years ended December 31,		
		2021	2020
Net loss	$	(10,117)	(3,854)
Other comprehensive income		-	-
Total comprehensive income (loss)	$	(10,117)	(3,854)

(5) Property, plant and equipment

	Buildings	Machinery and equipment	Research and development equipment	Other equipment	Rental assets	Construction in progress and equipment awaiting inspection	Total
Cost:							
Balance as of January 1, 2021	$ 6,030,727	7,772,306	1,135,668	1,343,306	334,464	420,379	17,036,850
Additions	56,890	705,089	75,846	150,658	-	1,562,191	2,550,674
Disposals and obsolescence	(11,729)	(125,433)	(574)	(48,876)	-	-	(186,612)
Reclassification	38,569	300,550	17,119	(7,007)	-	(357,079)	(7,848)
Effect of exchange rate changes	(8,945)	(14,990)	(601)	(4,559)	-	(13,567)	(42,662)
Balance as of December 31, 2021	$ 6,105,512	8,637,522	1,227,458	1,433,522	334,464	1,611,924	19,350,402
Balance as of January 1, 2020	$ 5,947,621	6,904,764	1,071,117	1,254,676	305,331	486,492	15,970,001
Additions	44,875	454,553	81,330	114,159	-	684,650	1,379,567
Disposals and obsolescence	(6,644)	(197,305)	(114,954)	(42,780)	-	-	(361,683)
Reclassification	25,704	572,276	96,999	10,681	29,133	(746,981)	(12,188)
Effect of exchange rate changes	19,171	38,018	1,176	6,570	-	(3,782)	61,153
Balance as of December 31, 2020	$ 6,030,727	7,772,306	1,135,668	1,343,306	334,464	420,379	17,036,850
Accumulated depreciation:							
Balance as of January 1, 2021	$ 2,391,438	5,681,280	821,381	1,086,764	12,443	-	9,993,306
Depreciation for the period	336,662	781,155	107,909	117,426	6,689	-	1,349,841
Disposals and obsolescence	(11,729)	(125,243)	(574)	(48,835)	-	-	(186,381)
Effect of exchange rate changes	(4,801)	(11,989)	(400)	(3,637)	-	-	(20,827)
Balance as of December 31, 2021	$ 2,711,570	6,325,203	928,316	1,151,718	19,132	-	11,135,939
Balance as of January 1, 2020	$ 2,039,593	5,045,848	845,884	981,851	6,239	-	8,919,415
Depreciation for the period	345,280	796,081	89,573	136,209	6,204	-	1,373,347
Disposals and obsolescence	(6,644)	(193,601)	(114,954)	(40,528)	-	-	(355,727)
Effect of exchange rate changes	13,209	32,952	878	9,232	-	-	56,271
Balance as of December 31, 2020	$ 2,391,438	5,681,280	821,381	1,086,764	12,443	-	9,993,306
Book value:							
Balance as of December 31, 2021	$ 3,393,942	2,312,319	299,142	281,804	315,332	1,611,924	8,214,463
Balance as of December 31, 2020	$ 3,639,289	2,091,026	314,287	256,542	322,021	420,379	7,043,544
Balance as of January 1, 2020	$ 3,908,028	1,858,916	225,233	272,825	299,092	486,492	7,050,586

(6) Right-of-use assets

	Land	Buildings	Other equipment	Total
Cost:				
Balance as of January 1, 2021	$ 1,663,278	188,933	15,045	1,867,256
Additions	-	56,243	549	56,792
Write-off	-	(165,468)	(2,431)	(167,899)
Effect of exchange rate changes	(293)	(780)	-	(1,073)
Balance as of December 31, 2021	$ 1,662,985	78,928	13,163	1,755,076

		Land	Buildings	Other equipment	Total
Balance as of January 1, 2020	$	1,754,277	186,649	15,045	1,955,971
Additions		28,022	19,425	-	47,447
Decrease		(119,869)	-	-	(119,869)
Write-off		-	(5,468)	-	(5,468)
Effect of exchange rate changes		848	(11,673)	-	(10,825)
Balance as of December 31, 2020	$	1,663,278	188,933	15,045	1,867,256
Accumulated depreciation:					
Balance as of January 1, 2021	$	70,239	89,051	14,568	173,858
Depreciation for the period		35,692	52,794	557	89,043
Write-off		-	(116,818)	(2,431)	(119,249)
Effect of exchange rate changes		(14)	(587)	-	(601)
Balance as of December 31, 2021	$	105,917	24,440	12,694	143,051
Balance as of January 1, 2020	$	34,108	44,162	12,092	90,362
Depreciation for the period		36,079	54,219	2,476	92,774
Write-off		-	(5,186)	-	(5,186)
Effect of exchange rate changes		52	(4,144)	-	(4,092)
Balance as of December 31, 2020	$	70,239	89,051	14,568	173,858
Book value:					
Balance as of December 31, 2021	$	1,557,068	54,488	469	1,612,025
Balance as of December 31, 2020	$	1,593,039	99,882	477	1,693,398
Balance as of January 1, 2020	$	1,720,169	142,487	2,953	1,865,609

As of December 31, 2021, NVNM paid its land use rights at the amount of $185,850. The related statutory registration documents have yet to be completed during the period; therefore, the above amount had been recognized as other non-current assets.

(7) Intangible assets

		Software	Other intangible assets	Total
Cost:				
Balance as of January 1, 2021	$	286,280	129,632	415,912
Additions		116,927	53,480	170,407
Write-off		(78,689)	(71,016)	(149,705)
Effect of exchange rate changes		(3)	-	(3)
Balance as of December 31, 2021	$	324,515	112,096	436,611

	Software	Other intangible assets	Total
Balance as of January 1, 2020	$ 285,970	184,265	470,235
Additions	25,876	11,434	37,310
Write-off	(25,434)	(66,067)	(91,501)
Effect of exchange rate changes	(132)	-	(132)
Balance as of December 31, 2020	$ 286,280	129,632	415,912
Amortization:			
Balance as of January 1, 2021	$ 208,741	97,940	306,681
Amortization for the period	75,802	43,434	119,236
Write-off	(78,689)	(71,016)	(149,705)
Effect of exchange rate changes	6	-	6
Balance as of December 31, 2021	$ 205,860	70,358	276,218
Balance as of January 1, 2020	$ 149,776	131,942	281,718
Amortization for the period	84,426	32,065	116,491
Write-off	(25,434)	(66,067)	(91,501)
Effect of exchange rate changes	(27)	-	(27)
Balance as of December 31, 2020	$ 208,741	97,940	306,681
Book value:			
Balance as of December 31, 2021	$ 118,655	41,738	160,393
Balance as of December 31, 2020	$ 77,539	31,692	109,231
Balance as of January 1, 2020	$ 136,194	52,323	188,517

(8) Bank borrowings

A. Short-term borrowings

	December 31, 2021			
	Currency	Annual interest rate	Year of maturity	Amount
Unsecured bank loans	USD	0.64%~1.85%	2022	$ 3,283,186
Unsecured bank loans	GBP	0.50%	2022	93,295
Unsecured bank loans	TWD	0.74%~1.05%	2022	3,390,000
Total				$ 6,766,481

	December 31, 2020			
	Currency	Annual interest rate	Year of maturity	Amount
Unsecured bank loans	USD	0.75%~0.91%	2021	$ 1,890,939
Unsecured bank loans	GBP	0.45%	2021	58,400
Total				$ 1,949,339

Please refer to note 6(21) for the disclosure of interest risk, foreign currency risk and liquidity risk.

B. Long-term borrowings

	December 31, 2021			
	Currency	**Annual interest rate**	**Year of maturity**	**Amount**
Unsecured bank loans	TWD	0.45%	2024	$ 217,779
Unsecured bank loans	TWD	0.45%~0.52%	2025	1,080,363
Unsecured bank loans	TWD	0.65%	2028	49,453
Unsecured bank loans	TWD	0.45%~0.7%	2031	448,772
Less: long-term borrowings, current portion				(110,063)
Total				$ 1,686,304

	December 31, 2020			
	Currency	**Annual interest rate**	**Year of maturity**	**Amount**
Unsecured bank loans	TWD	0.45%	2024	$ 220,000
Unsecured bank loans	TWD	0.45%~0.52%	2025	1,130,400
Total				$ 1,350,400

C. Government low interest loans

Based on the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” the Company had successively received the preferential interest rate loan from the banks since January 2020. As of December 31, 2021, the total amounted to $1,817,924. The difference between the recognized loan calculated using the market interest rate, and the actual repayment preferential interest rate measured in accordance with the government grants, had been recognized as deferred revenue. Please refer to note 6(9). If the Company fails to meet the conditions in the above project during the loan period and the National Development Fund terminates the grants, the Company shall pay the original interest rate, plus the annual interest rate.

(9) Deferred income

	December 31, 2021
Deferred income - government grants	$ 23,852
Current	$ 5,782
Non-current	18,070
	$ 23,852

(10) Provisions – current

		Warranties
Balance as of January 1, 2021	$	115,218
Provisions made for the period		32,519
Provisions utilized during the period		(49,198)
Balance as of December 31, 2021	$	98,539
Balance as of January 1, 2020	$	143,695
Provisions made for the period		85,953
Provisions utilized during the period		(114,430)
Balance as of December 31, 2020	$	115,218

(11) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 51,855	66,000
Non-current	$ 1,522,563	1,582,190

For the maturity analysis, please refer to note 6(21).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	$ 21,614	23,345
Expenses relating to short-term leases	$ 29,179	36,352
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 4,933	3,135
Total cash outflow for leases	$ 135,471	144,883

A. Real estate leases

The Group leases land and buildings for its office spaces and staff dormitory. The leases of land typically run for a period of 20 years, and the office spaces and staff dormitory for 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of land and office spaces contain extension options exercisable. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

The lease payment of the land contract depends on the current land price set by the local district, and the additional construction cost of the public facilities is adjusted after the calculation. This fee usually occurs once a year.

B. Other leases

The Group leases other equipment, with lease terms of 3 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

In addition, the Group has elected not to recognize the right-of-use assets and lease liabilities for its office spaces and other equipment, which qualifies as short-term leases and low-value asset leases.

(12) Operating lease

Lessor

For the years ended December 31, 2021 and 2020, the operating leases of $61,604 and $54,523, respectively, were recognized as rental income.

(13) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2021	**December 31, 2020**
Present value of the defined benefit obligation	$ 360,317	308,897
Fair value of plan assets	(187,857)	(194,581)
Net defined benefit liabilities	**$ 172,460**	**114,316**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$187,857 as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation of the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,		
		2021	2020
Defined benefit obligation as of January 1	$	308,897	287,348
Current service costs and interest		3,011	4,307
Remeasurements of the net defined benefit liabilities			
－Actuarial loss (gain) arising from experience adjustments		17,480	2,434
－Actuarial loss (gain) arising from changes in financial assumptions		48,790	18,493
Benefits paid from plan assets		(17,861)	(3,685)
Defined benefit obligation as of December 31	**$**	**360,317**	**308,897**

(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,		
		2021	2020
Fair value of plan assets as of January 1	$	194,581	183,462
Interest income		1,164	1,973
Remeasurements of the net defined benefit liabilities			
－Return on plan assets (excluding current interest)		2,217	5,312
Contributions made		7,756	7,519
Benefits paid from plan assets		(17,861)	(3,685)
Fair value of plan assets as of December 31	**$**	**187,857**	**194,581**

(d) Expenses recognized in profit or loss

The Company's expenses recognized in profit or losses for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31,	
	2021	**2020**
Current service costs	$ 1,157	1,208
Net interest on the net defined benefit liabilities	690	1,126
	$ 1,847	2,334

(e) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	**2020**
Cumulative amounts as of January 1	$ (193,933)	(178,318)
Recognized for the period	(64,053)	(15,615)
Cumulative amounts as of December 31	$ (257,986)	(193,933)

(f) Actuarial assumptions

The following are the Company's significant actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	December 31, 2021	**December 31, 2020**
Discount rate	0.625%	0.625%
Future salary increase rate	5.000%	4.000%

The Company expects to make a contribution of $6,641 to its defined benefit plans in the following year, beginning December 31, 2021.

The weighted-average duration of the defined benefit obligation is 14.43 years.

(g) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2021 and 2020 the impact on the defined benefit obligation would be as follows:

		Impact on the defined benefit obligation	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2021			
Discount rate	$	(11,162)	11,661
Future salary increase rate		10,988	(10,596)
December 31, 2020			
Discount rate	$	(9,443)	9,843
Future salary increase rate		9,356	(9,036)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other.

The approach used in recognizing the net defined liability in the balance sheets is the same as the one used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees’ monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations. The total pension costs of the Group’s overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations.

The Group’s pension costs under the defined contribution plan were $290,122 and $225,702 for the years ended December 31, 2021 and 2020, respectively.

(14) Income tax

A. Income tax expense:

The amounts of income tax expense (benefit) for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31, 2021	2020
Current income tax expense (benefit)		
Current period	$ 357,709	359,095
Adjustment for prior period	(157,747)	(158,561)
	199,962	200,534
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	(20,451)	58,298
Income tax expense	**$ 179,511**	**258,832**

B. The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31, 2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	$ (12,811)	(3,122)
Unrealized gains or losses from investments in equity instruments measured at FVOCI	(5,140)	(2,165)
	$ (17,951)	**(5,287)**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	**$ (13,603)**	**4,757**

The reconciliation of income tax expense and income before income tax for the years ended December 31, 2021 and 2020 was as follows:

	For the years ended December 31, 2021	2020
Income before income tax	$ 1,411,665	1,725,752
Income tax at the Company's domestic tax rate	$ 282,333	345,150
Effect of different tax rates in foreign jurisdictions	105,402	100,934
Non-deductible expenses and others	41,270	55,480
Change in unrecognized temporary differences	(51,747)	(44,171)
Tax-exempt income	(40,000)	(40,000)
Over-provision in prior periods	(157,747)	(158,561)
Total	$ 179,511	258,832

C. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2021 and 2020, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	December 31, 2021	December 31, 2020
The temporary differences associated with investments in subsidiaries (tax amount):		
Unrecognized deferred tax liabilities	$ (729,066)	(677,319)

(b) Recognized deferred tax assets and liabilities

Deferred tax assets:

	Allowance for doubtful accounts over the quota	Unrealized loss from inventory devaluation	Exchange differences on translation of foreign financial statements	Unrealized profit or loss from sales	Unrealized foreign exchange gain or loss	Financial assets at FVOCI	Others	Total
Balance as of January 1, 2021	$ 31,590	56,284	93,144	7,146	1,297	13,193	271,165	473,819
Recognized in profit or loss	(31,590)	9,168	-	(981)	177	-	51,355	28,129
Recognized in other comprehensive income	-	-	13,603	-	-	5,140	12,811	31,554
Balance as of December 31, 2021	$	65,452	106,747	6,165	1,474	18,333	335,331	533,502
Balance as of January 1, 2020	$ 26,345	42,483	97,901	21,011	9,346	11,028	294,502	502,616
Recognized in profit or loss	5,245	13,801	-	(13,865)	(8,049)	-	(26,459)	(29,327)
Recognized in other comprehensive income	-	-	(4,757)	-	-	2,165	3,122	530
Balance as of December 31, 2020	$ 31,590	56,284	93,144	7,146	1,297	13,193	271,165	473,819

Deferred tax liabilities:

	Share of profit of subsidiaries accounted for using equity method	Others	Total
Balance as of January 1, 2021	$ (149,954)	(625)	(150,579)
Recognized in profit or loss	(7,125)	(553)	(7,678)
Balance as of December 31, 2021	**$ (157,079)**	**(1,178)**	**(158,257)**
Balance as of January 1, 2020	$ (121,052)	(556)	(121,608)
Recognized in profit or loss	(28,902)	(69)	(28,971)
Balance as of December 31, 2020	**$ (149,954)**	**(625)**	**(150,579)**

D. The Company's tax returns have been examined by the tax authorities through 2019.

(15) Capital and other equity interest

A. Issuance and cancellation of ordinary shares

As of December 31, 2021 and 2020, the authorized capital of the Company amounted to $8,000,000, both of which included the amount of $250,000 reserved for employee share options; the issued capital amounted to $3,965,585 and $3,976,243, respectively.

For the year ended December 31, 2021, the Company cancelled 1,066 thousand shares of restricted stock awarded to its employees. As of December 31, wherein the registration procedures had already been completed.

For the year ended December 31, 2020, the Company cancelled 105 thousand shares of restricted stock awarded to its employees. As of December 31, wherein the registration procedures had already been completed.

B. Capital surplus

The Company's capital surplus was as follows:

	December 31, 2021	December 31, 2020
Capital surplus－premium	$ 2,751,329	2,653,294
Convertible bonds payable－premium	1,332,209	1,332,209
Treasury stock sold to employees	100,454	100,454
Due to donated assets received	117	100
Capital surplus from merger	36,653	36,653
Conversion options of bonds	74,560	74,560
Restricted stock awards	217,387	340,937
	$ 4,512,709	**4,538,207**

In accordance with the R.O.C. Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. In addition, when the Company incurred no deficit, such capital surplus may be distributed as cash or stock dividends. Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10% of the paid-in capital.

C. Retained earnings

(a) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

(b) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to $136,043. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amounts of special reserve amounted to $108,123 $-as of December 31, 2021 and 2020.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amounts to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first time adoption of the IFRSs endorsed by the FSC and the carrying amounts of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. Pursuant to the shareholders' meeting held on July 29, 2021 and June 19, 2020, respectively, the Company resolved to reduce its of shareholders' equity amounting to $77,427 and $36,958, respectively, as special reserve.

(c) Earnings distribution

According to the Company's Articles of Incorporation, if the Company shows a year-end earnings, it shall first pay miscellaneous taxes and make up any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, with no less than 10% as dividends to shareholders, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.

The following are the appropriation of earnings in 2020 and 2019 which were approved during the shareholders' meeting held on July 29, 2021 and June 19, 2020, respectively:

	2020		2019	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 2.5012	993,836	2.5001	975,581

The appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

The appropriation of earnings in 2021 proposed by the Board of Directors' on March 9, 2022, is to be presented for approval in annual shareholders' meeting. The related information will be available on the Market Observation Post System website after the resolution meeting.

(16) Share-based payment

A. Information about the Company's equity-settled share-based payment transactions for the years ended December 31, 2021 and 2020, was as follows:

	Restricted stock awards	
	Issued in 2020	**Issued in 2017**
Grant date	August 3, 2020	July 3, 2017
Granted units (thousands)	7,400	510
Contractual life	1~3 years	1~3 years
Recipients	Employees	Employees
Vesting condition	Note	Note
Price per share (TWD)	0	0
Adjusted exercise price (TWD)	0	0

Note: Employees are entitled to receive restricted stock in the first, second and third year (from the grant date) of their service. The restricted stock awards will be granted only if the overall performance target and the personal performance target are reached.

B. Restricted stock awards

Pursuant to the resolutions made during the shareholders' meeting hold on June 5, 2019, the Company issued the restricted stock awards to those full-time employees who conformed to the Company’ s requirements. These restricted stock awards have been registered and approved by the Securities and Futures Bureau of the FSC. On May 11, 2020, the Board of Directors approved a resolution to issue 7,400 thousand shares of restricted stock awards to its employees, with the effective date of the capital increase set on August 3, 2020. The related registrations of the increase of share capital have already been completed. Unless the vesting conditions have been met, the restricted stock awards may not be sold, pledged, transferred, hypothecated or otherwise disposed of Holders of restricted stock awards are entitled to the same rights as the Company’s existing ordinary shareholders, except for those restricted stock awards are held in trust and have vesting conditions. Also, the Company has the right to take back all unvested shares without compensation and to cancel all restricted stock awards issued to employees who fail to comply with the vesting condition.

For the year ended December 31, 2019, certain employees failed to achieve the vesting conditions, resulting in the 97 thousand shares of the restricted stock awards issued to employees expired, and thereafter, be cancelled. The cancellation of the above shares was approved by the Board of Directors on March 11, 2020, with the effective date of the capital reduction on March 17, 2020.

For the years ended December 31, 2020, 8 thousand shares of the restricted stock awards issued to employees on July 3, 2017 have expired, and therefore, were cancelled, resulting in the amount of $80 to be recognized as the capital surplus. As the vesting period ended in 2020, the Company decided to retrieve its restricted stock awards for its employees who failed to meet certain requirements, as well as its cash dividends of $20, which was generated from the above-mentioned restricted stock awards and was recognized as retained earnings.

For the years ended December 31, 2021, 1,066 thousand shares of the restricted stock awards issued to employees on August 3, 2020 have expired, and therefore, were cancelled, resulting in the amount of $10,658 to be recognized as the capital surplus. As the vesting period ended in 2021, the Company decided to retrieve its restricted stock awards for its employees who failed to meet certain requirements, as well as its cash dividends of $1,952, which was generated from the above-mentioned restricted stock awards and was recognized as retained earnings.

As of December 31, 2021 and 2020, the Company has deferred the compensation cost arising from the issuance of restricted stock awards amounting to $209,815 and $356,573, respectively. Such deferred amounts were recorded as deduction of other equity.

(17) Earnings per share

The Group's calculation of basic earnings per share and diluted earnings per share were as follows:

	For the years ended December 31,	
	2021	**2020**
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ 1,232,154	1,466,920
Weighted-average number of ordinary shares (in thousands)	390,966	390,154
Basic earnings per share (TWD)	$ 3.15	3.76
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company (diluted)	$ 1,232,154	1,466,920
Weighted-average number of ordinary shares (in thousands) (basic)	390,966	390,154
Effect of potential diluted ordinary shares (in thousands):		
Effect of employee stock remuneration	2,515	2,798
Effect of unvested restricted stock awards	4,452	1,251
Weighted-average number of ordinary shares (in thousands) (diluted)	397,933	394,203
Diluted earnings per share (TWD)	$ 3.10	3.72

(18) Revenue from contracts with customers

A. Disaggregation of revenue

	For the years ended December 31,	
	2021	**2020**
Revenues from major regional markets:		
Americas	$ 33,826,002	28,309,531
Asia	16,411,288	15,363,164
Europe	16,957,883	18,927,150
Others	34,426	48,886
	$ 67,229,599	62,648,731
Revenue from major products:		
Wireless communication products	$ 65,350,800	60,582,247
Others	1,878,799	2,066,484
	$ 67,229,599	62,648,731

B. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities－advance receipts	$ 680,390	641,677	223,695

For details on notes and accounts receivable and loss allowance, please refer to note 6(2).

The change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were $496,677 and $132,527, respectively.

(19) Remuneration to employees and directors

The Company's Articles of Incorporation require that profits (income before tax, excluding remuneration to employees and directors) shall first be used to offset against any deficit, and the remainder, if any, should be distributed as follows:

A. No less than 5%, by shares or in cash, as employee remuneration; employees of controlled companies who meet specific requirements set by the Board of Directors can also be included.

B. No more than 1% as director's remuneration in cash to directors.

The remunerations to employees amounted to $158,248 and $175,658, as well as the remunerations to directors amounted to $14,386 and $12,547 for the year ended December 31, 2021 and 2020, respectively. These amounts were calculated using the Group's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Group's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the Board of Directors', the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. There were no differences between the aforesaid amounts of employees' and directors' remuneration approved by the Board of Directors and the amounts in the consolidated financial statements of 2021 and 2020. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2020, the remunerations to employees and directors amounted to $175,658 and $12,547, respectively, which were both paid in cash. The aforementioned remuneration was no difference between the actual amounts and the amounts accrued. The related information is available on the Market Observation Post System website.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2021	2020
Interest income from bank deposits	$ 22,985	32,359
Others interest income	7	31
	$ 22,992	32,390

B. Other income

	For the years ended December 31,	
	2021	2020
Rental income	$ 61,604	54,523
Dividend income	63,352	58,809
Government grants	5,300	-
Others	439,153	325,683
	$ 569,409	439,015

C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Net gains on disposal of property, plant and equipment	$ 8,135	885
Gains (Losses) on disposal of investments accounted for using equity method	-	122
Foreign exchange gains (losses), net	3,440	(150,086)
Net gain arising from financial assets and liabilities at FVTPL	312	1,221
Others	2,419	(3)
	$ 14,306	(147,861)

D. Finance costs

	For the years ended December 31,	
	2021	2020
Interest expense－bank borrowings	$ 44,047	43,056
Interest expense－lease liabilities	21,614	23,345
	$ 65,661	66,401

(21) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amounts of financial assets represents the maximum amounts exposed to credit risk.

(b) Credit risk concentration

As the Group does not have the significant amounts of transactions with a specific customer or in certain areas, there is no significant concentration of accounts receivable credit risk.

(c) Credit risk of receivables

For credit risk exposure of receivables, please refer to note 6(2). No loss allowances were recognized under other financial assets at amortized cost.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements, except for notes and accounts payable (including related parties), salary and bonus payable and other accrued expenses:

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2021					
Non-derivative financial liabilities					
Unsecured fixed-rate short-term borrowings	$ 5,146,333	5,149,091	5,149,091	-	-
Unsecured variable-rate short-term borrowings	1,620,148	1,620,828	1,620,828	-	-
Lease liabilities (including current portion)	1,574,418	2,019,083	71,108	247,427	1,700,548
Guarantee deposits received (including current portion)	14,940	14,940	8,272	6,668	-
Unsecured variable-rate long-term borrowings (including current portion)	1,796,367	1,848,688	120,275	1,437,005	291,408
	$ 10,152,206	**10,652,630**	**6,969,574**	**1,691,100**	**1,991,956**

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2020					
Non-derivative financial liabilities					
Unsecured fixed-rate short-term borrowings	$ 1,578,735	1,579,859	1,579,859	-	-
Unsecured variable-rate short-term borrowings	370,604	370,891	370,891	-	-
Lease liabilities (including current portion)	1,648,190	2,115,965	87,867	282,933	1,745,165
Guarantee deposits received (including current portion)	13,663	13,663	7,024	6,639	-
Unsecured variable-rate long-term borrowings	1,350,400	1,369,777	45,467	1,324,310	-
	$ 4,961,592	**5,450,155**	**2,091,108**	**1,613,882**	**1,745,165**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

The Group's financial assets and liabilities exposed to foreign currency risk were as follows:

	December 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**
Financial assets			
Monetary items			
USD	$ 436,971	27.69	12,099,732
Investments accounted for using equity method			
USD	3,268	27.69	90,487
Financial liabilities			
Monetary items			
USD	489,524	27.69	13,554,918

	December 31, 2020			
		Foreign currency	**Exchange rate**	**TWD**
Financial assets				
Monetary items				
USD	$	371,091	28.508	10,579,053
Investments accounted for using equity method				
USD		3,552	28.508	101,250
Financial liabilities				
Monetary items				
USD		414,036	28.508	11,803,351

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables, short-term borrowings, notes and accounts payable (including related parties), and other accrued expenses that are denominated in foreign currency.

A fluctuation in the TWD/USD exchange rate on December 31, 2021 and 2020, with other factors remaining constant, would have influenced the comprehensive income for the years ended December 31, 2021 and 2020 as illustrated below:

		For the years ended December 31,		
	Range of the fluctuations		**2021**	**2020**
TWD exchange rate	Depreciation of TWD 1 against the USD	$	(42,042)	(34,357)
	Appreciation of TWD 1 against the USD	$	42,042	34,357

(c) Foreign exchange gains or losses on monetary items

Due to the variety of the functional currencies of the Group's entities, the Group's foreign exchange gains (losses) on monetary items amounted to $3,440 and $(150,086), for the years ended December 31, 2021 and 2020, respectively.

D. Interest rate analysis

The Group's interest rate exposure regarding its financial assets and liabilities has been disclosed in the note of financial risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The exposure to changes in interest rates (assuming all other variables are constant) would have influenced the comprehensive income for the years ended December 31, 2021 and 2020, as illustrated below:

	Range of the fluctuations	For the years ended December 31, 2021	2020
Annual interest rate	Increase of 1%	$ (27,332)	(13,768)
	Decrease of 1%	$ 27,332	13,768

E. Other market price risk

If the price of equity securities in the reporting date rises or falls by 1%, and the other variables remain constant, the annual other comprehensive income would have increase or decrease by $9,785 and $10,071 for the years ended December 31, 2021 and 2020, respectively.

F. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets and liabilities at FVTPL and financial assets at FVOCI is measured on a recurring basis. The Group’s carrying amounts and the fair value of financial assets and liabilities (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts, and lease liabilities, since the disclosures of fair value are not required), were as follows:

	December 31, 2021				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic listed stocks	$ 939,784	939,784	-	-	939,784
Foreign unlisted stocks	48,346	-	-	48,346	48,346
	$ 988,130	939,784	-	48,346	988,130

	December 31, 2020				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Beneficiary certificates – mutual funds	$ 714,252	714,252	-	-	714,252
Financial assets at FVOCI					
Domestic listed stocks	$ 947,932	947,932	-	-	947,932
Foreign unlisted stocks	74,046	-	-	74,046	74,046
	$ 1,021,978	947,932	-	74,046	1,021,978

(b) Valuation techniques for financial instruments not measured at fair value

The Group estimates its financial instruments not measured at fair value using the following methods and assumptions:

Fair value measurement for financial assets and financial liabilities measured at amortized cost will be based on the latest quoted price and agreed-upon price if these prices are available in active markets. When market value is unavailable, the fair value of financial assets and financial liabilities is evaluated based on the discounted cash flow of the financial assets and financial liabilities.

(c) Valuation techniques for financial instruments that are measured at fair value

The Group held its financial instruments presented as beneficiary certificates – mutual funds and domestic listed stocks, which are measured at fair value according to standard provisions and conditions; the fair value is measured using the quoted prices in an active market.

Except for the above financial instruments with an active market, the Group estimated the fair value of the remaining financial instruments by using the valuation techniques. The valuation technique is used to arrive at their fair value, for which the market transaction prices of the similar companies and market conditions are considered.

(d) Transfer between level 1 and level 2: None.

(e) Reconciliation of level 3 fair values:

	Financial assets at FVOCI－equity investments without an active market
Balance as of January 1, 2021	$ 74,046
Recognized in other comprehensive income	(25,700)
Balance as of December 31, 2021	**$ 48,346**
Balance as of January 1, 2020	$ 57,722
Addition in investment	27,148
Recognized in other comprehensive income	(10,824)
Balance as of December 31, 2020	**$ 74,046**

The total gains and losses mentioned above were recognized in “Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income”.

(f) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets at FVOCI – equity investments.

The Group classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI－equity investments without an active market	Market approach	· Price-to-sales ratios as of December 31, 2021 and 2020 ranged from 2.17~29.27 and 1.77~25.83, respectively. · Price-equity ratios as of December 31, 2021 and 2020 ranged from 2.28~12.56 and 2.61~6.34, respectively. · Discount for lack of marketability as of December 31, 2021 and 2020 were 30%~80% and 70%~80%, respectively.	·The higher the price-to-sales ratio, the higher the fair value. ·The higher the price-equity ratio, the higher the fair value. ·The higher the discount for lack of marketability, the lower the fair value.

(22) Financial risk management

A. Overview

The Group is exposed to the following risks due to usage of financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

B. Objectives and policies for managing risk

Other than derivative financial instruments, the main financial instruments of the Group are cash and cash equivalents that are used to maintain a balance between continuity of funding and flexibility. The other financial assets and liabilities held by the Group, include accounts receivable and payable, which are generated from operating activities.

In accordance with a reviewed policy, the Group will not engage in derivative financial instruments for the purpose of speculation.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, receivables, beneficiary certificates－mutual funds, and investments.

The Group deposits its cash and cash equivalents in various creditworthy financial institutions. Beneficiary certificates that were issued by various creditworthy entities and financial institutions. As a result, the Group believes that there is no concentration of credit risk in cash and cash equivalents and beneficiary certificates.

The Group continuously evaluates the credit policy, which includes insurance limits and credit ratings of its customers. The Group performs a periodic evaluation on its uncollected accounts receivable. Before delivery it also needs to assess the creditworthy of the customers. For the years ended December 31, 2021 and 2020, the Group had no concentration of credit risk arising from sales transactions. The Group evaluates the collectability of accounts receivable and provides adequate reserves for bad debts, if necessary.

The Group hedges the risk through financial instruments, and primarily uses selected financial instruments and specific banks. For foreign exchange instruments, the Group mainly uses spot and forward exchange contracts, and if necessary, it uses other derivative financial instruments approved by the Board of Directors.

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. For related information about endorsement guarantee, please refer to notes 7 and 13.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group have sufficient capital and working capital to fulfill the contract obligations.

E. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises foreign currency risk, interest rate risk, and other price risk (such as risk related to equity instruments).

(a) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposures to risk from changes in interest rates arise primarily from the Group's bank loans with variable interest rates.

(b) Foreign currency risk

Foreign currency risk is the risk that fluctuations in foreign currency exchange rates will adversely affect the future cash flow and fair value of financial instruments. The Group's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a currency different from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

To achieve foreign currency risk management, the Group hedges its forecast sales and purchases over the following three months. The Group also hedges certain trades without considering limits of time.

When the nature of a hedge is not an economic one, the period of the derivatives should correspond to the period of the hedged items according to the Group's policies to maximize hedge effectiveness.

The Company holds net foreign currency borrowings to hedge the fluctuation risk arises from the translation of USD, EUR and GBP due to foreign currency transactions.

(c) Other market price risks

The Company manages equity investments, both singly and as a whole, by diversification of investments and sets a limitation on the amount of equity securities. Information on equity securities transactions within the portfolio has to be provided to the top management of the Company regularly, and all buy and sell decisions should be reviewed and approved by the Board of Directors.

(23) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The Group is in a technology and capital-intensive industry, and to fit in with its long-term scheme for stable and long-term growth, it is critical for the Group to undertake a conservative dividend policy. According to the Company's articles of incorporation, cash dividends should not be less than 10% of the sum of cash dividends and stock dividends.

There were no changes in the Group's approach to capital management during the year ended December 31, 2021.

The Group's debt-to-capital ratio at the reporting date was as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 27,494,406	21,153,387
Less: cash and cash equivalents	(3,089,772)	(4,531,021)
Net debt	$ 24,404,634	16,622,366
Total equity	$ 17,002,599	16,785,589
Debt-to-capital ratio	143.53%	99.03%

The increase in debt-to-capital ratio on December 31, 2021 was due to the increase in short-term borrowings, which resulted in an increase in the Group's liabilities.

(24) Financing activities of non-cash transactions

Reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2021	Cash flow	Foreign exchange movement	Other changes	December 31, 2021
Short-term borrowings	$ 1,949,339	4,823,801	(6,659)	-	6,766,481
Lease liabilities (including current portion)	1,648,190	(79,690)	(2,169)	8,087	1,574,418
Guarantee deposits received (including current portion)	13,663	1,277	-	-	14,940
Long-term borrowings (including current portion)	1,350,400	467,524	-	(21,557)	1,796,367
	$ 4,961,592	5,212,912	(8,828)	(13,470)	10,152,206

			Non-cash changes		
	January 1, 2020	Cash flow	Foreign exchange movement	Other changes	December 31, 2020
Short-term borrowings	$ 2,337,552	(395,354)	7,141	-	1,949,339
Lease liabilities (including current portion)	1,812,539	(82,013)	(9,595)	(72,741)	1,648,190
Guarantee deposits received (including current portion)	11,604	2,059	-	-	13,663
Long-term borrowings	106,000	1,244,400	-	-	1,350,400
	$ 4,267,695	769,092	(2,454)	(72,741)	4,961,592

7. Related-party transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related parties	Relationship with the Group
Wistron Corporation (Wistron)	The entity with significant influence over the Group
Wistron InfoComm (CHONGQING) Co., Ltd. (WCQ)	The subsidiary of the entity with significant influence over the Group
Wistron InfoComm (Chengdu) Co., Ltd. (WCD)	The subsidiary of the entity with significant influence over the Group
Wiwynn Corporation (WYHQ)	The subsidiary of the entity with significant influence over the Group
Cowin Worldwide Corporation (COWIN)	The subsidiary of the entity with significant influence over the Group
Wistron InfoComm (Kunshan) Co., Ltd. (WAKS)	The subsidiary of the entity with significant influence over the Group
Wistron InfoComm (Zhongshan) Corporation (WZS)	The subsidiary of the entity with significant influence over the Group
Wistron Service (Kunshan) Corporation (WSKS)	The subsidiary of the entity with significant influence over the Group
International Standards Labs. (ISL)	The subsidiary of the entity with significant influence over the Group
WiAdvance Technology Corporation (AGI)	The subsidiary of the entity with significant influence over the Group
WIEDU Corporation (WETW)	The subsidiary of the entity with significant influence over the Group
Wistron Information Technology and Services Corporation (WITS)	The subsidiary of the entity with significant influence over the Group
SMS InfoComm Global Service (CQ) (WSCQ)	The subsidiary of the entity with significant influence over the Group
SMS InfoComm Corporation (WTX)	The subsidiary of the entity with significant influence over the Group
KunShan ChangNun Precision Die Casting Co., Ltd. (WQN)	An associate of the Group

(2) Significant related-party transactions

A. Operating revenue

Related Party Categories	For the years ended December 31, 2021	2020
Entity with significant influence over the Group	$ 2,169	655
Other related parties	437,787	421,372
	$ 439,956	422,027

The selling prices for sales to related parties were determined by the products' fair market value, and the collection terms were mainly 90 days, which were similar to those for unrelated customers.

B. Purchases

Related Party Categories	For the years ended December 31, 2021	2020
Entity with significant influence over the Group	$ 848	-
Associate	142,637	95,410
	$ 143,485	95,410

Since the purchasing of the products from related parties was different from that of the unrelated vendors, the pricing and terms cannot be compared.

C. Accounts receivable from related parties

Related Party Categories	December 31, 2021	December 31, 2020
Entity with significant influence over the Group	$ 47,169	385
Other related parties	160,351	152,857
	$ 207,520	153,242

D. Accounts payable to related parties

Related Party Categories	December 31, 2021	December 31, 2020
Associate	$ 31,608	22,642

E. Prepaid payment (recorded in other current assets)

Related Party Categories	December 31, 2021	December 31, 2020
Associate	$ -	2,112

F. Property Transactions

(a) Acquisition of property, plant and equipment

The amounts of acquisition of property, plant and equipment from related parties and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31, 2021	2020
Associate	$ 311	2,273
Other related parties	585	1,055
	$ 896	**3,328**

Related Party Categories	December 31, 2021	December 31, 2020
Associate	**$ 328**	**-**

(b) Acquisition of intangible assets

The amounts of acquisition of intangible assets from related parties and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31, 2021	2020
Other related parties	**$ 52,847**	**-**

Related Party Categories	December 31, 2021	December 31, 2020
Other related parties	**$ 35,983**	**664**

G. Other transactions

(a) The amounts paid by the Group to its related parties for administrative and repair expenses, and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31, 2021	2020
Entity with significant influence over the Group	$ 11,030	3,639
Other related parties	7,166	901
Associate	2,431	554
	$ 20,627	**5,094**

Related Party Categories	December 31, 2021	December 31, 2020
Entity with significant influence over the Group	$ 2,356	401
Other related parties	891	169
Associate	172	100
	$ 3,419	670

(b) The amounts paid by the Group to its related parties for rental expenses incurred under the dormitory lease agreement, and the related unpaid balances were as follows:

	For the years ended December 31,			
	2021		2020	
Related Party Categories	Amount of the transaction	Accounts payable to related parties	Amount of the transaction	Accounts payable to related parties
Entity with significant influence over the Group	$ 2,114	107	2,643	248
Other related parties	3,641	348	4,038	336
	$ 5,755	455	6,681	584

As of December 31, 2021 and 2020, the Group paid the refundable deposits (derived from the operating leases) to its related parties amounting to $96.

(c) The Group leased the factory to its other related parties, with lease terms based on their mutual agreements, and the related rental and service income were as follows:

	For the years ended December 31,	
Related Party Categories	2021	2020
Other related parties	$ 60,268	60,701

Related Party Categories	December 31, 2021	December 31, 2020
Other related parties	$ -	255

The receivables resulting from the above transactions had been settled. As of December 31, 2021 and 2020, the Group received the lease deposits from its other related parties amounting to $6,618 and $7,447, respectively, which were recorded in other current liabilities and other non-current liabilities.

(d) For the years ended December 31, 2021 and 2020, the Group had received the cash dividends from its related parties amounting to $63,352 and $58,809, respectively. As of December 31, 2021 and 2020, the receivables resulting from the above transactions have been settled.

(3) Transactions with key management personnel

Key management personnel compensation comprised:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Short-term employee benefits	$ 100,862	127,769
Post-employment benefits	1,637	1,634
Share-based payment	32,827	19,166
	$ 135,326	148,569

Please refer to note 6(16) for further information on share-based payment.

8. Pledged assets

The carrying values of the Group's pledged assets were as follows:

Assets	Purpose of Pledged	December 31, 2021	December 31, 2020
Time deposits (recorded in other financial assets－current)	Guarantees for land lease agreements	$ 65,000	65,000
Time deposits (recorded in other financial assets－current)	Guarantees for dormitory lease agreements	2,900	2,500
		$ 67,900	67,500

9. Commitments and contingencies:

The Group has signed contracts for the material construction of its plans and equipment, amounting to $1,124,945 and $2,176,205, respectively, which have yet to be paid as of December 31, 2021 and 2020.

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other

The following is the summary statement of current-period employee benefits, depreciation, and amortization expenses by function:

By function / By item	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	4,150,121	3,528,129	7,678,250	3,831,814	3,141,219	6,973,033
Labor and health insurance	275,720	226,180	501,900	225,409	190,369	415,778
Pension	156,795	135,174	291,969	120,525	107,511	228,036
Others	383,606	115,449	499,055	244,312	106,221	350,533
Depreciation	1,138,038	300,846	1,438,884	1,173,059	293,062	1,466,121
Amortization	18,676	100,560	119,236	24,153	92,338	116,491

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

A. Financings provided: None.

B. Endorsement/guarantee provided: Please refer to Table 1.

C. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 2.

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Please refer to Table 3.

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: Please refer to Table 4.

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

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 6.

I. Information about the derivative financial instruments transaction: None.

J. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Table 7.

(2) Information on investees (excluding Information on Investees in Mainland China): Please refer to Table 8.

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 9(1).

B. Limitation on investment in Mainland China: Please refer to Table 9(2).

C. Significant transactions:

The significant intercompany transactions with the subsidiary in Mainland China, which were disclosed in the "Information on significant transactions".

(4) Information of major shareholder:

(Shares)

Shareholding Shareholder's Name	Total Shares Owned	Ownership Percentage
Wistron Corporation	89,674,679	22.61%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the consolidated financial statements due to the use of different calculation basis.

Note 2: In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Public Information Observatory.

14. Segment information:

(1) General information

The Group operates predominantly in one industry segment which includes the research and development, manufacture, and sale of satellite communication systems and of mobile and portable communication equipment.

The segment financial information is found in the consolidated financial statements. For sales to other than consolidated entities and income before income tax, please see the consolidated statements of comprehensive income. For assets, please see the consolidated balance sheets.

(2) Products and services information

Please refer to note 6(18) on information regarding products and services for the years ended December 31, 2021 and 2020.

(3) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

	December 31, 2021	December 31, 2020
Non-current assets:		
Americas	$ 16,016	12,365
Europe	3,399	2,496
Asia	10,304,898	9,064,894
	$ 10,324,313	9,079,755

The above non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other non-current assets.

Please refer to note 6(18) for the revenues from external customers for the years ended December 31, 2021 and 2020.

(4) Major customer information: None.

Wistron NeWeb Corporation and Subsidiaries

Endorsement/Guarantee Provided

For the year ended December 31, 2021

Table 1 (Amounts in Thousands)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	The Company	NYC	2	5,100,780	285,310 (USD10,000)	-	-	-	- %	17,002,599	Y	N	Y
0	The Company	NVNM	2	5,100,780	285,310 (USD10,000)	276,900 (USD10,000)	51,559 (USD1,862)	-	1.68%	17,002,599	Y	N	N

Note 1: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:

(1) An entity that is with business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The total amount of the endorsement/guarantee provided by the Company for any single who has, directly or indirectly, 100% voting shares of the Company shall not exceed 30% of the Company’s net worth.

Note 3: The total amount of the endorsement/guarantee provided by the Company shall not exceed the financial statements of the Company’s net worth.

Wistron NeWeb Corporation and Subsidiaries

Marketable securities held (excluding Investment in Subsidiaries, Associates and Joint Ventures)

December 31, 2021

Table 2 (Shares in Thousands /Amounts in Thousands)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Ending Balance				Highest Holding during the Year
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Wistron Corporation Stock	Invest the Company in equity method	Financial assets at FVOCI-current	28,796	839,409	0.99%	839,409	28,796
Same as above	Tai-Saw Technology Co., Ltd Stock	-	Same as above	2,500	100,375	2.43%	100,375	2,500
Same as above	GreenWave Holdings Inc. Stock	-	Financial assets at FVOCI - non-current	271	1,045	0.23%	1,045	271
Same as above	NeWave Sensor Solutions, LLC Stock	-	Same as above	1,605	14,374	18.83%	14,374	1,605
Same as above	EL Preferred Holdings, Inc. Stock	-	Same as above	135,227	1,172	4.09%	1,172	135,227
Same as above	Movandi Corporation Stock	-	Same as above	290	31,755	1.80%	31,755	290

Wistron NeWeb Corporation and Subsidiaries

Marketable Securities Acquired and Disposed of at Costs or Prices of at least NT$300 Million or 20% of the Paid-in Capital

For the year ended December 31, 2021

Table 3 (Amounts in Thousands)

Securities Held by	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Relationshipwith the company	Beginning Balance		Addition		Disposal				Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Gain (loss) on disposal	Shares	Amount	
WNC	NVNM stock	Investments accounted for using equity method	-	Subsidary	-	539,571	-	445,280	-	-	-	-	-	871,766	Notes 1 and 2

Note 1: The ending balance includes the amounts of investment income (losses) and translation adjustments. The intercompany transactions and balances had been eliminated in the consolidated financial statements.

Note 2: Issued ordinary shares for cash.

Wistron NeWeb Corporation and Subsidiaries

Acquisition of Individual Real Estate Properties at Costs of at least NT$300 Million or 20% of the Paid-in Capital

For the year ended December 31, 2021

Table 4 (Amounts in Thousands)

Company Name	Types of Property	Transaction Date	Transaction Amount	Status of Payment	Counter-Party	Nature of Relationships	Prior Transaction of Related Counter-Party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship with the Company	Date of Transfer	Amount			
The Company	Factory construction	2020.04	1,320,000 (untaxed)	As of December 31, 2021, the amount paid	Yin Shin Construction Co., Ltd.	None	-	-	-	-	Open bid	For operational use	None
The Company	Factory construction	2020.09	338,933 (untaxed)	As of December 31, 2021, the amount paid	Acter Group Corporation Limited	None	-	-	-	-	Open bid	For operational use	None
NVNM	Factory construction	2020.08	VND 423,600,000 (untaxed)	As of December 31, 2021, the amount paid	Jianxing Vietnam Development Company Limited	None	-	-	-	-	Open bid	For operational use	None
NVNM	Factory construction	2020.12	VND 251,800,000 (untaxed)	As of December 31, 2021, the amount paid	Sheng Huei (Vietnam) Engineering Co., Ltd.	None	-	-	-	-	Open bid	For operational use	None

Wistron NeWeb Corporation and Subsidiaries

Total Purchases from or Sales to Related Parties of at least NT$100 Million or 20% of the Paid-in Capital

For the year ended December 31, 2021

Table 5 (Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sales	Amount	Percentage of Total Purchases/ Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable)	
The Company	NUSA	Subsidiary	Sales	7,420,944	12%	Net 90 days after delivery	Note 1	Note 1	2,626,622	20%	Note 3
The Company	WCD	The subsidiary of parent company which invest the Company in equity method	Sales	302,117	- %	Net 90 days from the end of month of when invoice is issued	Note 1	Note 1	114,787	1%	
The Company	NYC	Subsidiary of NEWH	Sales	195,234	- %	Net 90 days after delivery	Note 1	Note 1	28,248	-%	Note 3
The Company	NYC	Subsidiary of NEWH	Purchase	2,125,691	4%	Net 90 days after delivery	Note 2	Note 2	(630,455)	7%	Note 3
The Company	NQJ	Subsidiary of NEWH	Purchase	3,180,683	6%	Net 90 days after delivery	Note 2	Note 2	(583,094)	6%	Note 3
The Company	NQX	Subsidiary of NEWH	Purchase	12,494,367	22%	Net 90 days after delivery	Note 2	Note 2	(2,212,500)	24%	Note 3
The Company	NVNM	Subsidiary	Purchase	1,378,231	2%	Net 90 days after delivery	Note 2	Note 2	(246,817)	3%	Note 3

Note 1: The sales prices to related parties were based on the general market price, with collection of mainly net 90 days after delivery, which were similar to those offered to unrelated customers.

Note 2: Since the purchasing of the products from subsidiary was different from that of the unrelated vendors, the pricing and terms cannot be compared. The prices and conditions of purchasing from associate were not significantly different from those of the unrelated vendors.

Note 3: The intercompany transactions and balances had been eliminated in the consolidated financial statements.

Wistron NeWeb Corporation and Subsidiaries

Receivables from Related Parties Amounting to at least NT$100 Million or 20% of the Paid-in Capital

December 31, 2021

Table 6 (Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period(Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
The Company	NUSA	Subsidiary	2,626,622	3.22	-	-	750,403	-
The Company	WCD	The subsidiary of parent company which invest the Company in equity method	114,787	3.21	-	-	23,916	-
NQJ	The Company	Parent	583,094	5.85	-	-	359,970	-
NYC	The Company	Parent	630,455	3.55	-	-	175,015	-
NQX	The Company	Parent	2,212,500	4.89	-	-	1,057,758	-
NVNM	The Company	Parent	246,817	5.58	-	-	246,817	-

Note 1: As of January 26, 2022, the amount had been fully received.
Note 2: The intercompany transactions and balances had been eliminated in the consolidated financial statements

Wistron NeWeb Corporation and Subsidiaries

The Business Relationship between the Parent and the Subsidiaries and Significant Transactions Between Them

For the year ended December 31, 2021

Table 7 (Amounts in Thousands)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements item	Amount	Trading Terms	Percentage of the Consolidated Net Revenue or Total Assets
0	The Company	NUSA	1	Sales	7,420,944	Net 90 days after delivery	11%
0	The Company	NUSA	1	Accounts Receivable	2,626,622	Net 90 days after delivery	6%
0	The Company	NYC	1	Purchase	2,125,691	Net 90 days after delivery	3%
0	The Company	NYC	1	Accounts Payable	630,455	Net 90 days after delivery	1%
0	The Company	NQJ	1	Purchase	3,180,683	Net 90 days after delivery	5%
0	The Company	NQJ	1	Accounts Payable	583,094	Net 90 days after delivery	1%
0	The Company	NQX	1	Purchase	12,494,367	Net 90 days after delivery	19%
0	The Company	NQX	1	Accounts Payable	2,212,500	Net 90 days after delivery	5%
0	The Company	NVNM	1	Purchase	1,378,231	Net 90 days after delivery	2%
0	The Company	NVNM	1	Accounts Payable	246,817	Net 90 days after delivery	1%

Note 1: The characters of business transactions between parent company and its subsidiaries were coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationships with transactions were as follows (If it is the same transaction between parent and subsidiary company or between subsidiaries, there is no need to repeat disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiaries, the subsidiary part does not need to be disclosed repeatedly; if the transaction between the subsidiaries and the transaction has been disclosed by one subsidiary, another subsidiary does not need to disclose it repeatedly.)：

1. Parent company to its subsidiaries.
2. Subsidiaries to the parent company.
3. Transactions between subsidiaries.

Note 3: The ratio of the transaction amount of the consolidated total sales revenue and consolidated total assets are calculated as follows:

1. For transaction amount accounted for as asset or liability, the ratio is calculated based on the closing balance amount of the consolidated total assets.
2. For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount at the end of the financial period of the consolidated total sales revenue.

Note 4: The characters of business transactions between the parent company and its subsidiaries only disclose the sales and accounts receivable data, and the relative purchases as well as the accounts payable will not be included.

Note 5: The amount of significant transaction should exceed 1 percent of the consolidated operating revenue or total assets.

Wistron NeWeb Corporation and Subsidiaries
Information on Investees (excluding Information on Investees in Mainland China)
For the year ended December 31, 2021

Table 8 (Shares in Thousands /Amount in Thousands)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Highest Shares of Ownership during the Year	Net Income (Losses) of Investee	Share of Profits/ Losses of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value				
The Company	NEWH	Samoa	Investment holding company	3,251,521	3,251,521	103,300	100.00%	6,922,578	103,300	258,736	258,736	Note 3
The Company	WNCH	Samoa	Investment holding company	84,212	84,212	2,633	100.00%	96,465	2,633	(10,135)	(10,135)	Note 3
The Company	NUSA	USA	Sales of satellite communication and portable communication products	6,944	6,944	200	100.00%	628,582	200	66,782	66,782	Note 3
The Company	NUK	United Kingdom	Services for wireless communication products	3,049	3,049	60	100.00%	25,502	60	2,678	2,678	Note 3
The Company	NJP	Japan	Services for wireless communication products	5,272	5,272	1	100.00%	7,372	1	1,587	1,587	Note 3
The Company	NEU	Germany	Sales and services for wireless communication products	5,119	-	150	100.00%	2,975	150	(1,733)	(1,733)	Note 2 and 3
The Company	NVN	Vietnam	Assembly processing of satellite communication and portable communication products	211,066	211,066	-	100.00%	342,595	-	72,445	72,445	Note 3
The Company	NVNM	Vietnam	Manufacturing and sales of satellite communication and portable communication products	1,008,315	563,035	-	100.00%	871,766	-	(95,998)	(95,998)	Note 1 and 3

Note 1: The investment in NVNM amounting to $445,280 (USD16,000) increased in March 2021.
Note 2: The Company invested in NEU in September 2021.
Note 3: The intercompany transactions and balances had been eliminated in the consolidated financial statements.

Wistron NeWeb Corporation and Subsidiaries

Information on Investment in Mainland China

For the year ended December 31, 2021

Table 9 (Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee	Percentage of Ownership	Highest Percentage of Ownership During the Year	Investment Income (Losses) (Note 2)	Carring Amount	Accumulated Inward Remittance of Earnings as of December 31, 2021	Note
					Outflow	Inflow								
NYC	Manufacturing and sales of satellite communication and portable communication products	559,570 (USD17,000)	(Note 1)	559,570	-	-	559,570	34,064	100%	100%	34,064	1,353,301	-	Note 3
NQJ	Manufacturing and sales of satellite communication and portable communication products	1,206,552 (USD38,000)	(Note 1)	1,206,552	-	-	1,206,552	108,798	100%	100%	108,798	2,995,278	-	Note 3
NQX	Manufacturing and sales of satellite communication and portable communication products	1,180,074 (USD38,000)	(Note 1)	1,180,074	-	-	1,180,074	114,694	100%	100%	114,694	2,237,576	-	Note 3
NQY	Manufacturing and sales of satellite communication and portable communication products	295,500 (USD10,000)	(Note 1)	295,500	-	-	295,500	(11)	100%	100%	(11)	296,349	-	Note 3

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee	Percentage of Ownership	Highest Percentage of Ownership During the Year	Investment Income (Losses) (Note 2)	Carring Amount	Accumulated Inward Remittance of Earnings as of December 31, 2021	Note
					Outflow	Inflow								
NQC	Repair and maintenance service for satellite communication and portable communication products	9,825 (USD300)	(Note 1)	9,825	-	-	9,825	1,191	100%	100%	1,191	40,070	-	Note 3
WQN	Manufacture and sales of zinc-aluminum alloy precision casting and LCD brackets, power tools series products	174,129 (USD5,625)	(Note 1)	34,452	-	-	34,452	(21,326)	47.44%	47.44%	(10,117)	90,487	18,533	

Note 1: Indirect investment in Mainland China through a foreign company.

Note 2: The financial statements of the investee company were audited by the Company's accountants based on the materiality standards and recognized shares of the associates, and joint ventures accounted for equity method.

Note 3: The intercompany transactions and balance had been eliminated in the consolidated financial statement.

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2021 (Note 1 and 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3 and 4)	Upper Limit on Investment
3,327,541	3,669,658	(Note 5)

Note 1: Neweb Communication Corporation, an indirectly invested subsidiary by the Company has completed its liquidation of various rights and obligations and cancelled its registration in 2004. The Company deducted $6 of dividends received from its accumulated investment of $10,347. The net investment amounted to $10,341 still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 2: Shenzhen Putian Technology Co., LTD., an indirectly invested subsidiary by the Company, has completed its liquidation of various rights and obligations ; thus, cancelled its registration in 2008. The Company's cumulative investment of $31,227, including the amount of $18,897 that had been remitted to WNCH, still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 3: According to the letter No.09800115610 of the Investment Commission, MOEA on April 15, 2009, WNCH invested in WQN US$578.

Note 4: The company obtained the approval letter No.10600203180 from the Investment Commission, MOEA to invest NQY US$20,000 through NEWH. As of December 31, 2021, the amount of investment in NQY was US$10,000.

Note 5: The Company obtained the Certificate of Operating Headquarters issued by Industrial Development Bureau, MOEA; the Company has no upper limit on investment in Mainland China.

6.5. Parent Company Only Financial Statements

Independent Auditors' Report

To the Board of Directors
Wistron NeWeb Corporation:

Opinion

We have audited the financial statements of Wistron NeWeb Corporation ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the parent-company-only financial statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Valuation of Receivables

   Please refer to Note 4(6) "Summary of Significant Accounting Policies－Financial instruments" , Note 5 "Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty", and Note 6(2) "Explanation of Significant Accounts－Financial assets" to the parent-company-only financial statements.

Description of key audit matters:

The Company has its customers spread throughout the globe, wherein they are vulnerable to various changes, such as environmental, technical, market, economic as well as legal matters. When assessing the expected credit loss of its receivables during its lifetime, the receivables are measured based on the factors such as aging analysis of accounts receivable, customers' financial status, historical collection experience, current market conditions, and consideration of forward-looking information. The assessment of allowance for loss on accounts receivables involved subjective judgment of management, which has been identified as one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: Checking the completeness and correctness of aging analysis, and testing the key control of the management for credit rating and supervision process to assess the appropriateness of the grant of customer credit ratings; understanding and evaluating the management's consideration and the rate of lifetime expected credit losses relating to receivables that are overdue, considering the receipt of cash after the year end, and analyzing the possibility of the remaining receivables collection; testing the adequacy of the Company's provisions against the receivables by assessing the relevant assumptions, as well as considering the appropriateness of the Company's disclosures in the accounts.

2. Valuation of Inventories

Please refer to Note 4(7) "Summary of Significant Accounting Policies－Inventories", Note 5 "Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty", and Note 6(3) "Explanation of Significant Accounts－Inventories, net" to the parent-company-only financial statements.

Description of key audit matters:

The Company mainly engages in the research and development, as well as the production of wireless communication products, wherein its inventories are measured at the lower of cost and net realizable value. Due to the rapid changes in telecommunication industry, the old models produced by the Company may quickly be replaced by news ones, resulting in a risk in which the carrying value of inventories may be higher than its net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon which is tentative and might be subject to significant fluctuations. Therefore, the valuation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Obtaining the inventory aging report and checking the accuracy with the general ledger; testing the accuracy of the aging of inventory based on the available documents of the last valid transaction. Understanding and evaluating the management's judgment on the calculation of the net realizable value, and testing the relevant documents to assess the rationality for aging inventories; as well as evaluating the management's assumptions on the completeness of inventory provisions and making an assessment of their adequacy for aging inventories; and considering the appropriateness of the Company's disclosures in the accounts.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in entities accounted for using equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Mei-Yu Tseng and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2022

Notes to Readers

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

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
Current assets:				
Cash and cash equivalents (note 6(1))	$ 805,404	2	1,930,923	5
Financial assets at fair value through profit or loss－current (note 6(2))	-	-	714,252	2
Financial assets at fair value through other comprehensive income－current (note 6(2))	939,784	2	947,932	3
Notes receivable (note 6(2))	-	-	11,394	-
Accounts receivable, net (note 6(2))	10,266,290	26	9,130,166	25
Receivables from related parties (notes 6(2) and 7)	2,950,178	8	2,172,010	6
Inventories, net (note 6(3))	7,615,119	19	5,413,606	15
Other financial assets－current (note 8)	170,682	-	85,408	-
Other current assets (note 7)	339,015	1	223,541	1
Total current assets	23,086,472	58	20,629,232	57
Non-current assets:				
Financial assets at fair value through other comprehensive income－non-current(note 6(2))	48,346	-	74,046	-
Investments accounted for using equity method (note 6(4))	8,878,493	23	8,195,256	23
Property, plant and equipment (notes 6(5) and 7)	5,634,268	14	5,430,315	15
Right-of-use assets (note 6(6))	1,504,526	4	1,542,494	4
Intangible assets (notes 6(7) and 7)	157,467	-	105,943	-
Deferred tax assets (note 6(14))	370,831	1	306,470	1
Refundable deposits (note 7)	7,508	-	6,480	-
Other non-current assets (note 6(2))	56,334	-	36,398	-
Total non-current assets	16,657,773	42	15,697,402	43
Total assets	$ 39,744,245	100	36,326,634	100

Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
Current liabilities:				
Short-term borrowings (note 6(8))	$ 5,200,075	13	1,626,340	5
Contract liabilities－current (note 6(18))	593,991	1	624,841	2
Notes and accounts payable	5,587,560	14	6,311,579	17
Payables to related parties (note 7)	3,787,110	10	4,045,516	11
Salary and bonus payable	1,486,352	4	1,446,460	4
Other accrued expenses	1,644,042	4	1,413,859	4
Provision－current (note 6(10))	98,539	-	115,218	-
Lease liabilities－current (note 6(11))	29,729	-	30,446	-
Long-term borrowings, current portion (note 6(8))	110,063	-	-	-
Other current liabilities (notes 6(9) and 7)	664,184	2	776,800	2
Total current liabilities	19,201,645	48	16,391,059	45
Non-current liabilities:				
Long-term borrowings (note 6(8))	1,686,304	5	1,350,400	4
Deferred tax liabilities (note 6(14))	157,079	-	149,954	-
Lease liabilities－non-current (note 6(11))	1,499,419	4	1,528,677	5
Net defined benefit liabilities－non-current (note 6(13))	172,460	-	114,316	-
Other non-current liabilities (notes 6(9) and 7)	24,739	-	6,639	-
Total non-current liabilities	3,540,001	9	3,149,986	9
Total liabilities	22,741,646	57	19,541,045	54
Equity (notes 6(15) and (16))**:**				
Ordinary share capital	3,965,585	10	3,976,243	11
Capital surplus	4,512,709	11	4,538,207	12
Retained earnings	9,096,656	23	8,907,628	25
Other equity	(572,351)	(1)	(636,489)	(2)
Total equity	17,002,599	43	16,785,589	46
Total liabilities and equity	$ 39,744,245	100	36,326,634	100

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation

Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Net operating revenue (notes 6(18) and 7)	$ 61,907,489	100	58,839,430	100
Operating costs (notes 6(3), (11), (13), (19) and 7)	56,186,517	91	53,382,698	91
Gross profit	5,720,972	9	5,456,732	9
Unrealized profit or loss from sales (note 7)	6,226	-	44,970	-
Realized gross profit	5,727,198	9	5,501,702	9
Operating expenses (notes 6(2), (11), (13), (19) and 7)**:**				
Selling	1,904,917	3	1,434,382	2
General and administrative	766,947	1	671,948	1
Research and development	2,529,845	4	2,343,489	4
Expected credit impairment gain or loss	(9,651)	-	18,549	-
Total operating expenses	5,192,058	8	4,468,368	7
Net operating income	535,140	1	1,033,334	2
Non-operating income and expenses:				
Interest income (note 6(20))	3,039	-	5,163	-
Other income (notes 6(12), (20) and 7)	459,815	1	345,191	-
Other gains and losses (note 6(20))	31,626	-	(83,275)	-
Finance costs (notes 6(11) and (20))	(58,261)	-	(56,683)	-
Share of profit of subsidiaries accounted for using equity method (note 6(4))	294,627	-	360,490	1
Total non-operating income and expenses	730,846	1	570,886	1
Income before income tax	1,265,986	2	1,604,220	3
Income tax expenses (note 6(14))	33,832	-	137,300	-
Net income	1,232,154	2	1,466,920	3
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit plans (note 6(13))	(64,053)	-	(15,615)	-
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(33,348)	-	56,235	-
Income tax related to items that will not be reclassified subsequently (note 6(14))	(17,951)	-	(5,287)	-
Total items that will not be reclassified subsequently to profit or loss	(79,450)	-	45,907	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(68,015)	-	23,784	-
Income tax related to items that may be reclassified subsequently (note 6(14))	(13,603)	-	4,757	-
Total items that may be reclassified subsequently to profit or loss	(54,412)	-	19,027	-
Other comprehensive income (loss)	(133,862)	-	64,934	-
Total comprehensive income	**$ 1,098,292**	**2**	**1,531,854**	**3**
Earnings per share (New Taiwan Dollars) (note 6(17))				
Basic earnings per share	**$ 3.15**		**3.76**	
Diluted earnings per share	**$ 3.10**		**3.72**	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation

Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings				Other equity				
	Ordinary share capital	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	Deferred compensation cost	Total	Total equity
Balance as of January 1, 2020	$ 3,903,293	(970)	4,196,118	2,196,016	394,300	5,838,446	8,428,762	(536,610)	179,267	(4,462)	(361,805)	16,165,398
Net income for the period	-	-	-	-	-	1,466,920	1,466,920	-	-	-	-	1,466,920
Other comprehensive income for the period	-	-	-	-	-	(12,493)	(12,493)	19,027	58,400	-	77,427	64,934
Total comprehensive income for the period	-	-	-	-	-	1,454,427	1,454,427	19,027	58,400	-	77,427	1,531,854
Appropriation and distribution of retained earnings:												
Appropriation for legal reserve	-	-	-	144,860	-	(144,860)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(36,958)	36,958	-	-	-	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	-	(975,581)	(975,581)	-	-	-	-	(975,581)
Due to donated assets received	-	-	9	-	-	-	-	-	-	-	-	9
Share-based payment transactions	72,950	970	342,080	-	-	20	20	-	-	(352,111)	(352,111)	63,909
Balance as of December 31, 2020	3,976,243	-	4,538,207	2,340,876	357,342	6,209,410	8,907,628	(517,583)	237,667	(356,573)	(636,489)	16,785,589
Net income for the period	-	-	-	-	-	1,232,154	1,232,154	-	-	-	-	1,232,154
Other comprehensive income for the period	-	-	-	-	-	(51,242)	(51,242)	(54,412)	(28,208)	-	(82,620)	(133,862)
Total comprehensive income for the period	-	-	-	-	-	1,180,912	1,180,912	(54,412)	(28,208)	-	(82,620)	1,098,292
Appropriation and distribution of retained earnings:												
Appropriation for legal reserve	-	-	-	145,445	-	(145,445)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(77,427)	77,427	-	-	-	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	-	(993,836)	(993,836)	-	-	-	-	(993,836)
Due to donated assets received	-	-	17	-	-	-	-	-	-	-	-	17
Share-based payment transactions	(10,658)	-	(25,515)	-	-	1,952	1,952	-	-	146,758	146,758	112,537
Balance as of December 31, 2021	$ 3,965,585	-	4,512,709	2,486,321	279,915	6,330,420	9,096,656	(571,995)	209,459	(209,815)	(572,351)	17,002,599

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2021	2020
Cash flows from operating activities:		
Income before income tax	$ 1,265,986	1,604,220
Adjustments:		
Adjustments to reconcile loss (profit)		
Depreciation	995,996	982,883
Amortization	115,303	113,631
Expected credit impairment loss (gain)	(9,651)	18,549
Net gain on financial assets and liabilities at fair value through profit or loss	(312)	(1,221)
Interest expense	58,261	56,683
Interest income	(3,039)	(5,163)
Dividend income	(63,352)	(58,809)
Compensation cost arising from share-based payment transactions	112,537	63,909
Share of profit of subsidiaries accounted for using equity method	(294,627)	(360,490)
Gain on disposal of property, plant and equipment	(8,135)	(879)
Gain on disposal of investments accounted for using equity method	-	(122)
Unrealized profit or loss from sales	(6,226)	(44,970)
Adjustment for other non-cash-related losses, net	(105)	7,310
Provision for inventory devaluation loss	223,308	232,415
Total adjustments to reconcile loss (profit)	1,119,958	1,003,726
Changes in operating assets and liabilities:		
Notes receivable	11,394	503
Accounts receivable	(1,126,473)	404,503
Receivables from related parties	(778,168)	362,277
Inventories	(2,424,821)	(1,340,436)
Other operating assets	(197,290)	119,752
Notes and accounts payable	(724,019)	1,488,233
Payables to related parties	(289,810)	(886,352)
Other operating liabilities	237,006	451,661
Total changes in operating assets and liabilities	(5,292,181)	600,141
Total adjustments	(4,172,223)	1,603,867
Cash flows generated from (used in) operations	(2,906,237)	3,208,087
Interest received	3,054	5,221
Dividends received	63,852	58,809
Interest paid	(49,217)	(60,667)
Income taxes paid	(198,043)	(39,031)
Net cash flows generated from (used in) operating activities	(3,086,591)	3,172,419
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(27,148)
Capital received from financial assets at fair value through other comprehensive income	-	499
Acquisition of financial assets at fair value through profit or loss	(1,170,000)	(3,405,760)
Proceeds from disposal of financial assets at fair value through profit or loss	1,884,564	3,106,475
Acquisition of investments accounted for using equity method	(450,399)	(620,035)
Acquisition of property, plant and equipment	(1,161,598)	(945,527)
Proceeds from disposal of property, plant and equipment	95,962	1,127
Increase in refundable deposits	(1,028)	(1,971)
Acquisition of intangible assets	(131,508)	(50,416)
Increase in other financial assets	(400)	-
Increase in other non-current assets	(121,483)	(67,019)
Net cash flows used in investing activities	(1,055,890)	(2,009,775)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	3,573,735	(437,018)
Proceeds from long-term borrowings	506,500	1,244,400
Repayments of long-term borrowings	(38,976)	-
Increase in guarantee deposits received	29	451
Repayment of the principal portion of lease liabilities	(30,507)	(32,337)
Cash dividends paid	(993,836)	(975,581)
Due to donated assets received	17	9
Net cash flows generated from (used in) financing activities	3,016,962	(200,076)
Net increase (decrease) in cash and cash equivalents	(1,125,519)	962,568
Cash and cash equivalents at beginning of period	1,930,923	968,355
Cash and cash equivalents at end of period	**$ 805,404**	**1,930,923**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2021 and 2020

(amounts expressed in Thousands of New Taiwan Dollars, except for per share information and unless otherwise noted)

1. Company history

Wistron NeWeb Corporation (the "Company") was founded in Hsinchu, Republic of China (R.O.C.), on December 7, 1996. The registered address of the Company's office is 20 Park Avenue II, Hsinchu Science Park, Hsinchu 308, Taiwan, R.O.C. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on September 22, 2003.

The Company is engaged mainly in the research, development, design, testing, manufacturing and sale of wired communication equipment, wireless communication networking equipment, electronic components, regulated telecommunication radio frequency equipment, medical devices, satellite communication systems, mobile and portable communication equipment, products, components, semi-finished products and peripherals of medical testing equipment, medical diagnostic equipment, smart mobile aids, medical consumables, medical information transmission systems.

2. Approval date and procedures of the financial statements

The parent-company-only financial statements were authorized for issue by the Board of Directors on March 9, 2022.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(2) The impact of IFRSs issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"

- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(3) The impact of IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these parent-company-only financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these parent-company-only financial statements.

(1) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations).

(2) Basis of preparation

A. Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(a) Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;

(b) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and,

(c) The net defined benefit liabilities are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising from retranslation are recognized in profit or loss except for the differences in equity instruments at FVOCI, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations are translated to TWD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to TWD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

A. It expects to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprise cash, cash in bank and checking deposits. Cash equivalents are short-term and 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 which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are initially measured at the transaction price.

A. Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI and FVTPL.

The Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(c) Financial assets measured at FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12-months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment as well as forward- looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due and the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity transaction

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities not classified as held-for-trading, or designated as at FVTPL, which comprise loans and borrowings, accounts payable, and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

(d) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations has been discharged or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the standard cost method and includes expenditure and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in process, the cost includes an appropriate share of direct labors and production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Investment in associates

Associates are those entities over which the Company has a significant influence and the authority to participate in the financial and operating policy decisions of the investees but not to the extent of controlling or joint controlling over those policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(9) Investment in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing their parent-company-only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent-company-only financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the consolidated financial statements.

The changes in the parent's interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 3 to 50 years

(b) Machinery and equipment: 1 to 6 years

(c) Research and development equipment: 5 to 6 years

(d) Other equipment: 3 to 5 years

(e) Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, laboratory engineering, etc. Each constituent is depreciated based on its useful life of 50 years, 5 years, and 3 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Leases

A. Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

(b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(c) the Company has the right to direct the use of an asset if either:

i. the Company has the right to the direct use of the identified asset when it has the decision-making rights that are most relevant to the changes on how and for what purpose the asset is used throughout the period.

ii. the decision on how, and for what purpose, the asset is used is predetermined,

(i) the Company has the right to operate the asset, without the supplier having the right to change those operating instructions; or

(ii) the Company designed the asset in a way that predetermines how, and for what purpose, it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

B. As a lessee

In addition, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments (including in-substance fixed payments);

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Company will exercise an extension or a termination option; or

(e) there is any lease modifications

When the lease liability is remeasured, other than lease modification, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its offices, which qualify as short-term leases, as well as its other equipments, which qualify as short-term leases and low-value asset leases.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

(d) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

C. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(12) Intangible assets

A. Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over 1 to 5 years for intangible assets.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(14) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical warranty data.

(15) Revenue from contract with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

A. Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

When the Company offers volume discounts to its customers, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refunded liability is recognized for expected volume discounts payable to customers in relation to sales made. No element of financing is deemed present as the sales are made with a credit term, which is consistent with the market practice.

The Company reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Company reassesses the estimated amount of expected returns.

The Company's obligation to provide a refund for faulty product under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(10).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Rendering of services

Some of the manufacturing and sales contracts of the Company include pre-production activities such as researching, developing, designing and testing of new products. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the reporting date as a proportion of the total services to be provided.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

C. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(16) Government grants

Government grants are recognized as deferred income at fair value and then be recognized in profit on a straight-line basis if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between the expected and the actual outcomes.

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

A. The entity has the legal right to settle tax assets and liabilities on a net basis; and

B. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

(a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where they timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(20) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds payable, unvested restricted stock awards and employee remuneration through the issuance of shares. The weighted-average outstanding shares are retroactively adjusted for the effects of stock dividends transferred from retained earnings and capital surplus to ordinary shares.

(21) Operating segment information

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations and requires management to make judgments, estimations, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about judgments made in applying accounting policies that have the most significant effects is as follows:

The Company determines the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably not to exercise that option. In assessing whether a lessee is reasonably to exercise the options, the Company considers all relevant facts and circumstances that create an economic incentive for the lessee. The Company reassesses whether it is reasonably certain to exercise an extension option or not to exercise the option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. If there is a change in the lease term, the Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Please refer to note 6(11).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(1) The loss allowance of receivables

The Company has estimated the loss allowance of receivables that is based on the risk of a default occurring and the rate of ECL. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(2).

(2) Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. Please refer to note 6(3) for further description of the valuation of inventories.

The Company's accounting policies and disclosures include the fair value measurement for financial assets and liabilities. The Company determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Company also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Company evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the assumption used in fair value measurement, please refer to note 6(21) of the financial instruments.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash, cash in bank and checking deposits	$ 445,434	1,474,795
Time deposits	359,970	456,128
	$ 805,404	**1,930,923**

Please refer to note 6(21) for the disclosure of foreign currency risk of the financial assets and liabilities.

(2) Financial assets

Details were as follows:

A. Financial assets at FVTPL:

	December 31, 2021	December 31, 2020
Beneficiary certificates－mutual funds	**$ -**	**714,252**

B. Financial assets at FVOCI:

Equity instruments at FVOCI

	December 31, 2021	December 31, 2020
Current:		
Domestic listed stocks	**$ 939,784**	**947,932**
Non-current:		
Foreign unlisted stocks	**$ 48,346**	**74,046**

These investments in equity instruments not held for trading, and therefore, are accounted for as FVOCI.

None of the aforementioned stock investments were disposed for the years ended December 31, 2021 and 2020, therefore, there were no transfers of any cumulative gain or loss under equity relating to these investments.

C. Notes receivable, accounts receivable (including related parties), and overdue receivables, net, were as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
Current:			
Notes receivable	$ -	11,394	11,897
Accounts receivable	10,354,198	9,227,725	9,632,228
Accounts receivable from related parties	2,950,178	2,172,010	2,534,287
	13,304,376	11,411,129	12,178,412
Less: loss allowance	(87,908)	(97,559)	(79,010)
	$ 13,216,468	**11,313,570**	**12,099,402**
Non-current:			
Overdue receivable	$ -	176,264	176,264
Less: loss allowance	-	(176,264)	(176,264)
Overdue receivable, net (recorded in other non-current assets)	**$ -**	**-**	**-**

The Company applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for its receivables (including overdue receivables). To measure the ECL, receivables (including overdue receivables) have been grouped based on the shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The expected loss allowance was determined as follows:

	Not past due	Past due within 60 days	Past due 61 to 90 days	Past due 91 to 180 days	Past due more than 181 days	Total
December 31, 2021						
Group 1						
Weighted-average loss rate	- %	- %	- %	- %	3.04%	
Gross carrying amount	$ 11,975,774	590,821	28,117	34,887	65,725	12,695,324
Expected loss allowance	**$ -**	**-**	**-**	**-**	**1,996**	**1,996**
Group 2						
Weighted-average loss rate	- %	- %	- %	5.06%	91.90%	
Gross carrying amount	$ 251,352	56,619	64,672	151,251	85,158	609,052
Expected loss allowance	**$ -**	**-**	**-**	**7,649**	**78,263**	**85,912**
Gross carrying amount	**$ 12,227,126**	**647,440**	**92,789**	**186,138**	**150,883**	**13,304,376**
Expected loss allowance	**$ -**	**-**	**-**	**7,649**	**80,259**	**87,908**
December 31, 2020						
Group 1						
Weighted-average loss rate	- %	- %	- %	- %	- %	
Gross carrying amount	$ 8,862,367	763,004	11,091	24,809	60,038	9,721,309
Expected loss allowance	**$ -**	**-**	**-**	**-**	**-**	**-**
Group 2						
Weighted-average loss rate	- %	- %	- %	21.17%	93.42%	
Gross carrying amount	$ 1,380,048	178,405	-	18,795	288,836	1,866,084
Expected loss allowance	**$ -**	**-**	**-**	**3,979**	**269,844**	**273,823**
Gross carrying amount	**$ 10,242,415**	**941,409**	**11,091**	**43,604**	**348,874**	**11,587,393**
Expected loss allowance	**$ -**	**-**	**-**	**3,979**	**269,844**	**273,823**

Group 1: Customer of low risk.
Group 2: Customer of generic risk.

The movement in the allowance for doubtful accounts with respect to receivables (including overdue receivables) was as follows:

	For the years ended December 31,	
	2021	2020
Beginning balance	$ 273,823	255,274
Impairment loss recognized (reversed)	(9,651)	18,549
Amounts written off	(176,264)	-
Ending balance	$ 87,908	273,823

(3) Inventories, net

	December 31, 2021	December 31, 2020
Raw materials	$ 5,464,200	3,850,885
Work in process and semi-finished products	695,907	391,330
Finished goods	1,455,012	1,171,391
	$ 7,615,119	5,413,606

The details of operating costs were as follows:

	For the years ended December 31,	
	2021	2020
Cost of goods sold	$ 55,970,120	53,157,961
Inventory devaluation loss	223,308	232,415
Revenue from sale of scrap	(7,456)	(5,479)
Physical inventory loss (gain)	545	(2,199)
	$ 56,186,517	53,382,698

(4) Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Subsidiaries	$ 8,878,493	8,195,256

Share of profit of subsidiaries accounted for using equity method were as follows:

	For the years ended December 31,	
	2021	2020
Subsidiaries	$ 294,627	360,490

Please refer to consolidated financial statements for the year ended December 31, 2021, for the subsidiaries information.

(5) Property, plant and equipment

		Buildings	Machinery and equipment	Research and development equipment	Other equipment	Rental assets	Construction in progress and equipment awaiting inspection	Total
Cost:								
Balance as of January 1, 2021	$	4,053,922	4,047,476	1,052,110	332,429	334,464	340,354	10,160,755
Additions		41,823	236,299	59,027	34,615	-	877,383	1,249,147
Disposals and obsolescence		(6,226)	(307,715)	(110)	(902)	-	-	(314,953)
Reclassification		38,569	300,133	17,119	234	-	(355,943)	112
Balance as of December 31, 2021	$	4,128,088	4,276,193	1,128,146	366,376	334,464	861,794	11,095,061
Balance as of January 1, 2020	$	4,014,361	3,232,330	995,777	306,956	305,331	551,707	9,406,462
Additions		32,272	366,394	74,269	19,868	-	453,733	946,536
Disposals and obsolescence		(3,769)	(66,171)	(114,935)	(61)	-	-	(184,936)
Reclassification		11,058	514,923	96,999	5,666	29,133	(665,086)	(7,307)
Balance as of December 31, 2020	$	4,053,922	4,047,476	1,052,110	332,429	334,464	340,354	10,160,755
Accumulated depreciation:								
Balance as of January 1, 2021	$	1,340,468	2,348,364	755,639	273,526	12,443	-	4,730,440
Depreciation for the period		214,617	610,096	97,683	28,394	6,689	-	957,479
Disposals and obsolescence		(6,226)	(219,888)	(110)	(902)	-	-	(227,126)
Balance as of December 31, 2021	$	1,548,859	2,738,572	853,212	301,018	19,132	-	5,460,793
Balance as of January 1, 2020	$	1,121,588	1,812,349	788,436	244,444	6,239	-	3,973,056
Depreciation for the period		222,649	601,938	82,138	29,143	6,204	-	942,072
Disposals and obsolescence		(3,769)	(65,923)	(114,935)	(61)	-	-	(184,688)
Balance as of December 31, 2020	$	1,340,468	2,348,364	755,639	273,526	12,443	-	4,730,440
Book value:								
Balance as of December 31, 2021	$	2,579,229	1,537,621	274,934	65,358	315,332	861,794	5,634,268
Balance as of December 31, 2020	$	2,713,454	1,699,112	296,471	58,903	322,021	340,354	5,430,315
Balance as of January 1, 2020	$	2,892,773	1,419,981	207,341	62,512	299,092	551,707	5,433,406

(6) Right-of-use assets

		Land	Buildings	Other equipment	Total
Cost:					
Balance as of January 1, 2021	$	1,601,652	11,994	15,045	1,628,691
Additions		-	-	549	549
Write-off		-	-	(2,431)	(2,431)
Balance as of December 31, 2021	$	1,601,652	11,994	13,163	1,626,809
Balance as of January 1, 2020	$	1,693,498	10,260	15,045	1,718,803
Additions		28,023	2,267	-	30,290
Decrease		(119,869)	-	-	(119,869)
Write-off		-	(533)	-	(533)
Balance as of December 31, 2020	$	1,601,652	11,994	15,045	1,628,691

	Land	Buildings	Other equipment	Total
Accumulated depreciation:				
Balance as of January 1, 2021	$ 66,962	4,667	14,568	86,197
Depreciation for the period	34,062	3,898	557	38,517
Write-off	-	-	(2,431)	(2,431)
Balance as of December 31, 2021	$ 101,024	8,565	12,694	122,283
Balance as of January 1, 2020	$ 32,491	1,054	12,092	45,637
Depreciation for the period	34,471	3,864	2,476	40,811
Write-off	-	(251)	-	(251)
Balance as of December 31, 2020	$ 66,962	4,667	14,568	86,197
Book value:				
Balance as of December 31, 2021	$ 1,500,628	3,429	469	1,504,526
Balance as of December 31, 2020	$ 1,534,690	7,327	477	1,542,494
Balance as of January 1, 2020	$ 1,661,007	9,206	2,953	1,673,166

(7) Intangible assets

	Software	Other intangible assets	Total
Cost:			
Balance as of January 1, 2021	$ 279,865	129,632	409,497
Additions	113,347	53,480	166,827
Write-off	(77,018)	(71,016)	(148,034)
Balance as of December 31, 2021	$ 316,194	112,096	428,290
Balance as of January 1, 2020	$ 283,033	184,265	467,298
Additions	20,739	11,434	32,173
Write-off	(23,907)	(66,067)	(89,974)
Balance as of December 31, 2020	$ 279,865	129,632	409,497
Amortization:			
Balance as of January 1, 2021	$ 205,614	97,940	303,554
Amortization for the period	71,869	43,434	115,303
Write-off	(77,018)	(71,016)	(148,034)
Balance as of December 31, 2021	$ 200,465	70,358	270,823
Balance as of January 1, 2020	$ 147,955	131,942	279,897
Amortization for the period	81,566	32,065	113,631
Write-off	(23,907)	(66,067)	(89,974)
Balance as of December 31, 2020	$ 205,614	97,940	303,554

	Software	Other intangible assets	Total
Book value:			
Balance as of December 31, 2021	$ 115,729	41,738	157,467
Balance as of December 31, 2020	$ 74,251	31,692	105,943
Balance as of January 1, 2020	$ 135,078	52,323	187,401

(8) Bank borrowings

A. Short-term borrowings

	December 31, 2021			
	Currency	Annual interest rate	Year of maturity	Amount
Unsecured bank loans	TWD	0.74%~1.05%	2022	$ 3,390,000
Unsecured bank loans	USD	0.64%~0.78%	2022	1,716,780
Unsecured bank loans	GBP	0.5%	2022	93,295
Total				$ 5,200,075

	December 31, 2020			
	Currency	Annual interest rate	Year of maturity	Amount
Unsecured bank loans	USD	0.75%~0.90%	2021	$ 1,567,940
Unsecured bank loans	GBP	0.45%	2021	58,400
Total				$ 1,626,340

Please refer to note 6(21) for the disclosure of interest risk, foreign currency risk and liquidity risk.

B. Long-term borrowings

	December 31, 2021			
	Currency	Annual interest rate	Year of maturity	Amount
Unsecured bank loans	TWD	0.45%	2024	$ 217,779
Unsecured bank loans	TWD	0.45%~0.52%	2025	1,080,363
Unsecured bank loans	TWD	0.65%	2028	49,453
Unsecured bank loans	TWD	0.45%~0.7%	2031	448,772
Less: long-term borrowings, current portion				(110,063)
Total				$ 1,686,304

	December 31, 2020			
	Currency	**Annual interest rate**	**Year of maturity**	**Amount**
Unsecured bank loans	TWD	0.45%	2024	$ 220,000
Unsecured bank loans	TWD	0.45%~0.52%	2025	1,130,400
Total				$ 1,350,400

C. Government low interest loans

Based on the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" the Group had successively received the preferential interest rate loan from the banks since January 2020. As of December 31, 2021, the total amounted to $1,817,924. The difference between the recognized loan calculated using the market interest rate, and the actual repayment preferential interest rate measured in accordance with the government grants, had been recognized as deferred revenue. Please refer to note 6(9).If the Group fails to meet the conditions in the above project during the loan period and the National Development Fund terminates the grants, the Group shall pay the original interest rate, plus the annual interest rate.

(9) Deferred income

	December 31, 2021
Deferred income - government grants	$ 23,852
Current	$ 5,782
Non-current	18,070
	$ 23,852

(10) Provisions – current

	Warranties
Balance as of January 1, 2021	$ 115,218
Provisions made for the period	32,519
Provisions utilized during the period	(49,198)
Balance as of December 31, 2021	$ 98,539
Balance as of January 1, 2020	$ 143,695
Provisions made for the period	85,953
Provisions utilized during the period	(114,430)
Balance as of December 31, 2020	$ 115,218

(11) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 29,729	30,446
Non-current	$ 1,499,419	1,528,677

For the maturity analysis, please refer to note 6(21).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2021	2020
Interest on lease liabilities	$ 18,615	19,231
Expenses relating to short-term leases	$ 12,883	16,454
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 2,799	2,171
Total cash outflow for leases	$ 64,821	70,231

A. Real estate leases

The Company leases land and buildings for its office spaces and staff dormitory. The leases of land typically run for a period of 20 years, and the office spaces and staff dormitory for 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of land and office spaces contain extension options exercisable. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

The lease payment of the land contract depends on the current land price set by the local district, and the additional construction cost of the public facilities is adjusted after the calculation. This fee usually occurs once a year.

B. Other leases

The Company leases other equipment, with lease terms of 3 to 5 years. In some cases, the Company has options to purchase the assets at the end of the contract term.

In addition, the Company has elected not to recognize the right-of-use assets and lease liabilities for its office spaces and other equipment, which qualifies as short-term leases and low-value asset leases.

(12) Operating lease

Lessor

For the years ended December 31, 2021 and 2020, the operating leases of $46,054 and $42,345, respectively, were recognized as rental income.

(13) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligation	$ 360,317	308,897
Fair value of plan assets	(187,857)	(194,581)
Net defined benefit liabilities	**$ 172,460**	**114,316**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $187,857 as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation of the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	**2020**
Defined benefit obligation as of January 1	$ 308,897	287,348
Current service costs and interest	3,011	4,307
Remeasurements of the net defined benefit liabilities		
—Actuarial loss (gain) arising from experience adjustments	17,480	2,434
—Actuarial loss (gain) arising from changes in financial assumptions	48,790	18,493
Benefits paid from plan assets	(17,861)	(3,685)
Defined benefit obligation as of December 31	**$ 360,317**	**308,897**

(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	**2020**
Fair value of plan assets as of January 1	$ 194,581	183,462
Interest income	1,164	1,973
Remeasurements of the net defined benefit liabilities		
—Return on plan assets (excluding current interest)	2,217	5,312
Contributions made	7,756	7,519
Benefits paid from plan assets	(17,861)	(3,685)
Fair value of plan assets as of December 31	**$ 187,857**	**194,581**

(d) Expenses recognized in profit or loss

The Company's expenses recognized in profit or losses for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31,	
	2021	**2020**
Current service costs	$ 1,157	1,208
Net interest on the net defined benefit liabilities	690	1,126
	$ 1,847	**2,334**

(e) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,		
		2021	**2020**
Cumulative amount as of January 1	$	(193,933)	(178,318)
Recognized for the period		(64,053)	(15,615)
Cumulative amount as of December 31	$	(257,986)	(193,933)

(f) Actuarial assumptions

The following were the Company's significant actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	December 31, 2021	**December 31, 2020**
Discount rate	0.625%	0.625%
Future salary increase rate	5.000%	4.000%

The Company expects to make a contribution of $6,641 to its defined benefit plans in the following year, beginning December 31, 2021.

The weighted-average duration of the defined benefit obligation is 14.43 years.

(g) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2021 and 2020 the impact on the defined benefit obligation would be as follows:

	Impact on the defined benefit obligation		
		Increase 0.25%	**Decrease 0.25%**
December 31, 2021			
Discount rate	$	(11,162)	11,661
Future salary increase rate		10,988	(10,596)
December 31, 2020			
Discount rate	$	(9,443)	9,843
Future salary increase rate		9,356	(9,036)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other.

The approach used in recognizing the net defined liability in the balance sheets is the same as the one used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were $182,631 and $160,428 for the years ended December 31, 2021 and 2020, respectively.

(14) Income tax

A. Income tax expense:

The amounts of income tax expense (benefit) for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31, 2021	2020
Current income tax expense (benefit)		
Current period	$ 224,312	258,131
Adjustment for prior period	(164,798)	(158,855)
	59,514	99,276
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	(25,682)	38,024
Income tax expense	**$ 33,832**	**137,300**

B. The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31, 2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	$ (12,811)	(3,122)
Unrealized gains or losses from investments in equity instruments measured at FVOCI	(5,140)	(2,165)
	$ (17,951)	**(5,287)**

	For the years ended December 31,	
	2021	**2020**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ (13,603)	4,757

The reconciliation of income tax expenses and income before income tax for the years ended December 31, 2021 and 2020 was as follows:

	For the years ended December 31,	
	2021	**2020**
Income before income tax	$ 1,265,986	1,604,220
Income tax at the Company's domestic tax rate	$ 253,197	320,844
Non-deductible expenses and others	37,180	59,482
Change in unrecognized temporary differences	(51,747)	(44,171)
Tax-exempt income	(40,000)	(40,000)
Over-provision in prior periods	(164,798)	(158,855)
Total	$ 33,832	137,300

C. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2021 and 2020, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	December 31, 2021	December 31, 2020
The temporary differences associated with investments in subsidiaries (tax amount):		
Unrecognized deferred tax liabilities	$ (729,066)	(677,319)

(b) Recognized deferred tax assets and liabilities

Deferred tax assets:

	Allowance for doubtful accounts over the quota	Unrealized loss from inventory devaluation	Exchange differences on translation of foreign financial statements	Unrealized profit or loss from sales	Unrealized foreign exchange gain or loss	Financial assets at FVOCI	Others	Total
Balance as of January 1, 2021	$ 31,590	56,284	93,144	5,496	1,297	13,193	105,466	306,470
Recognized in profit or loss	(31,590)	9,168	-	(1,245)	177	-	56,297	32,807
Recognized in other comprehensive income	-	-	13,603	-	-	5,140	12,811	31,554
Balance as of December 31, 2021	$	65,452	106,747	4,251	1,474	18,333	174,574	370,831
Balance as of January 1, 2020	$ 26,345	42,483	97,901	14,490	9,346	11,028	113,469	315,062
Recognized in profit or loss	5,245	13,801	-	(8,994)	(8,049)	-	(11,125)	(9,122)
Recognized in other comprehensive income	-	-	(4,757)	-	-	2,165	3,122	530
Balance as of December 31, 2020	$ 31,590	56,284	93,144	5,496	1,297	13,193	105,466	306,470

Deferred tax liabilities:

	Share of profit of subsidiaries accounted for using equity method
Balance as of January 1, 2021	$ (149,954)
Recognized in profit or loss	(7,125)
Balance as of December 31, 2021	$ (157,079)
Balance as of January 1, 2020	(121,052)
Recognized in profit or loss	(28,902)
Balance as of December 31, 2020	$ (149,954)

D. The Company's tax returns have been examined by the tax authorities through 2019.

(15) Capital and other equity interest

A. Issuance and cancellation of ordinary shares

As of December 31, 2021 and 2020, the authorized capital of the Company amounted to $8,000,000, both of which included the amount of $250,000 reserved for employee share options; the issued capital amounted to $3,965,585 and $3,976,243, respectively.

For the year ended December 31, 2021, the Company cancelled 1,066 thousand shares of restricted stock awarded to its employees.As of December 31,2021, wherein the registration procedures had already been completed.

For the year ended December 31, 2020, the Company cancelled 105 thousand shares of restricted stock awarded to its employees.As of December 31,2020, wherein the registration procedures had already been completed.

B. Capital surplus

The Company's capital surplus was as follows:

	December 31, 2021	December 31, 2020
Capital surplus－premium	$ 2,751,329	2,653,294
Convertible bonds payable－premium	1,332,209	1,332,209
Treasury stock sold to employees	100,454	100,454
Due to donated assets received	117	100
Capital surplus from merger	36,653	36,653
Conversion options of bonds	74,560	74,560
Restricted stock awards	217,387	340,937
	$ 4,512,709	4,538,207

In accordance with the R.O.C. Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. In addition, when the Company incurred no deficit, such capital surplus may be distributed as cash or stock dividends. Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10% of the paid-in capital.

C. Retained earnings

(a) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

(b) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to $136,043. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amount of special reserve amounted to $108,123 as of December 31, 2021 and 2020.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. Pursuant to the shareholders' meeting held on July 29, 2021 and June 19, 2020, respectively, the Company resolved to reduce its of shareholders' equity amounting to $77,427 and $36,958, respectively, as special reserve.

(c) Earnings distribution

According to the Company's Articles of Incorporation, if the Company shows a year-end earnings, it shall first pay miscellaneous taxes and make up any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, with no less than 10% as dividends to shareholders, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.

The following are the appropriation of earnings in 2020 and 2019 which were approved during the shareholders' meeting held on July 29, 2021 and June 19, 2020, respectively:

	2020		2019	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 2.5012	**993,836**	2.5001	**975,581**

The appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

The appropriation of earnings in 2021 proposed by the Board of Directors' on March 9, 2022, is to be presented for approval in annual shareholders' meeting. The related information will be available on the Market Observation Post System website after the resolution meeting.

(16) Share-based payment

A. Information about the Company’s equity-settled share-based payment transactions for the years ended December 31, 2021 and 2020, was as follows:

	Restricted stock awards	
	Issued in 2020	**Issued in 2017**
Grant date	August 3, 2020	July 3, 2017
Granted units (thousands)	7,400	510
Contractual life	1~3 years	1~3 years
Recipients	Employees	Employees
Vesting condition	Note	Note
Price per share (TWD)	0	0
Adjusted exercise price (TWD)	0	0

Note: Employees are entitled to receive restricted stock in the first, second and third year (from the grant date) of their service. The restricted stock awards will be granted only if the overall performance target and the personal performance target are reached.

B. Restricted stock awards

Pursuant to the resolutions made during the shareholders’ meeting hold on June 5, 2019, the Company issued the restricted stock awards to those full-time employees who conformed to the Company’ s requirements. These restricted stock awards have been registered and approved by the Securities and Futures Bureau of the FSC. On May 11, 2020, the Board of Directors approved a resolution to issue 7,400 thousand shares of restricted stock awards to its employees, with the effective date of the capital increase set on August 3, 2020. The related registrations of the increase of share capital have already been completed. Unless the vesting conditions have been met, the restricted stock awards may not be sold, pledged, transferred, hypothecated or otherwise disposed of Holders of restricted stock awards are entitled to the same rights as the Company’s existing ordinary shareholders, except for those restricted stock awards are held in trust and have vesting conditions. Also, the Company has the right to take back all unvested shares without compensation and to cancel all restricted stock awards issued to employees who fail to comply with the vesting condition.

For the year ended December 31, 2019, certain employees failed to achieve the vesting conditions, resulting in the 97 thousand shares of the restricted stock awards issued to employees expired, and thereafter, be cancelled. The cancellation of the above shares was approved by the Board of Directors on March 11, 2020, with the effective date of the capital reduction on March 17, 2020.

For the years ended December 31, 2020, 8 thousand shares of the restricted stock awards issued to employees on July 3, 2017, have expired, and therefore, were cancelled, resulting in the amount of $80 to be recognized as the capital surplus. As the vesting period ended in 2020, the Company decided to retrieve its restricted stock awards for its employees who failed to meet certain requirements, as well as its cash dividends of $20, which was generated from the above-mentioned restricted stock awards and was recognized as retained earnings.

For the years ended December 31, 2021, 1,066 thousand shares of the restricted stock awards issued to employees on August 3, 2020, have expired, and therefore, were cancelled, resulting in the amount of $10,658 to be recognized as the capital surplus. As the vesting period ended in 2021, the Company decided to retrieve its restricted stock awards for its employees who failed to meet certain requirements, as well as its cash dividends of $1,952, which was generated from the above-mentioned restricted stock awards and was recognized as retained earnings.

As of December 31, 2021 and 2020, the Company has deferred the compensation cost arising from the issuance of restricted stock awards amounting to $209,815 and $356,573, respectively. Such deferred amounts were recorded as deduction of other equity.

(17) Earnings per share

The Company's calculation of basic earnings per share and diluted earnings per share were as follows:

	For the years ended December 31,	
	2021	**2020**
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ 1,232,154	1,466,920
Weighted-average number of ordinary shares (in thousands)	390,966	390,154
Basic earnings per share (TWD)	$ 3.15	3.76
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company (diluted)	$ 1,232,154	1,466,920
Weighted-average number of ordinary shares (in thousands) (basic)	390,966	390,154
Effect of potential diluted ordinary shares (in thousands):		
Effect of employee stock remuneration	2,515	2,798
Effect of unvested restricted stock awards	4,452	1,251
Weighted-average number of ordinary shares (in thousands) (diluted)	397,933	394,203
Diluted earnings per share (TWD)	$ 3.10	3.72

(18) Revenue from contracts with customers

A. Disaggregation of revenue

	For the years ended December 31, 2021	2020
Revenues from major regional markets:		
Americas	$ 33,364,604	27,599,408
Europe	16,957,883	18,927,150
Asia	11,571,927	12,264,011
Others	13,075	48,861
	$ 61,907,489	58,839,430
Revenue from major products:		
Wireless communication products	$ 60,124,548	56,847,779
Others	1,782,941	1,991,651
	$ 61,907,489	58,839,430

B. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities－advance receipts	$ 593,991	624,841	211,680

For details on notes and accounts receivable and loss allowance, please refer to note 6(2).

The change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were $482,286 and $128,591, respectively.

(19) Remuneration to employees and directors

The Company's Articles of Incorporation require that profits (income before tax, excluding remuneration to employees and directors) shall first be used to offset against any deficit, and the remainder, if any, should be distributed as follows:

A. No less than 5%, by shares or in cash, as employee remuneration; employees of controlled companies who meet specific requirements set by the Board of Directors can also be included.

B. No more than 1% as director's remuneration in cash to directors.

The remunerations to employees amounted to $158,248 and $175,658, as well as the remunerations to directors amounted to $14,386 and $12,547 for the years ended December 31, 2021 and 2020, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the Board of Directors', the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. There were no differences between the aforesaid amounts of employees' and directors' remuneration approved by the Board of Directors and the amounts in the parent-company-only financial statements of 2021 and 2020. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2020, the remunerations to employees and directors amounted to $175,658 and $12,547, respectively, which were both paid in cash. The aforementioned remuneration was no difference between the actual amounts and the amounts accrued. The related information is available on the Market Observation Post System website.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2021	**2020**
Interest income from bank deposits	$ 3,032	5,132
Others interest income	7	31
	$ 3,039	**5,163**

B. Other income

	For the years ended December 31,	
	2021	**2020**
Rental income	$ 46,054	42,345
Dividend income	63,352	58,809
Government grants	5,300	-
Others	345,109	244,037
	$ 459,815	**345,191**

C. Other gains and losses

	For the years ended December 31, 2021	2020
Net gains on disposal of property, plant and equipment	$ 8,135	879
Gains (Losses) on disposal of investments accounted for using equity method	-	122
Foreign exchange gains (losses), net	23,179	(85,494)
Net gain on financial assets and liabilities at FVTPL	312	1,221
Others	-	(3)
	$ 31,626	(83,275)

D. Finance costs

	For the years ended December 31, 2021	2020
Interest expense－bank borrowings	$ 39,646	37,452
Interest expense－lease liabilities	18,615	19,231
	$ 58,261	56,683

(21) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Credit risk concentration

As the Company does not have the significant amount of transactions with a specific customer or in certain areas, there is no significant concentration of accounts receivable credit risk.

(c) Credit risk of receivables

For credit risk exposure of receivables, please refer to note 6(2). No loss allowances were recognized under other financial assets at amortized cost.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements, except for notes and accounts payable (including related parties), salary and bonus payable and other accrued expenses:

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2021					
Non-derivative financial liabilities					
Unsecured fixed-rate short-term borrowings	$ 4,117,035	4,118,863	4,118,863	-	-
Unsecured variable-rate short-term borrowings	1,083,040	1,083,411	1,083,411	-	-
Lease liabilities (including current portion)	1,529,148	1,972,256	47,980	223,728	1,700,548
Guarantee deposits received (including current portion)	6,668	6,668	-	6,668	-
Unsecured variable-rate long-term borrowings (including current portion)	1,796,367	1,848,688	120,275	1,437,005	291,408
	$ 8,532,258	9,029,886	5,370,529	1,667,401	1,991,956
December 31, 2020					
Non-derivative financial liabilities					
Unsecured fixed-rate short-term borrowings	$ 1,255,736	1,256,647	1,256,647	-	-
Unsecured variable-rate short-term borrowings	370,604	370,891	370,891	-	-
Lease liabilities (including current portion)	1,559,123	2,020,834	49,058	226,611	1,745,165
Guarantee deposits received (including current portion)	6,639	6,639	-	6,639	-
Unsecured variable-rate long-term borrowings	1,350,400	1,369,777	45,467	1,324,310	-
	$ 4,542,502	5,024,788	1,722,063	1,557,560	1,745,165

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

The Company’s financial assets and liabilities exposed to foreign currency risk were as follows:

	December 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**
Financial assets			
Monetary items			
USD	$ 534,641	27.690	14,804,223
Investments accounted for using equity method			
USD	307,670	27.690	8,519,391
Financial liabilities			
Monetary items			
USD	438,931	27.690	12,154,000

	December 31, 2020		
	Foreign currency	**Exchange rate**	**TWD**
Financial assets			
Monetary items			
USD	$ 458,292	28.508	13,061,275
Investments accounted for using equity method			
USD	277,828	28.508	7,920,334
Financial liabilities			
Monetary items			
USD	423,823	28.508	12,078,647

(b) Sensitivity analysis

The Company’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables, short-term borrowings, notes and accounts payable (including related parties), and other accrued expenses that are denominated in foreign currency.

A fluctuation in the TWD/USD exchange rate on December 31, 2021 and 2020, with other factors remaining constant, would have influenced the comprehensive income for the years ended December 31, 2021 and 2020 as illustrated below:

	Range of the fluctuations	For the years ended December 31, 2021	For the years ended December 31, 2020
TWD exchange rate	Depreciation of TWD 1 against the USD	$ 76,568	27,575
	Appreciation of TWD 1 against the USD	$ (76,568)	(27,575)

(c) Foreign exchange gains or losses on monetary items

Information on the foreign exchange gains or losses, including these realized and unrealized by significant foreign currency, were as follows:

	For the years ended December 31, 2021		2020	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
TWD	$ 23,179	28.02	(85,494)	29.58

D. Interest rate analysis

The Company's interest rate exposure regarding its financial assets and liabilities has been disclosed in the note of financial risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The exposure to changes in interest rates (assuming all other variables are constant) would have influenced the comprehensive income for the years ended December 31, 2021 and 2020, as illustrated below:

	Range of the fluctuations	For the years ended December 31, 2021	For the years ended December 31, 2020
Annual interest rate	Increase of 1%	$ (23,035)	(13,768)
	Decrease of 1%	$ 23,035	13,768

E. Other market price risk

If the price of equity securities in the reporting date rises or falls by 1%, and the other variables remain constant, the annual other comprehensive income would have increase or decrease by $9,785 and $10,071 for the years ended December 31, 2021 and 2020, respectively.

F. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets and liabilities at FVTPL and financial assets at FVOCI is measured on a recurring basis. The Company's carrying amount and the fair value of financial assets and liabilities (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts, and lease liabilities, since the disclosures of fair value are not required), were as follows:

	December 31, 2021				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic listed stocks	$ 939,784	939,784	-	-	939,784
Foreign unlisted stocks	48,346	-	-	48,346	48,346
	$ 988,130	939,784	-	48,346	988,130

	December 31, 2020				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Beneficiary certificates – mutual funds	$ 714,252	714,252	-	-	714,252
Financial assets at FVOCI					
Domestic listed stocks	$ 947,932	947,932	-	-	947,932
Foreign unlisted stocks	74,046	-	-	74,046	74,046
	$ 1,021,978	947,932	-	74,046	1,021,978

(b) Valuation techniques for financial instruments not measured at fair value

The Company estimates its financial instruments not measured at fair value using the following methods and assumptions:

Fair value measurement for financial assets and financial liabilities measured at amortized cost will be based on the latest quoted price and agreed-upon price if these prices are available in active markets. When market value is unavailable, the fair value of financial assets and financial liabilities is evaluated based on the discounted cash flow of the financial assets and financial liabilities.

(c) Valuation techniques for financial instruments that are measured at fair value

The Company held its financial instruments presented as beneficiary certificates – mutual funds and domestic listed stocks, which are measured at fair value according to standard provisions and conditions; the fair value is measured using the quoted prices in an active market.

Except for the above financial instruments with an active market, the Company estimated the fair value of the remaining financial instruments by using the valuation techniques. The valuation technique is used to arrive at their fair value, for which the market transaction prices of the similar companies and market conditions are considered.

(d) Transfer between level 1 and level 2: None.

(e) Reconciliation of level 3 fair values:

	Financial assets at FVOCI－equity investments without an active market
Balance as of January 1, 2021	$ 74,046
Recognized in other comprehensive income	(25,700)
Balance as of December 31, 2021	**$ 48,346**
Balance as of January 1, 2020	$ 57,722
Addition in investment	27,148
Recognized in other comprehensive income	(10,824)
Balance as of December 31, 2020	**$ 74,046**

The total gains and losses mentioned above were recognized in “Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income”.

(f) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include financial assets at FVOCI – equity investments.

The Company classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI－equity investments without an active market	Market approach	· Price-to-sales ratios as of December 31, 2021 and 2020 ranged from 2.17~29.27 and 1.77~25.83, respectively. · Price-equity ratios as of December 31, 2021 and 2020 ranged from 2.28~12.56 and 2.61~6.34, respectively. · Discount for lack of marketability as of December 31, 2021 and 2020 were 30%~80% and 70%~80%	·The higher the price-to-sales ratio, the higher the fair value. ·The higher the price-equity ratio, the higher the fair value. ·The higher the discount for lack of marketability, the lower the fair value.

(22) Financial risk management

A. Overview

The Company is exposed to the following risks due to usage of financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these parent-company-only financial statements.

B. Objectives and policies for managing risk

Other than derivative financial instruments, the main financial instruments of the Company are cash and cash equivalents that are used to maintain a balance between continuity of funding and flexibility. The other financial assets and liabilities held by the Company, include accounts receivable and payable, which are generated from operating activities.

In accordance with a reviewed policy, the Company will not engage in derivative financial instruments for the purpose of speculation.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, receivables, beneficiary certificates－mutual funds, and investments.

The Company deposits its cash and cash equivalents in various creditworthy financial institutions. Beneficiary certificates that were issued by various creditworthy entities and financial institutions. As a result, the Company believes that there is no concentration of credit risk in cash and cash equivalents and beneficiary certificates.

The Company continuously evaluates the credit policy, which includes insurance limits and credit ratings of its customers. The Company performs a periodic evaluation on its uncollected accounts receivable. Before delivery it also needs to assess the creditworthy of the customers. For the years ended December 31, 2021 and 2020, the Company had no concentration of credit risk arising from sales transactions. The Company evaluates the collectability of accounts receivable and provides adequate reserves for bad debts, if necessary.

The Company hedges the risk through financial instruments, and primarily uses selected financial instruments and specific banks. For foreign exchange instruments, the Company mainly uses spot and forward exchange contracts, and if necessary, it uses other derivative financial instruments approved by the Board of Directors.

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. For related information about endorsement guarantee, please refer to notes 7 and 13.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company have sufficient capital and working capital to fulfill the contract obligations.

E. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises foreign currency risk, interest rate risk, and other price risk (such as risk related to equity instruments).

(a) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposures to risk from changes in interest rate arise primarily from the Company's bank loans with variable interest rates.

(b) Foreign currency risk

Foreign currency risk is the risk that fluctuations in foreign currency exchange rates will adversely affect the future cash flow and fair value of financial instruments. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a currency different from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

To achieve foreign currency risk management, the Company hedges its forecast sales and purchases over the following three months. The Company also hedges certain trades without considering limits of time.

When the nature of a hedge is not an economic one, the period of the derivatives should correspond to the period of the hedged items according to the Company's policies to maximize hedge effectiveness.

The Company holds net foreign currency borrowings to hedge the fluctuation risk arises from the translation of USD, EUR and GBP due to foreign currency transactions.

(c) Other market price risks

The Company manages equity investments, both singly and as a whole, by diversification of investments and sets a limitation on the amount of equity securities. Information on equity securities transactions within the portfolio has to be provided to the top management of the Company regularly, and all buy and sell decisions should be reviewed and approved by the Board of Directors.

(23) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The Company is in a technology and capital-intensive industry, and to fit in with its long-term scheme for stable and long-term growth, it is critical for the Company to undertake a conservative dividend policy. According to the Company's articles of incorporation, cash dividends should not be less than 10% of the sum of cash dividends and stock dividends.

There were no changes in the Company's approach to capital management during the year ended December 31, 2021.

The Company's debt-to-capital ratio at the reporting date was as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 22,741,646	19,541,045
Less: cash and cash equivalents	(805,404)	(1,930,923)
Net debt	$ 21,936,242	17,610,122
Total equity	$ 17,002,599	16,785,589
Debt-to-capital ratio	129.02%	104.91%

The increase in debt-to-capital ratio on December 31, 2021 was due to the increase in short-term borrowings, which resulted in an increase in the Company's liabilities.

(24) Financing activities of non-cash transactions

Reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes	
	January 1, 2021	**Cash flow**	**Other changes**	**December 31, 2021**
Short-term borrowings	$ 1,626,340	3,573,735	-	5,200,075
Lease liabilities (including current portion)	1,559,123	(30,507)	532	1,529,148
Guarantee deposits received (including current portion)	6,639	29	-	6,668
Long-term borrowings (including current portion)	1,350,400	467,524	(21,557)	1,796,367
	$ 4,542,502	4,010,781	(21,025)	8,532,258

			Non-cash changes	
	January 1, 2020	**Cash flow**	**Other changes**	**December 31, 2020**
Short-term borrowings	$ 2,063,358	(437,018)	-	1,626,340
Lease liabilities (including current portion)	1,681,356	(32,337)	(89,896)	1,559,123
Guarantee deposits received (including current portion)	6,188	451	-	6,639
Long-term borrowings	106,000	1,244,400	-	1,350,400
	$ 3,856,902	775,496	(89,896)	4,542,502

7. Related-party transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the parent-company-only financial statements:

Name of related parties	Relationship with the Company
NeWeb Holding Corporation (NEWH)	The subsidiary of the Company
W-NeWeb Corporation (NUSA)	The subsidiary of the Company
WNC Holding Corporation (WNCH)	The subsidiary of the Company
WNC GmbH (NDE) (note 1)	The subsidiary of the Company
NeWeb GmbH (NEU)	The subsidiary of the Company
WNC UK Limited (NUK)	The subsidiary of the Company

Name of related parties	Relationship with the Company
WNC JAPAN Inc. (NJP)	The subsidiary of the Company
WNC Vietnam Co., Ltd. (NVN)	The subsidiary of the Company
NeWeb Vietnam Co., Ltd. (NVNM)	The subsidiary of the Company
Webcom Communication (Kunshan) Co., Ltd. (NYC)	The subsidiary of the Company
WNC (Kunshan) Corporation (NQJ)	The subsidiary of the Company
NeWeb Service (Kunshan) Corporation (NQC)	The subsidiary of the Company
Wistron NeWeb (Kunshan) Corporation (NQX)	The subsidiary of the Company
NeWeb Communication (Kunshan) Corporation (NQY)	The subsidiary of the Company
Wistron Corporation (Wistron)	The entity with significant influence over the Company
Wistron InfoComm (CHONGQING) Co., Ltd. (WCQ)	The subsidiary of the entity with significant influence over the Company
Wistron InfoComm (Chengdu) Co., Ltd. (WCD)	The subsidiary of the entity with significant influence over the Company
Wiwynn Corporation (WYHQ)	The subsidiary of the entity with significant influence over the Company
Cowin Worldwide Corporation (COWIN)	The subsidiary of the entity with significant influence over the Company
Wistron InfoComm (Kunshan) Co., Ltd. (WAKS)	The subsidiary of the entity with significant influence over the Company
International Standards Labs. (ISL)	The subsidiary of the entity with significant influence over the Company
WiAdvance Technology Corporation (AGI)	The subsidiary of the entity with significant influence over the Company
SMS InfoComm Corporation (WTX)	The subsidiary of the entity with significant influence over the Company
Wistron InfoComm (Zhongshan) Corporation (WZS)	The subsidiary of the entity with significant influence over the Company
WIEDU Corporation (WETW)	The subsidiary of the entity with significant influence over the Company
KunShan ChangNun Precision Die Casting Co., Ltd. (WQN)	An associate of the Company
SMS Infocomm Global Service (CQ)(WSCQ)	The subsidiary of the entity with significant influence over the Company

Name of related parties	Relationship with the Company
Wistron Information Technology and Services Corporation (WITS)	The subsidiary of the entity with significant influence over the Company

Note 1: The liquidation of NDE was completed in November 2020.

(2) Significant related-party transactions

A. Operating revenue

Related Party Categories	For the years ended December 31, 2021	2020
Subsidiaries		
NUSA	$ 7,420,944	9,153,307
Other subsidiaries	195,234	207,352
Entity with significant influence over the Company	2,169	655
Other related parties	412,927	396,854
	$ 8,031,274	9,758,168

The selling prices for sales to related parties were determined by the products' fair market value, and the collection terms were mainly 90 days, which were similar to those for unrelated customers.

As of December 31, 2021 and 2020, the unrealized profit or loss from sales with the investees under equity method amounted to $21,256 and $27,482, respectively, which were deducted from the investments accounted for using the equity method.

B. Purchases

Related Party Categories	For the years ended December 31, 2021	2020
Subsidiaries		
NQX	$ 12,494,367	14,037,473
Other subsidiaries	6,717,548	4,627,453
Entity with significant influence over the Company	848	-
Associate	67,334	9,250
	$ 19,280,097	18,674,176

Since the purchasing of the products from related parties was different from that of the unrelated vendors, the pricing and terms cannot be compared.

C. Accounts receivable from related parties

Related Party Categories		December 31, 2021	December 31, 2020
Subsidiaries			
NUSA	$	2,626,622	1,981,781
Other subsidiaries		28,248	43,344
Entity with significant influence over the Company		47,169	385
Other related parties		146,841	142,946
	$	2,848,880	2,168,456

D. Accounts payable to related parties

Related Party Categories		December 31, 2021	December 31, 2020
Subsidiaries			
NQX	$	2,212,500	2,902,691
NQJ		583,094	504,802
NYC		630,455	568,698
Other subsidiaries		254,471	10,378
Associate		19,329	-
	$	3,699,849	3,986,569

For the years ended December 31, 2021 and 2020, the Company transferred raw materials to its subsidiaries at a cost amounting to $2,075,503 and $650,371, respectively. The Company did not recognize the above transfers as sales revenue and cost of goods sold. As of December 31, 2021 and 2020, the receivables resulting from the above transactions and the payables to subsidiaries were offset to a net balance.

E. Prepaid payment (recorded in other current assets)

Related Party Categories		December 31, 2021	December 31, 2020
Associate	$	-	2,112

F. Property Transactions

(a) Acquisition of property, plant and equipment

The amounts of acquisition of property, plant and equipment from related parties and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31, 2021	2020
Subsidiaries	$ 9,715	15,193
Associate	-	2,079
Other related parties	585	1,055
	$ 10,300	18,327

Related Party Categories	December 31, 2021	December 31, 2020
Subsidiaries	$ -	4,243
Other related parties	328	-
	$ 328	4,243

(b) Disposal of property, plant and equipment

The amounts of Disposal of property, plant and equipment from related parties and the related unpaid balances were as follows:

Related Party Categories	2021	2020
Subsidiaries	$ 95,952	-

The related unpaid balances were as follows:

Related Party Categories	December 31, 2021	December 31, 2020
Subsidiaries	$ 92,442	-

(c) Acquisition of intangible assets

The amounts of acquisition of intangible assets from related parties and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31, 2021	2020
Other related parties	$ 52,847	-

Related Party Categories	December 31, 2021	December 31, 2020
Other related parties	$ 35,983	664

G. Other transactions

(a) The amounts paid by the Company to its related parties for processing expenses, administrative and repair expenses, and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31, 2021	2020
Subsidiaries	$ 799,626	825,761
Entity with significant influence over the Company	11,029	3,639
Other related parties	7,151	901
Associate	2,431	554
	$ 820,237	**830,855**

Related Party Categories	December 31, 2021	December 31, 2020
Subsidiaries	$ 42,793	49,956
Entity with significant influence over the Company	2,356	401
Other related parties	876	169
Associate	172	100
	$ 46,197	**50,626**

(b) The amounts paid by the Company to its related parties for rental expenses incurred under the dormitory lease agreement, and the related unpaid balances were as follows:

	For the years ended December 31, 2021		2020	
Related Party Categories	**Amount of the transaction**	**Accounts payable to related parties**	**Amount of the transaction**	**Accounts payable to related parties**
Entity with significant influence over the Company	**$ 2,114**	**107**	**2,643**	**248**

As of December 31, 2021 and 2020, the Company paid the refundable deposits (derived from the operating leases) to its related parties amounting to $96.

(c) The Company leased the factory to its other related parties, with lease terms based on their mutual agreements, and the related rental and service income were as follows:

	For the years ended December 31,	
Related Party Categories	**2021**	**2020**
Other related parties	$ 60,268	53,192

The receivables resulting from the above transactions had been settled. As of December 31, 2021 and 2020, the Company received the lease deposits from its other related parties amounting to $6,618 and $6,188, respectively, which were recorded in other non-current liabilities.

(d) The Company sold controlled items and paid certain expenses on behalf of its related parties including tooling, and the related unpaid balances were as follows:

Related Party Categories	December 31, 2021	December 31, 2020
Subsidiaries	$ 8,856	3,554

(e) The related parties paid certain expenses on behalf of the Company including freight, equipment and customs expense, and the related unpaid balances were as follows:

Related Party Categories	December 31, 2021	December 31, 2020
Subsidiaries	$ 4,646	3,166

(f) For the years ended December 31, 2021 and 2020, the Company had received the cash dividends from its related parties amounting to $63,352 and $58,809, respectively. As of December 31, 2021 and 2020, the receivables resulting from the above transactions have been settled.

H. Endorsement Guarantee

As of December 31, 2021 and 2020, the Company's endorsement guarantee provided to subsidiaries amounted to $276,900 and $285,080, respectively.

(3) Transactions with key management personnel

Key management personnel compensation comprised:

	For the years ended December 31,	
	2021	**2020**
Short-term employee benefits	$ 100,862	127,769
Post-employment benefits	1,637	1,634
Share-based payment	32,827	19,166
	$ 135,326	148,569

Please refer to note 6(16) for further information on share-based payment.

8. Pledged assets

The carrying values of the Company's pledged assets were as follows:

Assets	Purpose of Pledged	December 31, 2021	December 31, 2020
Time deposits (recorded in other financial assets－current)	Guarantees for land lease agreements	$ 65,000	65,000
Time deposits (recorded in other financial assets－current)	Guarantees for dormitory lease agreements	2,900	2,500
		$ 67,900	67,500

9. Commitments and contingencies:

The Company has signed contracts for the material construction of its plants and equipment amounting to $1,039,884 and $1,456,973, respectively,which have yet to be paid as of December 31, 2021 and 2020.

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other

The following is the summary statement of current-period employee benefits, depreciation, and amortization expenses by function:

By function / By item	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	2,095,690	2,877,788	4,973,478	1,879,370	2,565,121	4,444,491
Labor and health insurance	200,218	190,407	390,625	164,637	160,347	324,984
Pension	77,292	107,186	184,478	66,662	96,100	162,762
Remuneration of directors	-	14,906	14,906	-	13,087	13,087
Others	208,825	88,446	297,271	176,227	84,152	260,379
Depreciation	769,230	226,766	995,996	759,941	222,942	982,883
Amortization	17,205	98,098	115,303	23,213	90,418	113,631

The amount of employees and employee benefits for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31,	
	2021	2020
The number of employees	5,443	4,795
The number of directors who were not holding as a position of employee	7	7
The Average of employee benefits	$ 1,075	1,085
The Average of Salaries	$ 915	928
The Average of salary adjust rate	-1%	
The remuneration to supervisors	$ -	-

The information of the Company's salaries and remunerations policy (including director, executive officers and employees) is as follow:

The Company's remuneration for directors is determined with reference to the company's overall operating performance, potential management risks and development trends of the industry, and reasonable compensation is paid on the basis of directors' participation in and contribution to the company's operations. The relevant performance appraisals and remuneration rationale have been reviewed by the Remuneration Committee and the Board of Directors, and the remuneration scheme will be reviewed depending on the actual operating conditions and relevant laws in order to maintain a balance between the company's sustainable operation and risk management.

The Company's remuneration for executive officers includes regular payments such as salaries, fixed bonuses, and other welfare and variable items such as performance-related bonuses, employees' profit-sharing bonuses (in cash and/or stock), stocks (RSA/treasury stocks), and stock options. Regular payments are determined based on the average levels within the industry to maintain the Company's competitiveness. Payment of variable items is determined based on the Company's profit performance and the performance of each employee. A higher ratio of variable items to annual remuneration indicates a better performance of the Company and each employee. Performance evaluations are conducted based on the achievement rate of annual operation goals, profit rate, growth rate, operation benefits, and future potential. The evaluation standards, goals, and weighting are specified at the beginning of each year based on the internal and external operating environment. Issuance of variable items shall be determined according to evaluation results and the current remuneration status of related industries and shall be assessed and approved by the Remuneration Committee before requesting the Board's approval before issuing the variable items.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

A. Financings provided: None.

B. Endorsement/guarantee provided: Please refer to Table 1.

C. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 2.

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Please refer to Table 3.

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: Please refer to Table 4.

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

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 6.

I. Information about the derivative financial instruments transaction: None.

(2) Information on investees (excluding Information on Investees in Mainland China): Please refer to Table 7.

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 8.

B. Limitation on investment in Mainland China: Please refer to Table 8.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were disclosed in the "Information on significant transactions".

(4) Information of major shareholder:

(Shares)

Shareholding / Shareholder's Name	Total Shares Owned	Ownership Percentage
Wistron Corporation	89,674,679	22.61%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the consolidated financial statements due to the use of different calculation basis.

Note 2: In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Public Information Observatory.

14. Segment information:

Please refer to consolidated financial statements for the year ended December 31, 2021.

Wistron NeWeb Corporation
Endorsement/Guarantee Provided
For the year ended December 31, 2021

Table 1 (Amounts in Thousands)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	The Company	NYC	2	5,100,780	285,310 (USD10,000)	-	-	-	- %	17,002,599	Y	N	Y
0	The Company	NVNM	2	5,100,780	285,310 (USD10,000)	276,900 (USD10,000)	51,559 (USD1,862)	-	1.68%	17,002,599	Y	N	N

Note 1: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:

(1) An entity that is with business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The total amount of the endorsement/guarantee provided by the Company for any single who has, directly or indirectly, 100% voting shares of the Company shall not exceed 30% of the Company’s net worth.

Note 3: The total amount of the endorsement/guarantee provided by the Company shall not exceed the financial statements of the Company’s net worth.

Wistron NeWeb Corporation

Marketable Securities Held (excluding Investment in Subsidiaries, Associates and Joint Ventures)

December 31, 2021

Table 2 (Shares in Thousands /Amounts in Thousands)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Ending Balance			
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value
The Company	Wistron Corporation Stock	Invest the Company in equity method	Financial assets at FVOCI-current	28,796	839,409	0.99%	839,409
Same as above	Tai-Saw Technology Co., Ltd Stock	-	Same as above	2,500	100,375	2.43%	100,375
Same as above	GreenWave Holdings Inc. Stock	-	Financial assets at FVOCI - non-current	271	1,045	0.23%	1,045
Same as above	NeWave Sensor Solutions, LLC Stock	-	Same as above	1,605	14,374	18.83%	14,374
Same as above	EL Preferred Holdings, Inc. Stock	-	Same as above	135,227	1,172	4.09%	1,172
Same as above	Movandi Corporation Stock	-	Same as above	290	31,755	1.80%	31,755

Wistron NeWeb Corporation

Marketable Securities Acquired and Disposed of at Costs or Prices of at least NT$300 Million or 20% of the Paid-in Capital

For the year ended December 31, 2021

Table 3 (Amounts in Thousands)

Securities Held by	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Relationship with the company	Beginning Balance		Addition		Disposal				Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Gain (loss) on disposal	Shares	Amount	
WNC	NVNM stock	Investments accounted for using equity method	-	Subsidary	-	539,571	-	445,280	-	-	-	-	-	871,766	Notes 1 and 2

Note 1: The ending balance includes the amount of investment incomes (losses) and translation adjustments.

Note 2: Issued ordinary shares for cash.

Wistron NeWeb Corporation

Acquisition of Individual Real Estate Properties at Costs of at least NT$300 million or 20% of the Paid-in Capital

For the year ended December 31, 2021

Table 4

(Amounts in Thousands)

Company Name	Types of Property	Transaction Date	Transaction Amount	Status of Payment	Counter-Party	Nature of Relationships	Prior Transaction of Related Counter-Party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship with the Company	Date of Transfer	Amount			
The Company	Factory construction	2020.04	1,320,000 (untaxed)	As of December 31, 2021, the amount paid	Yin Shin Construction Co., Ltd.	None	-	-	-	-	Open bid	For operational use	None
The Company	Factory construction	2020.09	338,933 (untaxed)	As of December 31, 2021, the amount paid	Acter Group Corporation Limited	None	-	-	-	-	Open bid	For operational use	None
NVNM	Factory construction	2020.08	VND 423,600,000 (untaxed)	As of December 31, 2021, the amount paid	Jianxing Vietnam Development Company Limited	None	-	-	-	-	Open bid	For operational use	None
NVNM	Factory construction	2020.12	VND 251,800,000 (untaxed)	As of December 31, 2021, the amount paid	Sheng Huei (Vietnam) Engineering Co., Ltd.	None	-	-	-	-	Open bid	For operational use	None

Wistron NeWeb Corporation

Total Purchases from or Sales to Related Parties of at least NT$100 Million or 20% of the Paid-in Capital

For the year ended December 31, 2021

Table 5 (Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)	
			Purchase/ Sales	Amount	Percentage of Total Purchases/ Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable)
The Company	NUSA	Subsidiary	Sales	7,420,944	12%	Net 90 days after delivery	Note 1	Note 1	2,626,622	20%
The Company	WCD	The subsidiary of parent company which invest the Company in equity method	Sales	302,117	- %	Net 90 days from the end of month of when invoice is issued	Note 1	Note 1	114,787	1%
The Company	NYC	Subsidiary of NEWH	Sales	195,234	- %	Net 90 days after delivery	Note 1	Note 1	28,248	-%
The Company	NYC	Subsidiary of NEWH	Purchase	2,125,691	4%	Net 90 days after delivery	Note 2	Note 2	(630,455)	7%
The Company	NQJ	Subsidiary of NEWH	Purchase	3,180,683	6%	Net 90 days after delivery	Note 2	Note 2	(583,094)	6%
The Company	NQX	Subsidiary of NEWH	Purchase	12,494,367	22%	Net 90 days after delivery	Note 2	Note 2	(2,212,500)	24%
The Company	NVNM	Subsidiary	Purchase	1,378,231	2%	Net 90 days after delivery	Note 2	Note 2	(246,817)	3%

Note 1: The sales prices to related parties were based on the general market price, with collection of mainly net 90 days after delivery, which were similar to those offered to unrelated customers.

Note 2: Since the purchasing of the products from subsidiary was different from that of the unrelated vendors, the pricing and terms cannot be compared. The prices and conditions of purchasing from associate were not significantly different from those of the unrelated vendors.

Wistron NeWeb Corporation

Receivables from Related Parties Amounting to at least NT$100 Million or 20% of the Paid-in Capital

December 31, 2021

Table 6 (Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period(Note)	Allowance for Bad Debts
					Amount	Action Taken		
The Company	NUSA	Subsidiary	2,626,622	3.22	-	-	750,403	-
The Company	WCD	The subsidiary of parent company which invest the Company in equity method	114,787	3.21	-	-	23,916	-
NQJ	The Company	Parent	583,094	5.85	-	-	359,970	-
NYC	The Company	Parent	630,455	3.55	-	-	175,015	-
NQX	The Company	Parent	2,212,500	4.89	-	-	1,057,758	-
NVNM	The Company	Parent	246,817	5.58	-	-	246,817	-

Note: As of January 26, 2022, the amount had been fully received.

Wistron NeWeb Corporation

Information on Investees(Excluding Information on Investees in Mainland China)

For the year ended December 31, 2021

Table 7 (Shares in Thousands /Amount in Thousands)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Losses) of Investee	Share of Profits/ Losses of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	NEWH	Samoa	Investment holding company	3,251,521	3,251,521	103,300	100.00%	6,922,578	258,736	258,736	
The Company	WNCH	Samoa	Investment holding company	84,212	84,212	2,633	100.00%	96,465	(10,135)	(10,135)	
The Company	NUSA	USA	Sales of satellite communication and portable communication products	6,944	6,944	200	100.00%	628,582	66,782	66,782	
The Company	NUK	United Kingdom	Services for wireless communication products	3,049	3,049	60	100.00%	25,502	2,678	2,678	
The Company	NJP	Japan	Services for wireless communication products	5,272	5,272	1	100.00%	7,372	1,587	1,587	
The Company	NEU	Germany	Sales and services for wireless communication products	5,119	-	150	100.00%	2,975	(1,733)	(1,733)	Note 2
The Company	NVN	Vietnam	Assembly processing of satellite communication and portable communication products	211,066	211,066	-	100.00%	342,595	72,445	72,445	
The Company	NVNM	Vietnam	Manufacturing and sales of satellite communication and portable communication products	1,008,315	563,035	-	100.00%	871,766	(95,998)	(95,998)	Note 1

Note 1: The investment in NVNM amounting to $445,280 (USD16,000) increased in March 2021.
Note 2: The Company invested in NEU in September 2021.

Wistron NeWeb Corporation

Information on Investment in Mainland China

For the year ended December 31, 2021

Table 8 (Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings in as of December 31, 2021
					Outflow	Inflow						
NYC	Manufacturing and sales of satellite communication and portable communication products	559,570 (USD17,000)	(Note 1)	559,570	-	-	559,570	34,064	100%	34,064	1,353,301	-
NQJ	Manufacturing and sales of satellite communication and portable communication products	1,206,552 (USD38,000)	(Note 1)	1,206,552	-	-	1,206,552	108,798	100%	108,798	2,995,278	-
NQX	Manufacturing and sales of satellite communication and portable communication products	1,180,074 (USD38,000)	(Note 1)	1,180,074	-	-	1,180,074	114,694	100%	114,694	2,237,576	-
NQY	Manufacturing and sales of satellite communication and portable communication products	295,500 (USD10,000)	(Note 1)	295,500	-	-	295,500	(11)	100%	(11)	296,349	-
NQC	Repair and maintenance service for satellite communication and portable communication products	9,825 (USD300)	(Note 1)	9,825	-	-	9,825	1,191	100%	1,191	40,070	-
WQN	Manufacture and sales of zinc-aluminum alloy precision casting and LCD brackets, power tools series products	174,129 (USD5,625)	(Note 1)	34,452	-	-	34,452	(21,326)	47.44%	(10,117)	90,487	18,533

Note 1: Indirect investment in Mainland China through a foreign company.

Note 2: The financial statements of the investee company were audited by the Company's accountants based on the materiality standards and recognized shares of the associates, and joint ventures accounted for equity method.

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2021 (Notes 1 and 2)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 3 and 4)	Upper Limit on Investment
3,327,541	3,669,658	(Note 5)

Note 1: Neweb Communication Corporation, an indirectly invested subsidiary by the Company has completed its liquidation of various rights and obligations and cancelled its registration in 2004. The Company deducted $6 of dividends received from its accumulated investment of $10,347. The net investment amounted to $10,341 still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 2: Shenzhen Putian Technology Co., LTD., an indirectly invested subsidiary by the Company, has completed its liquidation of various rights and obligations ; thus, cancelled its registration in 2008. The Company's cumulative investment of $31,227, including the amount of $18,897 that had been remitted to WNCH, still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 3: According to the letter No.09800115610 of the Investment Commission, MOEA on April 15, 2009, WNCH invested in WQN US$578.

Note 4: The company obtained the approval letter No.10600203180 from the Investment Commission, MOEA to invest NQY US$20,000 through NEWH. As of December 31, 2021, the amount of investment in NQY was US$10,000.

Note 5: The Company obtained the Certificate of Operating Headquarters issued by Industrial Development Bureau, MOEA, the Company has no upper limit on investment in Mainland China.

6.6. The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in the most recent year and as of the date of the Publication of this Annual Report: None

7 Financial Analysis, Financial Performance Analysis, and Risk Management

7.1. Financial Analysis (Consolidated)

Financial Analysis

Unit: Thousand NT$

Item	2021	2020	Increased/decreased amount	Change percentage (%)
Current assets	33,475,270	28,189,008	5,286,262	18.75
Property, plant, and equipment	8,214,463	7,043,544	1,170,919	16.62
Intangible assets	160,393	109,231	51,162	46.84
Other assets	2,646,879	2,597,193	49,686	1.91
Total assets	44,497,005	37,938,976	6,558,029	17.29
Current liabilities	23,930,083	17,949,263	5,980,820	33.32
Non-current liabilities	3,564,323	3,204,124	360,199	11.24
Total liabilities	27,494,406	21,153,387	6,341,019	29.98
Capital stock	3,965,585	3,976,243	(10,658)	(0.27)
Capital surplus	4,512,709	4,538,207	(25,498)	(0.56)
Retained earnings	9,096,656	8,907,628	189,028	2.12
Other equity	(572,351)	(636,489)	64,138	(10.08)
Total equity	17,002,599	16,785,589	217,010	1.29
Analysis of items whose increased or decreased amounts are above 20%: “Intangible assets” increased mainly due to increase in computer software. “Current liabilities” and “Total liabilities” increased mainly due to increase in short-term borrowings.				

7.2. Financial Performance Analysis (Consolidated)

Financial Performance Analysis

Unit: Thousand NT$

Item	2021	2020	Increased/decreased amount	Change percentage (%)
Net operating revenues	67,229,599	62,648,731	4,580,868	7.31
Operating costs	59,975,671	55,697,894	4,277,777	7.68
Gross profit	7,253,928	6,950,837	303,091	4.36
Operating expenses	6,373,192	5,478,374	894,818	16.33
Net operating income	880,736	1,472,463	(591,727)	(40.19)
Total non-operating income and expenses	530,929	253,289	277,640	109.61
Income before income tax	1,411,665	1,725,752	(314,087)	(18.20)
Income tax	179,511	258,832	(79,321)	(30.65)
Net income	1,232,154	1,466,920	(234,766)	(16.00)
Analysis of items whose increased or decreased amounts are above 20%: “Net operating income” decreased mainly due to the increase in operating expenses. “Total non-operating income and expenses” increased mainly due to net foreign exchange gains.				

The estimated sales quantities and the basis of the estimation, which may influence the company’s finance and business in the future, and strategies in response:

WNC’s products cover a wide range of applications, with large price differentials across diverse products. Therefore it’s not appropriate to use sales quantity as a basic metric. WNC, as a leader in the integration of wireline and wireless communications technologies, will continue devoting resources into new technologies and new product development to retain its leading position in the industry. WNC accelerates upgrades of cross-platform hardware and software integration capabilities and provides continuous development of key communications technologies. With years of experience in antenna design, system integration and applicable interface development, WNC aims to provide professional and flexible communications solutions for the IoT. We will continue promoting Industry 4.0 from a macro management perspective to strengthen operational management efficiency and competitiveness.

7.3. Cash Flow Analysis

7.3.1. Cash Flow Analysis for the Last Fiscal Year:

Unit: Thousand NT$

Cash at beginning	Net cash flows generated from operating activities	Cash flows of investing and financing activities	Effect of exchange rate changes	Cash at end	Contingency plans for insufficient cash position	
					Investing activities	Financing activities
4,531,021	(3,565,721)	2,178,856	(54,384)	3,809,772	-	-

- Cash flow analysis:

The negative net cash flows generated from operating activities of NT$3.566 billion was mainly due to material preparations and increase in account receivables.

The negative net cash flows used in investing activities of NT$2.040 billion were mainly due to purchase of new equipment and payments of new plant construction in Tainan.

The positive net cash flows used in financing activities of NT$4.219 billion was mainly due to taking out long and short-term loans.

- Remedial Actions for Liquidity Shortfall: Issuance of a 3rd domestic unsecured convertible corporate bonds and taking out bank loans.

7.3.2. Cash Flow Projection for the Next Year:

WNC’s policy is to maintain stable cash flows. It regularly assesses its account cash balance and the cash flows of its operating activities, investment activities, and financing activities, and also assesses the status of the financial market, carefully planning and managing its cash flows to ensure the sufficiency and suitability of capital required for business operations.

7.4. Effects of Significant Capital Expenditures on Financial Operations

WNC’s major capital expenditures in recent years consist primarily of production and automation equipment purchases, construction of the S3 site in Taiwan’s Southern Science Park and the new Vietnam site, and mechanical and electrical engineering work for the aforementioned sites. Capital expenditure in real estate, factory buildings and equipment in 2020 and 2021 amounted to NT$1,298,975 thousand and NT$2,418,382 thousand, respectively, with the main sources of capital being WNC’s own capital and loans from banks. WNC has expanded the production capacity of its production sites in Taiwan’s Southern Science Park and Vietnam to meet the requirements of its global production capacity deployment and long-term business development plans and to enhance its long-term competitiveness, which in turn will likely benefit WNC’s finances and long-term business operations.

7.5. Policy for Investment

WNC's policy for investment is to target long-term strategic investment. In 2021, the investment loss recognized under the equity method was NT$10.117 million. In the future, WNC will continue to carefully evaluate the investment plan for adherence to this principle of long-term strategic investment.

7.6. Risk Management

7.6.1. How do interest rate, exchange rate, or inflation influence WNC's profits and losses, and how can it manage concomitant risks?

Unit: Thousand NT$

Item	2021
Interest income	22,992
Interest expense	65,661
Exchange gain/(loss)	3,440

WNC had around NT$3.09 billion in cash as of the end of 2021; we invested the surplus funds after considerable evaluation of the risks involved while closely monitoring fluctuations in bank lending rates regularly to reduce interest rate risks.

Approximately 97.86% of WNC's revenue was from export sales, and most of the export-sale amounts were quoted in U.S. dollars. Most of the material-purchasing amounts were also quoted in U.S. dollars. Therefore, the majority of WNC's currency exchange risk can be reduced and offset by regular import/export activities (a natural hedge). Other small amounts of foreign currencies can be exchanged to NT dollars depending on capital needs or market situations.
There was no major inflation influence on WNC during the past year.

The action plans to cope with the impact from interest rates, exchange rates, and inflation are:
1. Further mutually offset foreign assets and liabilities to avert risk.
2. Make plans and arrangements in advance for fund yields and borrowing costs in light of WNC's business anticipation and funds requirements.
3. Use auxiliary tools, such as derivative financial products, to avoid risks under proper risk guidelines.

7.6.2. What were the major reasons for WNC to engage in high-risk or leveraged investments, make loans, make guarantees, or buy derivatives? What were the reasons for gains or losses in these and what are the future measures for response?

WNC has not engaged in any high-risk or highly leveraged investments in the past year. It has not loaned funds or endorsed or entered into guarantees for any parties other than the subsidiaries wholly owned by itself, and no loss has been incurred.

WNC executed derivatives transactions under the related regulations of the company, and the transactions were within our business scope. The goal of such transactions is to avoid most market price risks.
Looking ahead, WNC will adhere to its existing principles and will not make high-risk and highly leveraged investments. We will only loan to other parties or endorse and enter into guarantees for other parties under WNC's applicable regulations. Derivatives transactions will be performed strictly in compliance with the Rules and Procedures for Derivative Transactions set forth by WNC.

7.6.3. Future R&D and Expected R&D Investment

■ Future R&D

Category	Items
Microwave communications	• Non-geostationary satellite bi-directional mobile communications ground terminals • Next-generation mobile microwave RF antenna units • Next-generation mmWave mobile communications microcells
Mobile and home communications	• Next-generation automotive NAD modules • Next-generation fiber gateway • AI-assisted IoT image sensors • Cloud-based information security technology • Telecommunications-grade O-RAN gateways/routers • Private cellular edge computing platform • 5G enterprise private networks • 5G O-RAN L2/L3 Roaming and Handover • 5G O-RAN UPF LBO • 5G network slicing • Wireless bio-monitors • UWB positioning and tracking devices

■ Revenue to be invested in research and development

WNC will continue to invest in equipment for the above-mentioned products and recruit outstanding research and development personnel for innovation and development in order to maintain a leading role in the technologies involved, taking full advantage of market opportunities. In view of this, it is estimated that 4% of WNC's revenues will be invested in research and development in 2022.

7.6.4. The impact of legal and regulatory changes on WNC

Significant policy and law changes internationally and domestically will be understood by the related responsible personnel and appropriate response measures will be enacted.

7.6.5. Impact of technological (including information security risks) and industrial changes on WNC

To protect WNC and its customers' confidential information (including trade secrets and intellectual property) and reduce various types of losses and operational impact, WNC's headquarters, manufacturing sites in Hsinchu Science Park, Tainan Science Park, Vietnam, and China, and subsidiaries in the United States and United Kingdom have acquired ISO/IEC 27001 information security management system verification (valid from October 6, 2020 to October 6, 2023), developed information security risk assessment and management processes, and adopted an Information Security Policy that regulates operating procedures to manage account password access privileges, manages account holder access, manages portable storage devices, protects information system security, manages information backup and restoration, controls confidential information, and classifies and protects the documents of all departments. These security measures serve to avoid the improper accessing of and tampering with the company's information systems and prevent the theft or leakage of the company or its customers' trade secrets and intellectual property.

Although WNC has established the aforementioned policies, processes, and information security control measures, we still cannot guarantee that controls or important operating information systems can completely circumvent the impact of new risks and cyberattacks. These attacks may destroy company operations or attempt to steal the company's trade secrets and other sensitive information by illegally hacking into our

Intranet systems or our supply chain networks. When under cyberattack, relevant information systems may lose important information or cause service suspension. WNC continuously adopts the PDCA cycle to check and evaluate applicable regulations and operating procedures so as to ensure their appropriateness and effectiveness. WNC will continue to improve its business continuity plans and information system frameworks to enhance its capability to handle cyberattacks, raise the resiliency of its information systems, and reduce the time it takes to resume normal operations.

The Digital Information Management Division installs internal cloud-based R&D platforms for centralizing the storage and management of R&D information to protect the company's R&D results and confidential information and to provide a safe and secure space for information access and exchange. We also initiate trade secret inventory operations that involve identifying and organizing each department's trade secrets and to remind employees of and confirm their access and custody measures. WNC sees suppliers as partners who are vital to the success of the company. In addition to having suppliers sign a confidentiality agreement, we also adopt supplier questionnaires and conduct audits on suppliers' compliance status, experience sharing activities, and review and improvement plans to encourage suppliers to actively support and comply with our information security policies and regulations.

In 2021, we conducted the annual ISO27001 internal/external audit and risk assessments, carried out operational impact analysis, and performed recovery drills according to our business continuity plans. We also carried out anti-virus/anti-hacker response drills and self-monitoring and self-evaluations related to COVID-19 and external information security incidents and planned and implemented an information security protection network.

In 2022 the COVID-19 pandemic is still raging. As AI and 5G technologies have become more prominent the challenges to information security have increased. WNC has continued to strengthen controls and protective measures in both management aspects and technical aspects. In terms of the management aspect ISO 27001 implementation has been optimized with reference to NIST frameworks and Capability Maturity Models, and preparatory work to meet the requirements in ISO 27001:2022 will start in the second half of 2022. We also target to boost the information security awareness of company employees by integrating external resources to execute phishing and social engineering drills has been boosted. In terms of the technical aspect we will continue to optimize and integrate the intrusion and behavior detection joint defense system, internalize vulnerability scan for servers and webpages, and implement inspection systems and processes for secure codes used in system development to boost the transparency of system weaknesses and vulnerabilities, build a multi-level defense network, and reduce internal/external risks to ensure continuity of operations.

Other technology and industry advancements in recent years have not directly and materially impacted the company's finance and businesses. Nevertheless, WNC will respond to fierce market competition by strengthening product functions, cutting product costs, and strictly controlling operating expenses.

7.6.6. Impact of corporate image change on risk management and the related action plan

N/A

7.6.7. Possible risks relative to the expected gains from acquisitions and their solutions

N/A. WNC does not have any acquisition plans.

7.6.8. Possible risks relative to the expected gains of plant facility expansion and related solutions

A feasibility study and financial analysis is conducted by a designated task force for all plant facility expansions to understand all scenarios and prepare appropriate countermeasures.

7.6.9. Supply and distribution concentration

There is no concentration risk pertaining to suppliers and customers.

7.6.10. How do share transfers made by directors, supervisors or shareholders with greater than 10% shareholdings affect WNC? What are the countermeasures?

None

7.6.11. Impact of management changes on WNC and action plans

Major business plans are properly evaluated and then presented as the result of an overall assessment of the industry and market conditions by WNC's professional executive officers and executed after approval by the Board of Directors. WNC has established a complete and organized business structure with each department being distinguished by their assigned responsibilities and duties. The management strategy is fully applied through the implementation of an internal management system and communication between each department. Management is therefore efficient, business results are assured, and the risk and negative impact of management changes on company operations are reduced significantly.

7.6.12. Where (1) WNC and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10%, and/or any company or companies controlled by WNC are involved in litigious and non-litigious matters that have been concluded by means of a final and unappealable judgment or are still under litigation and (2) where such a dispute could materially affect shareholders' equity or the price of WNC's stock, the facts of the dispute, amount of money at stake in the dispute, the date of the litigation's commencement, the main parties in the dispute, and the status of the dispute as of the date of printing of this annual report:

In March 2022, WNC filed a civil lawsuit with the United States District Court for the Southern District of New York against Genesis Networks Telecom Services, LLC (hereinafter referred to as "Genesis") and its affiliated company GNET, asking for repayment of accounts payable and interest as well as any legal expenses pertaining to the lawsuit. Lawyers for Genesis and GNET are preparing to respond to the lawsuit. WNC will evaluate the reasonableness of recognized fees and losses in subsequent financial reports, taking into account recovery of sums due, amount of insurance claims, whether the financial loss is considered major, lawsuit progress, and lawyer opinions. The final monetary impact of this case will be confirmed after the conclusion of legal proceedings.

Alacritech filed a lawsuit against Wistron Corporation with the United States District Court for the Eastern District of Texas in June 2016. The alleged infringing products were servers, network cards, and other related products. This lawsuit is temporarily suspended, pending the review results of the Patent Trial and Appeal Board in the U.S. regarding the specific patents of Alacritech.

7.6.13. Other risks

None

7.7. Other Important Matters

None

8 Special Disclosure

8.1. Summary of Affiliated Companies

8.1.1. Organizational Chart

As of December 31, 2021

Wistron NeWeb Corporation

Stake held	100%	100%	100%	100%	100%	100%	100%	100%
Shares held (Share)	2,633,170	200,000	103,300,000	60,000	400	-	-	150,000
Amount (Thousand NT$)	84,212	6,944	3,251,521	3,049	5,272	211,066	1,008,315	5,119
Company	WNC Holding Corporation (Samoa)	W-NeWeb Corporation (USA)	NeWeb Holding Corporation (Samoa)	WNC UK Limited (UK)	WNC Japan Inc. (Japan)	WNC Vietnam Co., Ltd. (Vietnam)	NeWeb Vietnam Co., Ltd. (Vietnam)	NeWeb GmbH (Germany)

Subsidiaries of NeWeb Holding Corporation (Samoa):

Stake held	100%	100%	100%	100%	100%
Shares held (Share)	-	-	-	-	-
Amount (Thousand NT$)	9,825	1,180,074	1,206,552	559,570	295,500
Company	NeWeb Service (Kunshan) Corporation	Wistron NeWeb (Kunshan) Corporation	WNC (Kunshan) Corporation	WebCom Communication (Kunshan) Corporation	NeWeb Communication (Kunshan) Corporation

8.1.2. Information Disclosure Statement for Affiliated Companies in Accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises":

Consolidated Financial Statements of Affiliated Companies

Representation Letter

The entities that are required to be included in the consolidated financial statements of affiliated companies of Wistron NeWeb Corporation as of and for the year which ended December 31, 2021, under the *Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises* are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements" that have been certified by the Financial Supervisory Commission, R.O.C. The information required to be disclosed is included in the consolidated financial statements. Consequently, Wistron NeWeb Corporation has not prepared a separate set of consolidated financial statements for affiliated companies.

Company Name: Wistron NeWeb Corporation

Chairman: Haydn Hsieh

Date: March 9, 2022

8.1.3. Business Scope of WNC and Its Affiliated Companies

The business scope of WNC and its affiliated companies includes the design, research and development, production, and sales of networking and communications products, as well as services for the products.

8.1.4. Affiliated Companies Information

As of December 31, 2021

Company	Date of Establishment	Address	Capital Stock	Business Activities
WNC Holding Corporation	10/09/2001	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 2,633,170	Holding company
NeWeb Holding Corporation	05/17/2002	P.O. Box 217, Apia, Samoa	USD 103,300,000	Holding company
W-Neweb Corporation	02/27/2003	1525 McCarthy Blvd, Suite 206, Milpitas, CA 95035	USD 200,000	Sales of satellite communications product series and mobile communications product series
WNC UK Limited	06/04/2014	Herschel House 58 Herschel Street Slough SL1 1PG	GBP 60,000	Related services for wireless communications products
WNC Japan Inc.	01/23/2015	3F, Wise Next Shin Yokohama, 2-5-14 Shin-Yokohama Kohoku-ku, Yokohama-shi, Kanagawa-ken, Japan	JPY 20,000,000	Related services for wireless communications products
NeWeb GmbH	09/23/2021	Mergenthaler Allee 15-21, 65760 Eschborn, Germany	EUR 150,000	Provides distribution and after-sales service in the EU area.
WNC Vietnam Co., Ltd.	01/23/2019	Factory H2, Lot G1-3-4-6-8, Que Vo Industrial Park, Van Duong Ward, Bac Ninh City, Bac Ninh Province, Vietnam.	USD 7,000,000	Processing and assembly of satellite communications product series and mobile communications product series
NeWeb Vietnam CO., Ltd.	04/06/2020	Land Lot CN01, Dong Van III Industrial Zone, Dong Van Ward, Duy Tien Town, Ha Nam Province, VietNam	USD 35,000,000	Sales of satellite communications product series and mobile communications product series
WebCom Communication (Kunshan) Corporation - Kunshan Plant	11/14/2003	121 DuJuan Rd., Precision Machinery Industrial Park, KunShan City, Jiangsu Province, P.R.C.	USD 17,000,000	Sales of satellite communications product series and mobile communications product series
WNC (Kunshan) Corporation	03/01/2004	88 Central Avenue, Comprehensive Free Trade Zone, Kunshan City, Jiangsu Province, P.R.C.	USD 38,000,000	Sales of satellite communications product series and mobile communications product series
Wistron NeWeb (Kunshan) Corporation	04/07/2006	789 Yujinxiang Rd., Comprehensive Free Trade Zone, Kunshan City, Jiangsu Province, P.R.C.	USD 38,000,000	Sales of satellite communications product series and mobile communications product series
NeWeb Service (Kunshan) Corporation	08/02/2007	88 Central Avenue, Comprehensive Free Trade Zone, Kunshan City, Jiangsu Province, P.R.C.	USD 300,000	Sales of satellite communications product series and mobile communications product series
NeWeb Communication (Kunshan) Corporation	01/12/2018	88 Central Avenue, Comprehensive Free Trade Zone, Kunshan City, Jiangsu Province, P.R.C.	USD 10,000,000	Sales of satellite communications product series and mobile communications product series

8.1.5. Shareholders in Common of WNC and Its Affiliated Companies with Deemed Control and Subordination: None

8.1.6. Affiliated Companies' Directors, Supervisors, and Key Managers Information

As of December 31, 2021

Company	Title	Name / Representative	Shareholding	
			Shares	%
WNC Holding Corporation	Director	Wistron NeWeb Corp. Representative: Haydn Hsieh, Jeffrey Gau	2,633,170	100
NeWeb Holding Corporation	Director	Wistron NeWeb Corp. Representative: Haydn Hsieh, Jeffrey Gau	103,300,000	100
W-Neweb Corporation	Director	Wistron NeWeb Corp. Representative: Feng-Yuh Juang	200,000	100
WNC UK Limited	Director	Wistron NeWeb Corp. Representative: Chun Lee	60,000	100
WNC Japan Inc.	Director	Wistron NeWeb Corp. Representative: Jeffrey Gau	400	100
NeWeb GmbH	Director	Wistron NeWeb Corp. Representative: Jeffrey Gau, Marco Romero, Winston Hsieh	150,000	100
WNC Vietnam Co., Ltd.	Director	Wistron NeWeb Corp. Representative: Jeffrey Gau	Limited company	100
NeWeb Vietnam Co., Ltd.	Director	Wistron NeWeb Corp. Representative: Jeffrey Gau	Limited company	100
WebCom Communication (Kunshan) Corp.	Director	NeWeb Holding Corporation Representative: Haydn Hsieh, Jeffrey Gau, Larry Lee	Limited company	100
WNC (Kunshan) Corp.	Director	NeWeb Holding Corporation Representative: Haydn Hsieh, Jeffrey Gau, Larry Lee	Limited company	100
Wistron NeWeb (Kunshan) Corp.	Director	NeWeb Holding Corporation Representative: Haydn Hsieh, Jeffrey Gau, Larry Lee	Limited company	100
NeWeb Service (Kunshan) Corp.	Director	NeWeb Holding Corporation Representative: Haydn Hsieh, Jeffrey Gau, Larry Lee	Limited company	100
NeWeb Communication (Kunshan) Corporation	Director	NeWeb Holding Corporation Representative: Haydn Hsieh, Jeffrey Gau, Larry Lee	Limited company	100

8.1.7. Affiliated Companies' Business Operations

Unit: Thousand NT$, except for EPS, which is in NT$ As of December 31, 2021

Company	Capital	Total asset	Total liability	Net value	Operating revenue	Operation profit (loss)	Net income (loss)	EPS
Wistron NeWeb Corp.	3,965,585	39,744,245	22,741,646	17,002,599	61,907,489	535,140	1,232,154	3.15
W-NeWeb Corp.	6,944	3,333,079	2,704,497	628,582	7,903,693	92,664	66,782	-
NeWeb GmbH	5,119	3,527	552	2,975	-	(1,733)	(1,733)	-
WNC UK Limited	3,049	33,747	8,245	25,502	70,633	3,375	2,678	-
WNC Japan Inc.	5,272	8,811	1,439	7,372	8,481	700	1,587	-
WNC Vietnam Co., Ltd.	211,066	405,717	63,122	342,595	688,121	71,572	72,445	-
NeWeb Vietnam Co., Ltd.	1,008,315	4,023,808	3,152,042	871,766	1,376,493	(89,820)	(95,998)	
WNC Holding Corp.	84,212	96,465	-	96,465	-	(17)	(10,135)	-
NeWeb Holding Corp.	3,251,521	6,922,578	-	6,922,578	-	-	258,736	-
WebCom Communication (Kunshan) Corp.	559,570	2,148,989	795,688	1,353,301	2,478,987	29,444	34,064	-
WNC (Kunshan) Corp.	1,206,552	5,862,105	2,866,827	2,995,278	8,006,579	95,120	108,797	-
Wistron NeWeb (Kunshan) Corp.	1,180,074	4,961,310	2,723,734	2,237,576	12,246,304	145,444	114,694	-
NeWeb Service (Kunshan) Corp.	9,825	153,469	113,399	40,070	37,512	1,857	1,191	-
NeWeb Communication (Kunshan) Corporation	295,500	296,349	-	296,349	-	(3,011)	(11)	-

8.1.8. Affiliated Companies' Annual Reports: None

8.2. Private Placement Securities in the Most Recent Year and as of the Publication Date of this Annual Report: None

8.3. Status of WNC Common Shares Acquired, Disposed of, and Held by Affiliated Companies in the Most Recent Year and as of the Publication Date of this Annual Report: None

8.4. Other Necessary Supplements: None

9 Any Events in the most recent year and as of the Publication Date of this Annual Report that Had Significant Impact on Shareholders' Rights or Security Prices as Defined by Item 3, Paragraph 2 of Article 36 of the Securities and Exchange Law of Taiwan: None

WNC

Wistron NeWeb Corp.