Stock Code: 2426

TYNTEK Corporation

Standalone Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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Independent Auditors' Review Report

To TYNTEK Corporation,

Audit opinion

We have reviewed the standalone balance sheet of TYNTEK Corporation (the "Company") for the years ended December 31, 2021 and 2020 and the related standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies "(collectively referred to as the standalone financial statements)".

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 and for the years then ended, and its individual financial performance and its individual cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China for 2020. Our responsibility under those standards is further described in the section of "Auditor's Responsibilities for the Audit of the Parent-only Financial Statements". We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the standalone financial statements of the Company for the year ended December 31, 2021 based on our professional judgment. These matters were addressed in our audit of the parent-only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the standalone financial statements of the Company for the year ended December 31, 2021 are stated as follows

Sales recognition

The Company's 2021 consolidated operating income was NT$2,953,154. Please refer to Notes 4 and 24 to the consolidated financial statements for the accounting policy and information related to revenue recognition. The Company's operating income is mainly from the sale of optoelectronic products. As it has many sales clients at home and abroad, the sales, in which transactions increased compared to the prior year, the transaction amounts were significant, and the transaction counterparties were not publicly listed, are listed as a key audit matter for 2021.

The main audit procedures we performed for said matter are as follows:

1. Understand and test the effectiveness of the design and the implementation of the main internal control mechanism for the sales.
2. Select samples randomly to check the receipts and payment status related to the sales, and inquire the existence of the transaction counterparties to verify the actual occurrence of the sales, and check whether there is any anomaly existing in the sales counterparties and the payment recipients.

Other Matters

Some of the investees included in the standalone financial statements using the equity method have not been audited by us but by other CPAs. Therefore, in the opinion we expressed about the standalone financial statements, the above-mentioned investees using the equity method and its relevant shares of profit or loss are recognized according to the audit report by other CPAs. As of December 31, 2021 and 2020, the balance of investment in the aforementioned investees using the equity method was NT$149,194,000 and NT$122,583,000, accounting for 2.44% and 2.06% of the total assets, respectively, and the share of profit or loss on associates recognized using the equity method for the year ended December 31, 2021 and 2020 was NT$7,459,000 and NT$1,165,000, accounting for 0.92% and 0.34% of the net income before tax.

Responsibilities of the management and the governing body for the parent-only financial statements

The responsibilities of the management are to prepare the parent-only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The governing body of the Company (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent-only financial statements

Our objectives are to obtain reasonable assurance on whether the parent-only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level 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. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent-only financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent-only financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.

2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent-only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent-only financial statements (including relevant notes), and whether the parent-only financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the standalone financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters for the audit of the Company's standalone financial statements for the year ended December 31, 2021. We have clearly indicated such matters in the auditors' report unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, we decided not to communicate over specific items in the auditors' report, for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte Taiwan

CPA Su-Li Fang	CPA Cheng-Chih Lin
The Financial Supervisory Commission R.O.C. Approved No. Jing-Guang-Zheng-Liu No. 0940161384	The Financial Supervisory Commission R.O.C. Approved No. Jing-Guang-Zheng-Liu No. 0930160267

February 22, 2022

TYNTEK Corporation

parent-only Balance Sheet

For the Years Ended December 31, 2021 and 2020

Unit: NTD thousands

Code	Asset	Dec. 31, 2021 Amount	%	Dec. 31, 2020 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 6 and 30)	$ 940,225	15	$ 552,849	9
1110	Financial assets at fair value through profit or loss - current (Note 7 and 30)	187,838	3	214,411	4
1120	Financial assets at fair value through profit or loss - current (Note 8 and 30)	-	-	6,750	-
1136	Financial assets at amortized cost - current (Note 9, 30, and 32)	43,191	1	512,760	9
1150	Notes receivable, net (Notes 10 and 30)	1,377	-	231	-
1170	Accounts receivable, net (Notes 10 and 30)	951,876	16	795,223	13
1180	Accounts receivable - related parties, net (Notes 10, 30, and 31)	89,099	1	1,163	-
1200	Other receivables (Notes 10 and 30)	9,300	-	7,680	-
1210	Other receivables - related parties (Notes 10, 30, and 31)	224,934	4	8,016	-
130X	Inventories (Note 11)	752,560	12	651,178	11
1479	Other current assets (Note 17)	10,249	-	7,863	-
11XX	Total current assets	3,210,649	52	2,758,124	46
	non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Note 7 and 30)	87,201	2	142,166	2
1517	Financial assets at fair value through profit or loss - non-current (Note 8 and 30)	63,425	1	32,865	1
1535	Financial assets at amortized cost - non-current (Notes 9, 30, and 32)	6,615	-	6,566	-
1550	Investments accounted for using equity method (Note 12)	989,924	16	1,034,766	17
1600	Property, plant and equipment (Notes 13, 32, and 33)	1,494,318	25	1,537,444	26
1755	Right-of-use assets (Note 14)	83,732	1	87,192	1
1760	Investment property (Notes 15 and 32)	-	-	220,964	4
1780	Intangible assets (Note 16)	1,458	-	1,712	-
1840	Deferred tax assets (Note 26)	81,287	1	91,825	2
1915	Prepayments for equipment (Note 33)	96,072	2	39,699	1
1980	Other financial assets - non-current (Notes 17, 30, and 32)	-	-	3,788	-
1990	Other non-current assets (Note 17)	449	-	1,135	-
15XX	Total non-current assets	2,904,481	48	3,200,122	54
1XXX	Total assets	$ 6,115,130	100	$ 5,958,246	100

Code	LIABILITIES AND EQUITY	Dec. 31, 2021 Amount	%	Dec. 31, 2020 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 8 and 30)	$ 91,677	2	$ 455,559	8
2170	Accounts payable (Note 19)	421,267	7	320,899	5
2180	Accounts payable to related parties (Notes 9, 30, and 31)	6,453	-	755	-
2200	Other payables (Notes 20 and 30)	251,753	4	167,481	3
2230	Current tax liabilities (Note 26)	44,609	1	4,908	-
2280	Lease liabilities - current (Notes 14 and 30)	2,857	-	3,007	-
2320	Current portion of long-term borrowings (Notes 18 and 30)	116,558	2	159,040	3
2313	Unearned revenue (Notes 20 and 28)	4,631	-	628	-
2399	Other current liabilities (Note 20)	28,518	-	23,734	-
21XX	Total current liabilities	968,323	16	1,136,011	19
	non-current liabilities				
2540	Long-term borrowings (Notes 18 and 30)	529,091	9	733,314	12
2550	Provisions - non-current (Note 21)	16,807	-	15,428	-
2570	Deferred tax liabilities (Note 26)	15,325	-	15,044	-
2580	Lease liabilities - non-current (Notes 14 and 30)	82,656	1	85,329	2
2630	Long-term deferred revenue (Notes 20 and 28)	1,031	-	1,458	-
2640	Defined benefit liability - non-current (Note 22)	37,905	1	47,258	1
2670	Other non-current liabilities (Note 20)	6,096	-	15,526	-
25XX	Total non-current liabilities	688,911	11	913,357	15
2XXX	Total liabilities	1,657,234	27	2,049,368	34
	Equity (Note 23)				
3110	Ordinary shares	3,006,223	49	3,006,223	51
3200	Capital surplus	243,639	4	224,694	4
	Retained earnings				
3310	Statutory reserves	214,568	3	186,082	3
3320	Special reserves	55,815	1	89,035	1
3350	undistributed earnings	960,086	16	466,022	8
3300	Total retained earnings	1,230,469	20	741,139	12
3400	Other equities	(22,435)	-	(63,178)	(1)
3XXX	Total equity	4,457,896	73	3,908,878	66
	Total liabilities and equity	$ 6,115,130	100	$ 5,958,246	100

The accompanying notes are an integral part of the parent-only financial statements.

Chairman: Lee, Biing-Jye　　Manager: Will Chou　　Head of Accounting: Hsiao-Ping Li

TYNTEK Corporation

parent-only Statement of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

Unit: NTD thousands; EPS in NTD

Code		2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue (Notes 24 and 31)	$ 2,953,154	100	$ 2,200,552	100
5000	Operating costs (Notes 11, 25, and 30)	2,329,703	79	1,898,699	86
5900	Gross income from operations	623,451	21	301,853	14
	Operating expenses				
6100	Selling and marketing expenses (Notes 21 and 25)	32,637	1	26,914	1
6200	Administrative expenses (Notes 21 and 25)	195,442	6	158,411	7
6300	Research and development expense (Notes 21 and 25)	110,274	4	97,247	5
6450	Expected credit impairment loss (Note 10)	-	-	6,420	-
6000	Total operating expenses	338,353	11	288,992	13
6550	Other income and expenses, net (Note 25)	(12)	-	(3,602)	-
6900	Operating profit	285,086	10	9,259	1
	Non-operating income and expense				
7100	Interest revenue (Notes 25 and 30)	4,543	-	6,093	-
7010	Other income (Notes 25 and 30)	12,505	1	22,195	1
7020	Other gains or losses (Note 25)	379,483	13	61,480	3
7050	Financial costs (Note 25)	(18,619)	(1)	(20,556)	(1)
7070	Share of profit or loss of subsidiaries and associates accounted for using equity method (Note 12)	145,179	5	264,707	12
7000	Total non-operating income and expenses	523,091	18	333,919	15
7900	Net income before tax	$ 808,177	28	$ 343,178	16
7950	Income tax expense (Note 26)	83,327	3	38,680	2
8200	Net income of the current year	724,850	25	304,498	14

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Code		2021 Amount	2021 %	2020 Amount	2020 %
	Other comprehensive income (net amount)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 22)	(2,054)	-	(7,977)	-
8316	Unrealized gains (losses) on investments in equity instruments at FVTOCI (Note 23)	30,424	1	12,515	-
8336	Unrealized gains (losses) on equity instruments of subsidiaries, associates, and joint ventures at FVOCI accounted for using the equity method (Note 23)	10,354	-	6,913	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	(6,112)	-	(3,398)	-
8360	Items that may be reclassified subsequently to profit or loss (Note 23):				
8380	Share of other comprehensive income of subsidiaries accounted for using the equity method	(2,402)	-	12,285	1
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	480	-	(2,457)	-
8300	Other comprehensive income of the current year (net amount after tax)	30,690	1	17,881	1
8500	Total comprehensive income of the current year	$ 755,540	26	$ 322,379	15
	Earnings per share (Note 27)				
9710	Basic	$ 2.41		$ 1.02	
9810	Diluted	$ 2.39		$ 1.01	

The accompanying notes are an integral part of the parent-only financial statements.

Chairman: Lee, Biing-Jye Manager: Will Chou Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation

parent-only Statement of Changes in Equity

For the Years Ended December 31, 2021 and 2020

Unit: NTD thousands

		Share capital			Retained earnings			Other items of equity			
Code		Shares (Thousands)	Amount	Capital surplus	Statutory reserves	Special reserve	Undistributed earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury stock	Total equity
A1	Balance at January 1, 2020	300,621	$ 3,006,223	$ 223,902	$ 168,403	$ 76,927	$ 301,131	($ 30,757)	($ 58,279)	$ -	$ 3,687,550
	Earning appropriation and distribution for 2019										
B1	Statutory reserves	-	-	-	17,679	-	(17,679)	-	-	-	-
B3	Appropriated as special reserve	-	-	-	-	12,108	(12,108)	-	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	(90,187)	-	-	-	(90,187)
D1	Net income of 2020	-	-	-	-	-	304,498	-	-	-	304,498
D3	Other comprehensive income after tax of 2020	-	-	-	-	-	(7,977)	9,828	16,030	-	17,881
D5	Total comprehensive income of 2020	-	-	-	-	-	296,521	9,828	16,030	-	322,379
F3	Transfer of treasury stock	-	-	5,771	-	-	-	-	-	30,790	36,561
L1	Redemption of treasury stock	-	-	-	-	-	-	-	-	(30,790)	(30,790)
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	(4,979)	-	-	(11,656)	-	-	-	(16,635)
Z1	Balance at December 31, 2020	300,621	3,006,223	224,694	186,082	89,035	466,022	(20,929)	(42,249)	-	3,908,878
	Earning appropriation and distribution for 2020										
B1	Appropriated as statutory reserves	-	-	-	28,486	-	(28,486)	-	-	-	-
B3	Reversed special reserve	-	-	-	-	(33,220)	33,220	-	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	(225,467)	-	-	-	(225,467)
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	18,945	-	-	-	-	-	-	18,945
D1	2021 net income	-	-	-	-	-	724,850	-	-	-	724,850
D3	2021 other comprehensive income after tax	-	-	-	-	-	(2,054)	(1,922)	34,666	-	30,690
D5	2021 total comprehensive income	-	-	-	-	-	722,796	(1,922)	34,666	-	755,540
Q1	Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	(7,999)	-	7,999	-	-
Z1	Balance at December 31, 2021	300,621	$ 3,006,223	$ 243,639	$ 214,568	$ 55,815	$ 960,086	($ 22,851)	$ 416	$ -	$ 4,457,896

The accompanying notes are an integral part of the parent-only financial statements.

Chairman: Lee, Biing-Jye Manager: Will Chou Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation

parent-only Statement of Cash Flows

For the Years Ended December 31, 2021 and 2020

Unit: NTD thousands

Code		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net income before tax of the current year	$ 808,177	$ 343,178
A20010	Adjustments for:		
A20100	Depreciation expense	202,803	198,341
A20200	Amortization expenses	415	815
A20300	Expected credit impairment loss	-	6,420
A20400	Net losses (gains) on financial assets at FVTPL	(21,514)	(123,203)
A20900	Financial costs	18,619	20,556
A21200	Interest income	(4,543)	(6,093)
A21300	Dividend revenue	(7,462)	(10,027)
A21900	Share-based compensation	-	5,771
A22400	Share of profit or loss of subsidiaries and associates accounted for using equity method	(145,179)	(264,707)
A23000	Gains on disposal of non-current assets held for sale	(379,527)	(614)
A23200	Gains on disposal of investments accounted for using equity method	-	(5,257)
A23700	Losses on inventory valuation and obsolescence losses	-	14,250
A22500	Losses on disposal of property, plant and equipment	11	3,930
A24100	Unrealized gains on foreign currency exchange	(28,753)	(21,214)
A29900	Gains on lease modification	-	(10)
A30000	Changes in operating assets and liabilities		
A31130	Note receivable	(1,146)	3,978
A31150	Trade receivable	(245,221)	(64,686)
A31180	Other receivables	(1,794)	2,389
A31200	Inventories	(101,382)	(85,419)
A31230	Prepayments	(2,409)	(1,687)
A31240	Other current assets	20	(20)
A32150	Accounts payable	107,573	71,262
A32180	Other payables	75,321	3,931
A32200	Provisions	1,379	668
A32230	Other current liabilities	4,784	19,643
A32240	Net defined benefit liability - non-current	(11,407)	(876)
A33000	Cash from operations	268,765	111,319
A33300	Interest paid	(19,068)	(20,760)
A33500	Income tax refunded (paid)	(38,440)	13,225
AAAA	Net cash inflow from operating activities	211,257	103,784

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Code		2021	2020
	Net cash flows of investing activities		
B00050	Disposal of financial assets at amortized cost	$ 473,773	$ 81,302
B00020	Disposal of financial assets at FVTOCI	6,615	-
B00100	Purchase of financial assets at fair value through profit or loss	(9,029)	(41,468)
B00200	Disposal of financial assets at FVTPL	112,081	255,076
B01900	Disposal of long-term investments in equity using equity method	-	5,845
B02600	Proceeds from disposal of non-current assets held for sale	600,161	3,444
B02700	Acquisition of property, plant, and equipment	(55,031)	(47,794)
B02800	Proceeds from disposal of property, plant and equipment	1,375	10
B03700	Decrease in refundable deposits	211	62
B04500	Acquisition of intangible assets	(161)	(92)
B06500	Decrease (increase) in other financial assets	3,791	(91)
B07100	Increase in prepayments for equipment	(148,852)	(61,183)
B07500	Interest received	4,668	7,026
B07600	Dividends received	7,462	10,027
B09900	Other investing activities	475	2,672
BBBB	Net cash inflows from investing activities	997,539	214,836
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	835,515	1,357,823
C00200	Decrease in short-term borrowings	(1,195,834)	(1,663,484)
C01600	Proceeds from long-term borrowings	518,917	128,500
C01700	Repayments of long-term borrowings	(762,046)	(79,260)
C03000	Increase in guarantee deposits received	(9,430)	8,030
C04020	Repayment of the principal portion of leases	(3,186)	(4,107)
C04500	Cash dividends distributed	(225,467)	(90,187)
C04900	Cost of redemption of treasury stock	-	(30,790)
C05000	Proceeds from disposal of treasury stock	-	30,790
CCCC	Net cash outflows from financing activities	(841,531)	(342,685)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	20,111	8,523
EEEE	Increase (decrease) in cash and equivalents	387,376	(15,542)
E00100	Balance of cash and cash equivalents at the beginning of the year	552,849	568,391
E00200	Balance of cash and cash equivalents at the end of the year	$ 940,225	$ 552,849

The accompanying notes are an integral part of the parent-only financial statements.

Chairman: Lee, Biing-Jye Manager: Will Chou Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation

Notes to Standalone Financial Statements

For the Years Ended December 31, 2021 and 2020

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

I. Organization and operations

TYNTEK Corporation (hereinafter referred to as the "Company") was incorporated on April 4, 1987 in accordance with the Company Act of R.O.C. The main businesses are research and development, manufacturing, and sales of relevant products, including gallium arsenide, infrared, light-emitting diodes, laser diodes, phototransistors, photodiodes, single crystal and epitaxy, crystal grains, optoelectronic systems, radio transmitters, and other electrical devices that can generate radio radiant energy.

The Company’s shares had been listed for trading in Taipei Exchange (TEPx) since November 1998, and were approved by the Securities and Futures Commission, Ministry of Finance (currently known as the Securities and Futures Bureau, Financial Supervisory Commission) to be listed on the Taiwan Stock Exchange for trading instead since September 2000.

The standalone financial statements of the Company are presented in the Company’s functional currency, i.e. the New Taiwan dollar.

II. The Authorization of Financial Statements

The standalone financial statements were approved by the board of directors and authorized for issue on February 22, 2022.

III. Application of New and Revised International Financial Reporting Standards

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the Company’s accounting policies.

(II) IFRSs endorsed by FSC that are applicable from 2022 onwards

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

Note 1: The amendment of IFRS 9 applies to the exchange of financial liabilities or modified terms incurring in the annual reported periods since January 1, 2022; the amendment of “Agriculture” in IAS 41 applies to the measurement at fair value in the annual reported periods since January 1, 2022; The amendment of “Initial application of IFRSs” in IFRS 1 applies the annual reported periods since January 1, 2022 retrospectively.

Note 2: The amendment applies to the merges whose acquisition dates after the annual reported periods since January 1, 2022.

Note 3: The amendment applies to the property, plant and equipment achieving the expected operations by the management after January 1, 2021.

Note 4: The amendment applies to the contracts yet performing all obligations as of January 1, 2022.

As of the publication date of the standalone financial statements, the Company has assessed that other standards and amendments to the interpretations will not have a significant influence on the Company’s financial position and financial performance.

(III) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments of IFRS 17	January 1, 2023
Amendment to IFRS 17 (Initial Application of IFRS 17 and IFRS 9—Comparative Information)	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 (Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction)	January 1, 2023 (Note 4)

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

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2023 prospectively.

Note 3: The amendments apply to changes in accounting estimates and changes in accounting policies that occur during the annual reporting periods beginning on or after January 1, 2023.

Note 4: The amendments apply to transactions occurring after January 1, 2022, except for the recognition of temporary differences in lease and decommissioning obligations as deferred tax at January 1, 2022.

As of the publication date of the standalone financial statements, the Company is continuing to assess the impact of amendments to other standards and interpretations on the Company's financial position and financial performance, and will disclose relevant impacts when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and the net defined liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the standalone financial statements, the Company adopted the equity method to account for its investments in subsidiaries and associates. In order to enable the amounts of the profit or loss for the year and other comprehensive income and equity for the year in the standalone financial statements to be the same as the ones attributable to the owners of the Company in its consolidated financial statements, regarding the differences arising from accounting treatments between the parent company only basis and the consolidation basis, adjustments were made to the investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates, and joint ventures using the equity method, the share of other comprehensive income of subsidiaries and associates using the equity method, as well as relevant equity items, as appropriate, in the standalone financial statements.

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

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities realized within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When preparing the standalone financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates, joint ventures, or branches that operate in countries or adopt the functional currencies different from the Company) are translated into New Taiwan dollar. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income.

If the Company disposes of the ownership interest of a foreign operation, or disposes of part of the equity of a foreign operation's subsidiary and loses control, or disposes of a foreign operation's joint agreement or associate, and the retained equity is a financial asset and is treated based on the accounting policies adopted for financial instruments, then all accumulated exchange differences related to the foreign operation will be reclassified to profit or loss.

If the partial disposal of a subsidiary of a foreign operation does not result in the loss of control, the accumulated exchange differences are included in the calculation of the equity transaction proportionally but are not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the accumulated exchange differences will be reclassified to profit or loss according to the proportion of the disposal.

(V) Inventories

Inventories include merchandise, raw materials, work-in-progress, and finished goods. The value of inventories shall be determined based on the cost and net realizable value (NRV), whichever is lower. The comparison of the cost and NRV is based on individual items except for inventories of the same category. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(VI) Investment in subsidiaries

The Company adopts the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including structured entity) that is controlled by the Company.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of its subsidiaries. In addition, changes in the Company's other equity interest of its subsidiaries are recognized based on its ownership percentage.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of an investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary exceeds its equity in said subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term equity that, in substance, forms part of the Company's net investment in said subsidiary), the Company continues recognizing its share of further losses.

The amount of the acquisition cost in excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes the business on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The amount of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes the business on the acquisition date in excess of the amount of the acquisition cost is classified as current income.

When the Company assesses the impairment, it considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount with the carrying amount. If the recoverable amount of an asset increases subsequently, the reversal of the impairment loss shall be recognized in gains, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset less amortization without impairment loss recognized. The impairment loss attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control over a subsidiary, it measures its remaining investment in said subsidiary based on the fair value on the day when the control is lost. The fair value of the remaining investment and the difference between any disposal price and the carrying amount of the investment on the day when the control is lost are recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to said subsidiary are accounted for on the same basis as the one adopted for the Company's direct disposal of the relevant assets or liabilities.

The unrealized profit or loss on downstream transactions between the Company and its subsidiaries are eliminated in the standalone financial statements. Profit or loss on downstream and lateral transactions between the Company and its subsidiaries is recognized in the standalone financial statements only to the extent that it does not affect the Company's interests in the subsidiaries.

(VII) Investments in Associates

An associate is an entity over which the Company has significant influence and is not a subsidiary nor a joint venture.

The Company adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in its share of the equity of associates based on the percentage of ownership.

The amount of the acquisition cost in excess of the Company’s share of the net fair value of the identifiable assets and liabilities of an associate that constitutes the business on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The amount of the Company’s share of the net fair value of the identifiable assets and liabilities of an associate that constitutes the business on the acquisition date in excess of the amount of the acquisition cost is classified as profit or loss.

When an associate issues new shares, if the Company does not subscribe according to the ownership percentage, which causes the ownership percentage to change, and, thus, the net equity value of the investment increases or decreases, capital surplus - the changes in the net equity value of associates and joint ventures accounted for using the equity method and the investment accounted for using the equity method are adjusted for the increase or decrease. However, if the new shares is not subscribed to or acquired according to the ownership percentage, which results in a decrease in the ownership interests of the associate, the amount recognized in the other comprehensive income related to the associate is reclassified according to the percentage of the decrease, and the basis of the accounting treatment adopted is the same as the basis that the associate must follow in the case of direct disposal of relevant assets or liabilities. Where the adjustment in the preceding paragraph shall be debited to the capital surplus, and the balance of the capital surplus generated by the investment under the equity method is insufficient, the difference is debited to the retained earnings.

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

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

The Company ceases to adopt the equity method on the day when its investment ceases to be an associate, and its retained equity in the original associate is measured at fair value. The differences between the fair value, the proceeds from the disposal, and the carrying amount of the investment on the day when the equity method ceases to be adopted are recognized in profit or loss. In addition, all amounts recognized in other comprehensive income related to said associate are accounted for on the same basis as the one adopted for the associate's direct disposal of the relevant assets or liabilities. If an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the

Company will continue to adopt the equity method without remeasuring the retained equity.

Profit or loss on upstream, downstream, and lateral transactions between the Company and its associates is recognized in the standalone financial statements only to the extent that it does not affect the Company's interests in the associates.

(VIII) Property, plant, and equipment

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

Property, plant and equipment are depreciated using the straight-line method over their useful lives. Each significant part is depreciated separately. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, while applying the effect of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in loss or profit.

(IX) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both. (Including the assets that meet the definition of investment property and the right-of-use assets). Investment property also includes land held, in which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The investment property is depreciated on a straight-line basis.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(X) Intangible asset

1. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

2. Internally generated— research and development (R&D) expenditure

   Research expenditure is recognized in expenses when incurred.

3. Acquired in a business combination

   The intangible assets obtained in a business combination are recognized at the fair value on the acquisition date and recognized separately from goodwill, and subsequently measured in the same method for the intangible assets acquired separately.

4. Derecognition

   When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(XI) Impairment of assets related to property, plant and equipment, right-of-use assets, intangible assets, and assets related to contract costs

The Company assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use and intangible assets at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is a sign that the assets may be impaired.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit and loss.

The inventory, property, plant and equipment, and intangible assets related to customer contracts are first recognized as impairment in accordance with the inventory impairment regulations and the regulations above. Then, the carrying amount of the assets related to contract cost in excess of the expected amount of consideration received for the provision of the relevant goods or services less the direct relevant costs is recognized as an impairment loss. Subsequently, the carrying amount of the assets related to contract cost is included in the cash-generating unit to which they belong to perform impairment assessment of the cash-generating unit.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the cash-generating unit, or the asset related to contract cost is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, cash-generating unit, or the asset related to contract cost which was not recognized as impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities shall be recognized in the standalone balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial asset

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Company are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Disposal of financial assets at FVTPL

Financial assets measured at FVTPL include those mandatorily measured at FVTPL and those designated as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instrument that the Company has not designated to measure at FVTOCI, and debt instruments that are not classified as measured at amortized cost or at FVTOCI.

Financial assets measured at FVTPL are measured at fair value, and the gains or losses arising from remeasurement (not including any dividends or interest generated by the financial asset) are recognized in other gains and losses. Please refer to Note 30 for the method of determining the fair value.

B. Financial assets at amortized cost

When the Company's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and

b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, such assets (including cash and cash equivalents, notes and accounts receivable measured at amortized cost, other receivables, other financial assets, guarantee deposits paid, and time deposits with the original maturity date of more than 3 months) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss, and any foreign currency exchange differences are recognized in profit or loss.

Except for the following two cases, interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

a. For purchased or originated credit-impaired financial asset, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

b. For financial asset that is not purchased or originated credit-impaired but subsequently becomes credit impaired, interest income is calculated by multiplying the effective interest rate from the next reporting period after the credit impairment by the amortized cost of the financial asset.

Credit-impaired financial assets refer to the fact that when an issuer or debtor has experienced major financial difficulties or default, the debtor is likely to apply for bankruptcy or other financial restructuring, or the active market for the financial assets disappears due to financial difficulties.

Equivalent cash includes time deposits that are highly liquid, convertible into imprest cash at any time with little risk of value changes within 3 months from the date of acquisition, and is used to meet short-term cash commitments.

C. Investments in equity instruments measured at FVTOCI

The Company may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, cumulative gain or loss is directly transferred to retained earnings and are not reclassified to profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Company's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable are recognized in allowance loss based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs. If the risks have increased significantly, a loss allowance is recognized at an amount equal to lifetime ECLs.

The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

A. Internal or external information indicates that it is impossible for the debtor to settle the debt.

B. It is overdue for more than 90 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Company recognizes an impairment loss for all financial assets with a corresponding downward adjustment to their carrying amount through a loss allowance account. However, the loss allowance for investment in debt instruments measured at FVTOCI is recognized in other comprehensive income without a downward adjustment to the carrying amount.

(3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the consideration received is recognized in profit or loss. When the investment in debt instruments measured at FVTOCI is derecognized in its entirety, the difference between its carrying amount and the consideration received plus the sum of any accumulated gains or losses that have been recognized in other comprehensive income is recognized in profit or loss When derecognizing an investment in equity instrument at FVTOC in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instrument

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liability

(1) Subsequent measurement

The Company's all financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XIII) Provisions

The amount recognized in provision is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provisions are measured at the discounted value of the cash flow estimated to settle the obligation.

(XIV) Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

If several contracts are signed with the same customer (or the customer's related party) almost at the same time, as the goods or services promised in these contracts are single performance obligations, the Company deals with the contracts separately.

1. Sales revenue

Sales revenue comes from the sales of products. As when a product reaches the transaction conditions signed with a customer, the customer already has the right to set the price and the way the product is used while bearing the main responsibility for resale and the risk of obsolescence, at which the Company recognizes such revenue and reclassifies it to accounts receivable after fulfilling the remaining obligations. Advance receipts from sales are recognized as contract liabilities before a product reaches the transaction conditions signed with a customer.

In the case of export of raw materials overseas for processing, the control of the ownership of the processed product has not been transferred, so the income is not recognized when said materials are exported.

(XV) Leasing

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

1. The Company as lessor

Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

2. The Company as lessee

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

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liabilities, the amount of lease payments made to the lessor less lease incentives received prior to the inception of a lease, initial direct costs, and the estimated costs of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented on a separate line in the standalone balance sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful life, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes in the lease term, the expected payment under the residual value guarantee, the evaluation of the underlying asset purchase options, or the index or rate used to determine the lease payment over the lease term lead to changes in future lease payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss of the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the standalone balance sheets.

(XVI) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of said assets, until such time as the assets are substantially ready for their intended use or sale.

For specific borrowings, if the investment income earned by making a temporary investment before the capital expenditure that meets the requirements is incurred, it is deducted from the borrowing costs that meet the capitalization conditions.

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

(XVII) Government grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods, in which the Company recognizes in other income the relevant costs for which the grants are intended to compensate. Government grants whose primary condition is that the Company should purchase, construct, or otherwise acquire non-current assets are recognized as deferred income and reclassified to profit or loss during the useful life of said assets on a reasonable and systematic basis.

If government grants are used to compensate expenses or losses incurred, or are given to the Company for the purpose of immediate financial support without relevant future costs, they can be recognized in profit or loss in the period, during which it can receive said grants.

For the government loan obtained by the Company with an interest rate lower than that in the market, the difference between the loan amount received and the fair value of the loan calculated at the prevailing market interest rate is recognized as a government grant.

(XVIII) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized as expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. The service cost (including the service cost for the current period) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement (including actuarial gains and losses and the return on plan assets, net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs, and will not be reclassified to profit or loss.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

3. Other long-term employee benefits

The accounting treatment of other long-term employee benefits is the same as that of post-employment benefits, but the relevant remeasurement is recognized in profit or loss.

(XIX) Share-based payment arrangement

<u>Share-based payment arrangement for granting shares to employees</u>

The share-based payment arrangement for equity delivery is based on the fair value of the equity instrument on the grant date and the best estimated number expected to be vested, and is recognized as expenses on a straight-line basis during the vesting period, while the capital surplus - employee share options is adjusted at the same time. If it is immediately vested on the grant date, the full amount of the shares shall be recognized in expenses on the grant date. The Company transfers treasury shares to employees, so the record date for the transfer is the grant date.

(XX) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

The Company determines the income (loss) of the current year in accordance with the laws and regulations in each jurisdiction area for income tax filings, and calculates the income tax payable (recoverable) accordingly.

A surtax imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via a resolution at the annual shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences, loss carryforwards, equipment purchase, research and development, as well as talent training expenditure.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments and equity are recognized as deferred income tax only if it is probable that there will be sufficient taxable income to realize the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

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

3. Current and deferred income tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

V. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

In the application of the Company's accounting policies, the management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates. The Company will include the recent development of the COVID-19 pandemic in Taiwan and its potential impact on the economic environment in the consideration for estimation of cash flows, growth rates, discount rates, and profitability, and other relevant critical accounting estimates. The management will continue to examine the estimates and basic assumptions. If an amendment to estimates only affects the current period, it shall be recognized in the period of said amendment; if an amendment to accounting estimates affects the current year and future periods, it shall be recognized in the period of said amendment and future periods.

Key Sources of Estimation and Assumption Uncertainty

(I) Inventory impairment

The NRV of inventories is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. These estimates are based on current market conditions and historical and historical sales experience in similar products. Changes in market conditions may materially affect the results of these estimates.

VI. Cash and equivalents

	Dec. 31, 2021	Dec. 31, 2020
Cash on hand and petty cash	$ 205	$ 306
Check and demand (current) deposit	440,020	495,583
Cash equivalents (bank time deposits with original maturity date of less than 3 months)	500,000	56,960
	$940,225	$552,849

The interest rate ranges of cash in banks at the balance sheet date are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Cash in banks	0.001%~0.200%	0.001%~1.400%

VII. Financial instruments at FVTPL

	Dec. 31, 2021	Dec. 31, 2020
Financial assets - current		
Financial assets designated as at FVTPL		
Derivatives (not designated for hedging)		
- Forward foreign exchange contracts (Note)	$ 496	$ -
Non-derivative financial assets		
- Domestic listed stocks	187,327	214,396
- Gold passbook	15	15
	$ 187,838	$ 214,411
Financial assets - non-current		
Financial assets designated as at FVTPL		
Non-derivative financial assets		
- Foreign unlisted stocks	$ 87,201	$ 142,166

Note: The unexpired forward foreign exchange contracts without hedge accounting applied on the balance sheet date are as follows:

Dec. 31, 2021

	Currency	Duration	Contract amount (thousand NTD)
Sale of forward foreign exchange	USD: NTD	Oct. 6, 2021, to Jan. 20, 2022	USD 2,000

The Company's purpose of engaging in forward foreign exchange transactions is to hedge risks arising from foreign currency assets and liabilities due to exchange rate fluctuations.

VIII. Financial assets at FVTOCI

Equity investment instruments	Dec. 31, 2021	Dec. 31, 2020
Current		
Domestic investment		
Listed stocks		
Para Light Electronics Co., Ltd.	$ -	$ 6,750
Non-current		
Domestic investment		
Stocks listed in emerging stock markets and unlisted stocks		
Chipwell Tech Corporation	$ 6,580	$ 6,580
Brightek Optoelectronic Co., Ltd.	56,845	26,285
	$ 63,425	$ 32,865

The Company has invested in the common stocks of the above-mentioned companies in accordance with medium and long-term strategic purposes, and expects to make profits through long-term investments. The management of the Company believes that if the short-term fair value fluctuations of these investments are recognized in profit or loss, it is inconsistent with the aforementioned long-term investment plan, so it has elected to designate these investments as at FVTOCI.

IX. Financial assets at amortized cost

	Dec. 31, 2021	Dec. 31, 2020
Current		
Time deposits with original maturity date of more than 3 months - pledge	$ 35,528	$ 185,597
Time deposits with original maturity date of less than 3 months - pledge	7,663	327,163
	$ 43,191	$ 512,760
Non-current		
Time deposits with original maturity date of more than 1 year - pledge	$ 6,615	$ 6,566

As of December 31, 2021 and 2020, the interest rate range of the pledged time deposits with the original maturity date of less 3 months and the those with more than 3 months were 0.20%–0.26% and 0.20%– 1.50% per annum, respectively.

As of December 31, 2021 and 2020, the interest rate range of the pledged time deposits with original maturity date of over one year was both 0.755%–0.815%.

For information on pledged financial assets measured at amortized cost, please refer to Note 32.

X. Notes receivable, accounts receivable, and other receivables

	Dec. 31, 2021	Dec. 31, 2020
Note receivable		
From operations	$ 1,377	$ 231
Trade receivable		
At amortized cost		
Gross carrying amount	$ 963,310	$ 806,657
Less: Allowance for impairment loss	(11,434)	(11,434)
	951,876	795,223

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Accounts receivable - related parties	89,099	1,163
	$ 1,040,975	$ 796,386
Other receivables		
Loans receivable - related parties	$ 8,000	$ 8,000
Other receivables - related parties	216,934	16
	224,934	8,016
Business tax refund receivable	9,263	7,469
Others	37	211
	9,300	7,680
	$ 234,234	$ 15,696

Notes and accounts receivable

The average credit period for customers is open account with net 30 to 180 days. In addition to the loss allowance for individual customers' actual credit impairment loss, the Company refers to historical experience, considers individual customers' financial status, industries, competitive advantages, and prospects, and divides them into different risk groups and recognizes loss allowances for each group based on their expected loss rates. In addition, a 100% loss allowance is recognized for accounts receivable with an account opened for over 365 days and no other credit guarantee provided.

In order to reduce credit risk, the management of the Company is responsible for the determination of credit limit, credit approval, and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company reviews the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss is recognized for uncollectible receivables. With that, the management believes the Company's credit risk has been significantly reduced.

The Company adopts the simplified approach of IFRS 9 to recognize the loss allowance for accounts receivable based on the lifetime ECLs.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, e.g., the counterparty is in liquidation, the Company directly writes off the relevant accounts receivable, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

The aging analysis of notes and accounts receivable is as follows:

Dec. 31, 2021

	O/A 1–120 days	121–180 days	181–365 days	Over 365 days	Total
Gross carrying amount	$ 764,081	$ 279,240	$ 77	$ 10,388	$ 1,053,786
Loss allowance (lifetime ECLs)	-	(969)	(77)	(10,388)	(11,434)
Amortized cost	$ 764,081	$ 278,271	$ -	$ -	$ 1,042,352

Dec. 31, 2020

	O/A 1–120 days	121–180 days	181–365 days	Over 365 days	Total
Gross carrying amount	$ 648,090	$ 145,067	$ 7,056	$ 7,838	$ 808,051
Loss allowance (lifetime ECLs)	-	-	(3,596)	(7,838)	(11,434)
Amortized cost	$ 648,090	$ 145,067	$ 3,460	$ -	$ 796,617

The information on the movements in the loss allowance for notes and accounts receivable is as follows:

	2021	2020
Opening balance	$ 11,434	$ 5,014
Impairment loss for the current year	-	6,420
Closing balance	$ 11,434	$ 11,434

XI. Inventories

	Dec. 31, 2021	Dec. 31, 2020
Finished goods	$304,710	$239,707
Work in process	240,469	272,401
Raw materials	207,381	139,070
	$752,560	$651,178

The inventory-related costs of sales in 2021 and 2020 were NT$2,329,703,000 and NT$1,898,699,000, respectively.

The cost of sales for 2021 and 2020 included the inventory valuation losses of NT$0 and NT$14,250,000, respectively.

XII. Investments accounted for using equity method

	Dec. 31, 2021	Dec. 31, 2020
Investment in subsidiaries (I)	$ 838,318	$ 910,402
Investments in associates (II)	151,606	124,364
	$ 989,924	$ 1,034,766

(I) Investment in subsidiaries

	Dec. 31, 2021	Dec. 31, 2020
TEK Holding Co., Ltd.	$269,718	$468,162
Long Benefit Investment Co., Ltd.	543,659	417,967
Keeper Technology	33,291	32,577
Xu Qi Co., Ltd.	3,186	3,232
	849,854	921,938
Less: Accumulated impairment	(11,536)	(11,536)
	$838,318	$910,402

Name of Subsidiary	Percentage of ownership interests and voting rights Dec. 31, 2021	Percentage of ownership interests and voting rights Dec. 31, 2020
TEK Holding Co., Ltd.	100.00%	100.00%
Long Benefit Investment Co., Ltd.	100.00%	100.00%
Keeper Technology	21.43%	21.43%
Xu Qi Co., Ltd.	94.44%	94.44%

Please refer to Note 35 for the details of the investment in subsidiaries indirectly held by the Company.

As stated in Note 31, the Company provides financial guarantees for subsidiaries' bank loans.

(II) Investments in Associates

	Dec. 31, 2021	Dec. 31, 2020
Material associates		
Hsinjing Holding Co. Ltd. (Hsinjing)	$149,194	$122,583
Associates that are not individually material	6,622	5,991
	155,816	128,574
Less: Accumulated impairment	(4,210)	(4,210)
	$151,606	$124,364

1. Material associates

The Company's percentages of ownership interests and voting rights in associates at the balance sheet date are as follows:

Company name	Percentage of ownership and voting rights Dec. 31, 2021	Percentage of ownership and voting rights Dec. 31, 2020
Hsinjing (formerly known as Tynsolar)	22.79%	22.79%

The Group continued to dispose of Hsinjing’s shares in 2020, resulting in a decrease in the ownership to 22.79%, but it still had a significant influence over the company.

Refer to Table 5 in Note 35. “Information on Investees” for the nature of business, principal places of business, and countries of incorporation of the associates above.

The Company adopts the equity method to measure the above-mentioned associate. As for the investments using the equity method and the Company's share of profits or losses and other comprehensive income on such investments, associates that are not individually material are calculated based on financial statements that have not been audited by CPAs.

The Company’s investment in Hsinjing using the equity method and its share of profit and loss and other comprehensive income of Hsinjing were recognized based on financial statements audited by other CPAs in 2021 and 2020. However, the management of the Company believes that the financial statements of the aforementioned investees, not audited by CPAs, will not have a material impact.

The information on Level 1 fair value of associate with open market quotes is as follows:

Company name	Dec. 31, 2021	Dec. 31, 2020
Hsinjing	$674,395	$782,050

On February 27, 2020, Tynsolar’s board of directors passed a resolution to suspend the trading of stocks on Taipei Exchange, and established Hsinjing by means of share swap. The Company received Hsinjing’s shares swapped from Tynsolar’s on March 2, 2020, with the ownership percentage remaining unchanged.

The following aggregate financial information on the material associate in 2021 and 2020 is prepared on the basis of IFRSs and has already reflected the adjustments made when the equity method is adopted.

Hsinjing

	Dec. 31, 2021	Dec. 31, 2020
Current assets	$150,143	$ 715
non-current assets	953,298	509,785
Current liabilities	(3,891)	(16,355)
non-current liabilities	(488,604)	-
Equity	$610,946	$494,145

	2021	2020
Operating income	$ -	$ -
Net income of the current year	$ 32,729	$ 5,119
Other comprehensive income	117	(219)
Total comprehensive income	$ 32,846	$ 4,900
Cash flows		
Operating activities	($ 12,875)	($ 2,392)
Investing activities	(489,549)	(13,589)
Financing activities	549,335	14,000
Net cash inflow (outflow)	$ 46,911	($ 1,981)

2. Aggregate information on associates that are not individually material

	2021	2020
The Company's share of Net income of the continuing operations	$ 631	$ 500

Refer to Table 5 in Note 35. "Information on Investees" for the nature of business, principal places of business, and countries of incorporation of the associates above.

The Company adopts the equity method to measure the above-mentioned associates that are not individually material, and its share of profits and losses and other comprehensive income is calculated based on financial statements that have not been audited by CPAs.

XIII. Property, plant, and equipment

(I) Self-use

	Self-owned land	Building	Equipment	Leased Improvements	Other Equipment	Total
Cost						
Balance at January 1, 2021	$ 62,273	$1,483,542	$1,763,032	$ 20,867	$ 83,125	$3,412,839
Additions	-	14,021	46,075	-	4,335	64,431
Disposal	-	(30)	(11,229)	-	(1,713)	(12,972)
Reclassification	-	(4,755)	86,929	-	3,338	85,512
Balance at December 31, 2021	$ 62,273	$1,492,778	$1,884,807	$ 20,867	$ 89,085	$3,549,810
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$ 374,441	$1,419,564	$ 20,784	$ 60,606	$1,875,395
Depreciation expense	-	82,284	108,596	18	7,609	198,507
Disposal	-	(30)	(10,090)	-	(1,466)	(11,586)
Reclassification	-	(6,824)	-	-	-	(6,824)
Balance at December 31, 2021	$ -	$ 449,871	$1,518,070	$ 20,802	$ 66,749	$2,055,492
Net amount at December 31, 2021	$ 62,273	$1,042,907	$ 366,737	$ 65	$ 22,336	$1,494,318
Cost						
Balance at January 1, 2020	$ 62,273	$1,446,006	$1,764,332	$ 60,229	$ 73,629	$3,406,469
Additions	-	20,639	23,891	-	5,478	50,008
Disposal	-	(7,135)	(34,113)	(39,362)	(5,090)	(85,700)
Reclassification	-	24,032	8,922	-	9,108	42,062
Balance at December 31, 2020	$ 62,273	$1,483,542	$1,763,032	$ 20,867	$ 83,125	$3,412,839
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ -	$ 297,606	$1,351,651	$ 56,828	$ 58,813	$1,764,898
Depreciation expense	-	83,972	101,325	283	6,679	192,259
Disposal	-	(7,135)	(33,412)	(36,327)	(4,886)	(81,760)
Reclassification	-	(2)	-	-	-	(2)
Balance at December 31, 2020	$ -	$ 374,441	$1,419,564	$ 20,784	$ 60,606	$1,875,395
Net amount at December 31, 2020	$ 62,273	$1,109,101	$ 343,468	$ 83	$ 22,519	$1,537,444

Depreciation expenses of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Buildings	
Main buildings	15 to 55 years
Electromechanical power equipment	9 to 10 years
Engineering systems	1.5 to 15 years
Equipment	1 to 20 years
Leased Improvements	9 to 15 years
Other Equipment	1 to 17 years

Please refer to Note 32 for the amount of property, plant and equipment pledged for loans.

XIV. Lease arrangements

(I) right-of-use asset

	Dec. 31, 2021	Dec. 31, 2020
Right-of-use assets amounts		
Land	$ 82,538	$ 85,643
Transport Equipment	182	-
Other Equipment	1,012	1,549
	$ 83,732	$ 87,192

	2021	2020
The additions of the right-of-use assets	$ 363	$ 1,308
Depreciation charge for right-of-use assets		
Land	$ 3,105	$ 3,114
Buildings	-	819
Transport Equipment	181	190
Other Equipment	537	538
	$ 3,823	$ 4,661

(II) lease liabilities

	Dec. 31, 2021	Dec. 31, 2020
Lease liabilities amounts		
Current	$ 2,857	$ 3,007
Non-current	$ 82,656	$ 85,329

Range of discount rate for lease liabilities is as follows:

	Dec. 31, 2021	Dec. 31, 2020
Land	1.8%	1.80%
Transport Equipment	1.9%	-
Other Equipment	1.79%~1.80%	1.79%~1.80%

(III) Material lease-in activities and terms

The Company has leased land and built buildings for offices. The lease term is 37 years. Upon the termination of the lease term, the Company does not have preferential rights to acquire the land and buildings leased, and it is agreed that the Company shall not lease, sublease, or transfer all (including the right to use the parking space) or part of the asset leased, or in other methods in disguise, to third parties without the consent of the lessor.

(IV) Other lease information

	2021	2020
Short-term lease expense	$ 474	$ 871
Total cash outflow for leases	($ 5,229)	($ 6,478)

XV. Investment Property

(I) Investment Property

	Investment property that has been completed		
	Land	Building	Total
Cost			
Balance at January 1, 2021	$ 216,119	$ 22,314	$ 238,433
Reclassified to held for sale	(216,119)	(22,314)	(238,433)
Balance at December 31, 2021	$ -	$ -	$ -
accumulated depreciation			
Balance at January 1, 2021	$ -	$ 17,469	$ 17,469
Reclassified to held for sale	-	(17,942)	(17,942)
Depreciation expense	-	473	473
Balance at December 31, 2021	$ -	$ -	$ -
Net amount at December 31, 2021	$ -	$ -	$ -
Cost			
Balance at January 1, 2020	$ 216,119	$ 22,314	$ 238,433
Balance at December 31, 2020	$ 216,119	$ 22,314	$ 238,433
accumulated depreciation			
Balance at January 1, 2020	$ -	$ 16,051	$ 16,051
Depreciation expense	-	1,418	1,418
Balance at December 31, 2020	$ -	$ 17,469	$ 17,469
Net amount at December 31, 2020	$ 216,119	$ 4,845	$ 220,964

Investment property includes land and buildings, of which buildings are depreciated on a straight-line basis based on 55 years of useful life. All the Company's investment property is self-owned equity.

Due to the infrequent transactions in the comparable market and the inability to obtain reliable alternative fair value estimates for the Company's investment property, the fair value cannot be determined reliably.

For the amount of investment property pledged for loans, please refer to Note 32.

The actual selling price exceeded the carrying amount of the relevant net assets, so when these units were classified as non-current assets held for sale, there was no impairment loss that shall be recognized.

Note: The Company signed a property transaction contract with a non-related person in May 2021 to dispose of the Group's land and buildings in Xiangshan District, Hsinchu City, at a total price of NT$607,865,000. The transfer procedure was completed in November 2021.

XVI. Intangible asset

	Computer software	Other intangible assets	Total
Cost			
Balance at January 1, 2021	$ 35,243	$ 1,492	$ 36,735
Acquired separately	161	-	161
Balance at December 31, 2021	$ 35,404	$ 1,492	$ 36,896
Accumulated amortization			
Balance at January 1, 2021	$ 34,693	$ 330	$ 35,023
Amortization expenses	330	85	415
Balance at December 31, 2021	$ 35,023	$ 415	$ 35,438
Net amount at December 31, 2021	$ 381	$ 1,077	$ 1,458
Cost			
Balance at January 1, 2020	$ 35,151	$ 1,492	$ 36,643
Acquired separately	92	-	92
Balance at December 31, 2020	$ 35,243	$ 1,492	$ 36,735
Accumulated amortization			
Balance at January 1, 2020	$ 33,964	$ 244	$ 34,208
Amortization expenses	729	86	815
Balance at December 31, 2020	$ 34,693	$ 330	$ 35,023
Net amount at December 31, 2020	$ 550	$ 1,162	$ 1,712

Amortization expenses of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Computer software	1 to 5 years
Other intangible assets	1 to 18 years

XVII. Other assets

	Dec. 31, 2021	Dec. 31, 2020
Current		
Prepayments	$ 10,143	$ 7,734
Restricted bank demand deposits (Note 32)	84	87
Others	22	42
	$ 10,249	$ 7,863
Non-current		
Long-term prepayments	$ 150	$ 624
Refundable deposits	299	511
	$ 449	$ 1,135
Other financial assets - non-current		
Restricted demand deposits (Note 32)	$ -	$ 3,788

XVIII. Loan

(I) Short-term borrowings

	Dec. 31, 2021	Dec. 31, 2020
Secured borrowings		
Bank revolving borrowings	$ -	$370,000
Unsecured borrowings		
Credit borrowings and borrowings for purchase of materials	91,677	85,559
	$ 91,677	$455,559

The interest rates of bank borrowings were 0.90%–1.07% and 0.88%–1.09% as of December 31, 2021 and 2020, respectively.

Please refer to Note 32 for details of pledge and security for borrowings.

(II) Long-term borrowings

	Dec. 31, 2021	Dec. 31, 2020
Secured borrowings		
Syndicated loan (1)	$ -	$765,940
Loan project for return to Taiwan for investment (2)	139,350	112,100
Bank revolving borrowings (3)	-	1,667
Bank loan (4)	491,667	-
Unsecured borrowings		
Loan project for return to Taiwan for investment (2)	16,400	16,400
Less: Current portion	(116,558)	(160,707)
Government grant discount (2)	(1,768)	(2,086)
Long-term borrowings	$529,091	$733,314

1. The syndicated loan is a syndicated credit agreement signed between the Company and five participating banks including Bank of Taiwan. In accordance with the relevant terms of the loan agreement, it is stated in the first supplementary agreement for the syndicated loan that the review shall be conducted every six months during the term of the agreement (from November 2017 to November 2022), and the following financial ratios and regulations shall be maintained:
   (1) Current ratio: The ratio of current assets to current liabilities, which shall not be less than 100%;
   (2) Debt ratio: The ratio of total liabilities to net value of tangible assets, which shall not be higher than 200%;
   (3) Interest coverage ratio: The ratio of pre-tax net income plus interest expense and the sum of depreciation and amortization to interest expense, which shall not be less than 300%;
   (4) Net value of tangible assets: The net value less the amount of intangible assets, which shall be maintained at NT$3,000,000 thousand or more.

   The aforementioned financial ratios and regulations shall be calculated based on the annual and semi-annual consolidated financial statements audited/reviewed by CPAs. If the above agreed financial ratios and regulations are not met, adjustments and improvements shall be made before the date of the next issue of the standalone financial report. The adjustment period shall not be regarded as a breach of the agreement for the time being. The Company and the loan facility management bank may renegotiate the relevant financial ratios, but the renegotiated financial ratios and standards must be approved as resolved by the majority of the participating banks in the agreement.

The Company takes out a medium-to-long-term bank loan. According to the agreement, the expiry date of 24 months from the date of taking out the loan is the first period, and every three months thereafter is a period. The principal shall be amortized and repaid on the expiry date of each period. The maturity date is November 2022, and the interest rate was 1.79% as of December 31, 2020. The Company has repaid the remaining amount of NT$548,400 thousand early in November 2021.

2. The loan project for return to Taiwan for investment is based on the program of "Loan for Welcoming Overseas Taiwanese Businesspeople to Return to Taiwan for Investment" launched by the National Development Fund, Executive Yuan. Since March 2020, the Company has successively taken out medium-term bank loans from domestic banks with maturity dates between October 14, 2024 and December 6, 2036, and the Company shall repay the principal and interest in an amortized manner on a monthly basis. The interest rate of bank borrowings was both 0.37%–1.00% as of December 31, 2021 and 2020.
3. The bank revolving loans are new bank loans of NT$10,000,000 and NT$5,000,000 obtained by the Company on November 15, 2018 and May 20, 2019, respectively, with the maturity dates of November 15, 2021 and August 12, 2021, respectively, and the principal and interest are amortized and repaid on a monthly basis. The interest rate of bank loans was 1.55% as of December 31, 2020.
4. The bank loan is a loan ofNT$500,000,000 taken out by the Company on November 8, 2021. The loan term ends on November 8, 2026. The purpose of the loan is to repay the balance of the 2017 syndicated loan. The principal and interest are amortized on a monthly basis, and the bank borrowing interest rate was 1.00% on December 31, 2021. Please refer to Note 33 for details of pledge and security for borrowings.

XIX. Accounts payable

	Dec. 31, 2021	Dec. 31, 2020
Accounts payable		
From operations - non-related parties	$421,267	$320,899
From operations - related parties	6,453	755
	$427,720	$321,654

XX. Other liabilities

	Dec. 31, 2021	Dec. 31, 2020
Current		
Other payables		
Employee remuneration payable	$ 75,578	$ 26,907
Wages, salaries, and bonuses payable	69,852	58,596
Processing expense payable	28,516	22,056
Expenses payable	27,770	22,564
Equipment payment payable	14,524	5,124
Director remuneration payable	11,580	11,532
Others	23,933	20,702
	$251,753	$167,481
Unearned revenue		
Government grants (Note 28)	$ 4,631	$ 628
Other current liabilities		
Refund liabilities	$ 23,490	$ 17,053
Custodial receipts	4,468	5,086
contract liability	-	914
Others	560	681
	$ 28,518	$ 23,734
Non-current		
Other liabilities		
Deferred credits- unrealized gross profit from the sale of long-term investment	$ 3,834	$ 3,834
Guarantee deposits received	2,262	11,692
	$ 6,096	$ 15,526

XXI. Provisions

	Dec. 31, 2021	Dec. 31, 2020
Non-current		
Employee benefits (I)	$ 16,807	$ 15,428

	Employee benefits
Balance at January 1, 2020	$ 14,760
Increase for the current year	1,879
Used in the current year	(1,211)
Balance at December 31, 2020	15,428
Increase for the current year	2,563
Used in the current year	(1,184)
Balance at December 31, 2021	$ 16,807

(I) Provision for employee benefits liability is the estimate of employee long-term service bonuses (medals).

XXII. Post-employment benefit plans

(I) Defined contribution plans

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

(II) Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is the defined benefit plan under the management of the government of R.O.C. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes an amount, which equals to 2% of each employee' total monthly salary and wage, which is deposited by the Pension Fund Monitoring Committee in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account assessed is inadequate to pay for the retirement benefits for employees who meet the retirement requirements in the following year, the Company will contributes an amount to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment management strategy.

The amounts included in the standalone balance sheets in respect of the Company's defined benefit plan are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Present value of defined benefit obligation	$103,556	$101,097
Fair value of plan assets	(65,651)	(53,839)
Net defined benefit liability	$ 37,905	$ 47,258

The changes in net defined benefit liability:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
January 1, 2020	$ 93,136	($ 52,979)	$ 40,157
servicing costs			
Service cost for the current year	812	-	812
Interest expense (income)	664	(374)	290
Recognized in loss (profit)	1,476	(374)	1,102
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(1,916)	(1,916)
Actuarial losses			
- Changes in financial assumptions	3,073	-	3,073
- Experience adjustments	6,820	-	6,820
Recognized in other comprehensive income	9,893	(1,916)	7,977
Contributions from the employer	-	(1,978)	(1,978)
Benefits paid	(3,408)	3,408	-
Dec. 31, 2020	101,097	(53,839)	47,258
servicing costs			
Service cost for the current year	$ 806	$ -	$ 806
Interest expense (income)	352	(185)	167
Recognized in loss (profit)	1,158	(185)	973
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(788)	(788)
Actuarial gains (losses)			
- Changes in demographic assumptions	2,122	-	2,122
- Changes in financial assumptions	(2,529)	-	(2,529)
- Experience adjustments	3,249	-	3,249
Recognized in other comprehensive income	2,842	(788)	2,054
Contributions from the employer	-	(12,380)	(12,380)
Benefits paid	(1,541)	1,541	-
Dec. 31, 2021	$ 103,556	($ 65,651)	$ 37,905

Due to the pension plans under the Labor Standards Act, the Company is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the Company's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for 2-year time deposits.
2. Interest risk: A decrease in the interest rate in the government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Discount rate	0.69%	0.36%
Salary adjustment rate	2.50%	2.50%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Discount rate		
0.25% increase	($ 1,864)	($ 2,022)
0.25% decrease	$ 1,968	$ 2,022
Salary adjustment rate		
0.5% increase	$ 3,832	$ 3,943
0.5% decrease	($ 3,624)	($ 3,741)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	Dec. 31, 2021	Dec. 31, 2020
The expected contributions to the plan for the following year	$ 13,750	$ 1,943
The weighted average duration of the defined benefit obligation	10 years	10.8 years

XXIII. Equity

(I) Ordinary shares

	Dec. 31, 2021	Dec. 31, 2020
Authorized shares (in thousands)	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000
Issued and paid shares (in thousands)	300,621	300,621
Issued capital	$ 3,006,223	$ 3,006,223

The ordinary shares issued, with a par value of NT$10 per share, are entitled to one voting right per share and to the right to receive dividends.

(II) Capital surplus

	Dec. 31, 2021	Dec. 31, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Shares premium from issuance	$ 6	$ 6
Premium of corporate bond conversion	28,983	28,983
The difference between the equity price and the book value of acquisition or disposal of subsidiary	(3,064)	(3,064)

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	Dec. 31, 2021	Dec. 31, 2020
May be used to offset a deficit only		
Changes in the net equity of subsidiaries and associates accounted for using equity method (2)	$ 82,000	$ 63,055
Treasury stock transaction	37,403	37,403
Expired employees share option	16,410	16,410
Others (Note)	81,901	81,901
	$243,639	$224,694

Note: Reclassified from the difference in the repurchase of the convertible corporate bonds.

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
2. This type of capital surplus is the effect of equity transactions recognized due to changes in the Company's equity or the adjustment to the capital surplus of the subsidiary accounted for using the equity method by the Company when the Company has not actually acquired or disposed of the equity of the subsidiary.

The changes in capital surplus for the current period are as follows:

	Equity of subsidiaries and associates accounted for using equity method Changes in net worth
Balance at January 1, 2021	$ 63,055
Adjustment to the capital surplus of associates accounted for using equity method	18,945
Balance at December 31, 2021	$ 82,000
Balance at January 1, 2020	$ 68,034
Adjustment to the capital surplus of subsidiaries accounted for using equity method	(4,979)
Balance at December 31, 2020	$ 63,055

(III) Retained earnings and dividends policy

As per the Company's Articles of Incorporation regarding the earnings distribution policy, the Company's earnings distribution or loss compensation shall be proposed by the board of directors after the end of each semi-annual fiscal period. In the case of issue of new shares, it shall be submitted to the shareholders' meeting for a resolution. Any cash distribution of dividend, profit, legal reserve, or capital surplus, either in whole or in part, must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

According to the earnings distribution policy under the Company's Articles of Incorporation, if there is a surplus as per the annual financial statements, the Company shall pay all taxes in accordance with the law and compensate the cumulative deficit first, and then allocate 10% as a legal reserve in accordance with the law unless it has reached the same amount of the Company's paid-in capital. Where there is any remaining balance, the Company shall allocate amount as or reverse the special reserve according to laws and regulations. If there is still any balance left, together with the cumulative undistributed earnings, the board of directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting to resolve the distribution of shareholders' dividends. For information on the policy of the employee compensation and remuneration of directors and supervisors as in the Company's Articles of Incorporation, refer to Note 25 (8) regarding employee compensation and remuneration of directors.

In addition according to the Company's Articles of Incorporation, the Company adopts a dividend policy that allows the board of directors to propose dividends after taking into consideration its future capital requirements, long-term financial plans, and shareholders' needs for cash inflow. Profit sharing to shareholders can be paid in cash or shares, provided that the cash portion does not amount to less than 10% of total profit sharing.

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

The Company set aside and reversed a special reserve in accordance with the FSC Letters Jin-Guan-Zheng-Fa No. 1010012865, Jin-Guan-Zheng-Fa No.1030006415, as well as the directive, entitled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”.

The Company's 2020 and 2019 earnings distribution proposals are as follows:

	2020	2019
Appropriated as statutory reserves	$ 28,486	$ 17,679
Appropriated as (reversed) special reserve	($ 33,220)	$ 12,108
Cash dividends	$225,467	$ 90,187
Cash dividend per share (NTD)	$ 0.75	$ 0.30

The above cash dividends proposals have been approved by the board of directors on March 25, 2021 and March 27, 2020, respectively, and the remaining items for earnings distribution for 2019 and 2020 were adopted at the general shareholders' meeting on June 23, 2020, and July 2, 2021, respectively.

The 2021 earnings distribution proposal approved by the Company's board of directors on February 22, 2022 is as follows:

	2021
Appropriated as statutory reserves	$ 71,480
Reversed special reserve	$ 18,292
Cash dividends	$300,622
Cash dividend per share (NTD)	$ 1.00

The above cash dividends distribution proposal has been approved by the board of directors, and the rest is pending a resolution by the annual general shareholders' meeting scheduled to be held on June 8, 2022.

(IV) Special reserves

	2021	2020
Opening balance	$ 89,035	$ 76,927
Appropriated as (reversed) special reserve		
Amount debited to (reversed) other equity items	(33,220)	12,108
Closing balance	$ 55,815	$ 89,035

(V) Other items of equity

1. Exchange Differences in Translating the Financial Statements of Foreign Operations

	2021	2020
Opening balance	($ 20,929)	($ 30,757)
Incurred in the current year		
Share of subsidiaries and associates accounted for using equity method	(2,402)	12,285
Relevant income taxes	480	(2,457)
Closing balance	($ 22,851)	($ 20,929)

2. Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income

	2021	2020
Opening balance	($ 42,249)	($ 58,279)
Incurred in the current year through other comprehensive income	30,424	12,515
Share of subsidiaries accounted for using equity method	10,354	6,913
Relevant income taxes	(6,112)	(3,398)
Other comprehensive income for the current year	34,666	16,030
Cumulative gains and losses on disposal of equity instruments reclassified to retained earnings	7,999	-
Closing balance	$ 416	($ 42,249)

(VI) Treasury stock

Reason for redemption	For transfer of shares to employees (thousand shares)
Number of shares as of Jan. 1, 2020	-
Increase	2,656
Decrease	(2,656)
Number of shares as of Dec. 31, 2020	-

The Company's board of directors resolved on March 26, 2020 to transfer and buy back 2,656 thousand treasury shares at a transfer price of NT$11.59 per share on the record date of July 17, 202, to motivate employees and enhance their commitment.

The treasury shares held by the Company shall not be pledged nor shall be entitled to the rights to dividends and voting rights in accordance with the provisions of the Securities and Exchange Act.

XXIV. Revenue

	2021	2020
Sales revenue	$ 2,953,154	$ 2,200,552

Disaggregation of revenue from product contract revenue

	2021	2020
Sales revenue is broken down by main products		
Si component	$ 1,756,064	$ 1,239,199
LED components	1,167,311	923,261
Others	29,779	38,092
	$ 2,953,154	$ 2,200,552

(I) Contract balance

	Dec. 31, 2021	Dec. 31, 2020	January 1, 2020
Accounts receivable (Note 10)	$ 1,040,975	$ 796,386	$ 727,829
Contract liability (listed in Other liabilities)			
Sales	$ -	$ 914	$ -

The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

XXV. Net income from continuing operations

Net income is from the following items:

(I) Net amount of other gains (losses)

	2021	2020
Losses on disposal of property, plant and equipment	($ 12)	($ 3,930)
Others	-	328
	($ 12)	($ 3,602)

(II) Interest income

	2021	2020
Cash in banks	$ 1,171	$ 1,978
Financial assets at amortized cost	3,193	3,936
imputed interest on financing	179	179
	$ 4,543	$ 6,093

(III) Other income

	2021	2020
Dividend revenue	$ 7,462	$ 10,027
Insurance claim income	-	7,470
Rent income	720	820
Subsidy income	711	939
Gains on write-off of accounts payable	349	-
Others	3,263	2,939
	$ 12,505	$ 22,195

(IV) Other gains or losses

	2021	2020
Net gains on financial assets at FVTPL	$ 21,514	$ 123,203
Gains on disposal of investments accounted for using equity method (Note 29)	-	5,257
Gains on disposal of non-current assets held for sale	379,527	614
Net foreign exchange losses	(7,791)	(38,943)
Indemnify losses	(11,165)	(17,053)
Miscellaneous expenditure	(2,602)	(11,598)
	$ 379,483	$ 61,480

(V) Financial costs

	2021	2020
Interest on bank loans	$ 17,050	$ 19,056
Interest on lease liabilities	1,569	1,500
	$ 18,619	$ 20,556

(VI) Depreciation and amortization

	2021	2020
Property, plant, and equipment	$ 198,507	$ 192,259
right-of-use asset	3,823	4,661
Investment Property	473	1,418
Non-current assets held for sale	-	3
Intangible asset	415	815
Total	$ 203,218	$ 199,156
An analysis of depreciation by function		
Operating cost	$ 178,022	$ 177,100
Operating expenses	24,781	21,241
	$ 202,803	$ 198,341
An analysis of amortization by function		
Operating cost	$ 9	$ 23
Operating expenses	406	792
	$ 415	$ 815

(VII) Employee benefits expense

	2021	2020
Short-term employee benefits	$ 593,287	$ 485,943
Long-term employee benefits	2,563	1,879
Post-employment benefits (Note 23)		
Defined contribution plans	17,827	16,512
Defined benefit plan	973	1,102
Total employee benefits expense	$ 614,650	$ 505,436
An analysis by function		
Operating cost	$ 407,547	$ 341,079
Operating expenses	207,103	164,357
	$ 614,650	$ 505,436

(VIII) Employees' compensation and remuneration of directors

The Articles of Incorporation of the Company stipulate that the employees' compensation and remuneration of directors shall be appropriated at the rates from 5%–15% and no higher than 5%, respectively, of net income before tax and net of employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for 2021 and 2020 were approved by the board of directors on February 22, 2022 and March 25, 2021, respectively, were as below:

Ratio

	2021	2020
Employee compensation	7%	7%
Directors' remuneration	1%	3%

Amount

	2021		2020	
	Cash	Stocks	Cash	Stocks
Employee compensation	$ 61,702	$ -	$ 26,907	$ -
Directors' remuneration	11,580	-	11,532	-

If there is a change in the proposed amounts after the annual standalone financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected in the following year.

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

Information on the 2021 and 2020 employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(IX) Foreign exchange gains (losses)

	2021	2020
Foreign exchange gains	$ 102,589	$ 98,717
Total foreign exchange losses	(110,380)	(137,660)
Net gains (losses)	($ 7,791)	($ 38,943)

XXVI. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense were as follows:

	2021	2020
Tax currently payable		
Incurred in the current year	$ 65,245	$ 7,650
Prior years adjustment	12,895	-
	78,140	7,650
Deferred tax		
Incurred in the current year	5,187	31,030
Income tax expense recognized in profit or loss	$ 83,327	$ 38,680

The adjustment to accounting income and income tax expenses is as follows:

	2021	2020
Net income before tax of the current year	$ 808,177	$ 343,178
Income tax expense calculated based on statutory tax rate for net income tax before tax	$ 161,635	$ 68,636
Permanent difference	(103,239)	(47,418)
Basic tax difference payable	-	7,650
Unrecognized deductible temporary difference	(5,447)	9,812
Adjustments to income tax expenses of prior years	12,895	-
Land value increment tax	17,483	-
Income tax expense recognized in profit or loss	$ 83,327	$ 38,680

(II) Income tax recognized in other comprehensive income

	2021	2020
Deferred tax		
Incurred in the current year		
- Translation of foreign operations	$ 480	($ 2,457)
- Unrealized gain (loss) on financial assets at FVTOC	(6,112)	(3,398)
Income tax recognized in other comprehensive income	($ 5,632)	($ 5,855)

(III) Current tax liabilities

	Dec. 31, 2021	Dec. 31, 2020
Current tax liabilities		
Income tax payable	$ 44,609	$ 4,908

(IV) Deferred tax assets and liabilities

The changes in the deferred tax assets and liabilities are as follows:

2021

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Impairment losses, including loss allowance	$ 22,737	$ -	$ -	$ 22,737
Financial assets at FVTOCI	(2,258)	-	(6,112)	(8,370)
Provisions	$ 3,086	($ 6,728)	$ -	($ 3,642)
Refund liabilities	3,410	1,288	-	4,698
Defined benefit pension plan	3,723	(2,282)	-	1,441
Property, plant, and equipment	1,364	(1)	-	1,363
Associate	664	2,839	-	3,503
Exchange differences on translating the financial statements of foreign operations	5,231	-	480	5,711
	37,957	(4,884)	(5,632)	27,441
Loss carryforwards	53,868	(22)	-	53,846
	$ 91,825	($ 4,906)	($ 5,632)	$ 81,287

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Unrealized foreign exchange gains	$ 4,243	$ 1,508	$ -	$ 5,751
Financial assets at FVTPL	10,801	(1,227)	-	9,574
	$ 15,044	$ 281	$ -	$ 15,325

2020

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Impairment losses, including loss allowance	$ 18,317	$ 4,420	$ -	$ 22,737
Financial assets at FVTOCI	1,140	-	(3,398)	(2,258)
Provisions	3,474	(388)	-	3,086
Refund liabilities	-	3,410	-	3,410
Defined benefit pension plan	3,898	(175)	-	3,723
Property, plant, and equipment	1,374	(10)	-	1,364
Associate	25,956	(25,292)	-	664
Exchange differences on translating the financial statements of foreign operations	7,688	-	(2,457)	5,231
	61,847	(18,035)	(5,855)	37,957
Loss carryforwards	60,158	(6,290)	-	53,868
	$ 122,005	($ 24,325)	($ 5,855)	$ 91,825
Deferred tax liabilities				
Unrealized foreign exchange gains	$ 8,339	($ 4,096)	$ -	$ 4,243
Financial assets at FVTPL	-	10,801	-	10,801
	$ 8,339	$ 6,705	$ -	$ 15,044

(V) Deductible temporary difference of deferred tax assets not recognized in the standalone balance sheet

	Dec. 31, 2021	Dec. 31, 2020
Deductible temporary difference		
Impairment losses, including loss allowance	$ 15,746	$ 15,746

(VI) Information on unused loss carryforwards

As of December 31, 2021, the information on loss carryforwards is as follows:

Balance of unused loss carryforwards	Last valid year
$113,227	2026
84,625	2028
37,747	2029
33,632	2030
$269,231	

(VII) Income tax assessments

The Company's profit-seeking enterprise income tax returns up to 2018 had been examined and approved by the tax authorities.

XXVII. Earnings per share (EPS)

Unit: NT$ Per Share

	2021	2020
Basic earnings per share	$ 2.41	$ 1.02
Diluted earnings per share	$ 2.39	$ 1.01

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Net income of the current year

	2021	2020
Net income in the computation of diluted earnings per share	$724,850	$304,498

Number of shares

Unit: Thousand Shares

	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	300,621	299,849
Effect of potentially dilutive ordinary shares:		
Employee compensation	2,383	1,816
Weighted average number of ordinary shares used in the computation of diluted earnings per share	303,004	301,665

If the Company can settle the compensation to employees in cash or shares, the Company assumes the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share if the effect is dilutive. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXVIII. Government grants

As of December 31, 2021, the Company has obtained a government loan of NT$155,750 thousand with preferential interest rates under the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan for capital expenditure and purchase of equipment. The loan will be repaid in installments over a period of five to seven years. The fair value of the loan is estimated to be NT$152,959 thousand based on the market interest rate of 0.87% to 1.95% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of NT$2,791 thousand as a government low-interest loan grant and recognized as unearned revenue. The unearned revenue is reclassified to profit or loss over the useful life of the relevant assets. Other income recognized by the Company for 2021 and 2020 is NT$711 thousand and NT$312 thousand, respectively, and the loan interest expenses recognized are NT$987 thousand and NT$520 thousand, respectively.

If the Company fails to meet the requirements of the project loan regulations during the loan term and the National Development Fund has to stop the loan, and when the processing fee should be charged, the Company shall pay at the initial agreed interest rate plus the annual interest rate.

In addition, the Company has obtained a grant of NT$3,894 thousand under the Demonstration and Promotion Subsidy Program for the Energy Conservation Performance Guarantee Project and is expected to achieve the energy saving rate of 30% in April 2022 as promised in the project proposal. After the remaining grant of NT$9,088 thousand is received, the grant will be recognized in income.

XXIX. Capital risk management

In accordance with the overall business environment and the Company’s future development, the Company’s capital structure is regularly reviewed by the main management personnel in consideration of external competition, changes in the environment, and other factors. The review includes consideration for various types of capital costs and relevant risks to determine an appropriate capital structure of the Company. The purpose is to satisfy the Company’s requirements for working capital, research and development expenses, and dividend expenditures in the future, while ensuring that the Company can continue to operate, give back to shareholders, and take into account the interests of other stakeholders, and maintaining the best capital structure to enhance shareholders’ value on a long term.

The capital structure of the Company consists of net debt (borrowings less cash and cash equivalents) and equity of the Company (comprising share capital, capital surplus, retained earnings, and other equity items).

The Company is not subject to any externally imposed capital requirements.

The key management personnel of the Company reviews the capital structure annually. As part of this review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Under the suggestions of the key management personnel, the Company may pay dividends, issue new shares, buy back shares, and issue new debts or repay old debts to balance the overall capital structure.

XXX. Financial instruments

(I) Fair value—financial instruments not at fair value

The carrying amount of the Company's financial assets and liabilities and lease payables measured at amortized cost was close to their fair value in the financial statements at the end of the financial reporting period.

(II) Fair value—financial instruments at fair value on a recurring basis

1. Degree of fair value measurements

Dec. 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ 496	$ -	$ -	$ 496
Domestic listed stocks	187,327	-	-	187,327
Foreign unlisted stocks	-	-	87,201	87,201
Gold passbook	15	-	-	15
Total	$ 187,838	$ -	$ 87,201	$ 275,039
Financial assets at FVTOCI				
Investment in equity instruments				
Stocks listed in emerging stock markets and unlisted stocks	$ 56,845	$ -	$ 6,580	$ 63,425

Dec. 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed stocks	$ 214,396	$ -	$ -	$ 214,396
Foreign unlisted stocks	-	-	142,166	142,166
Gold passbook	15	-	-	15
Total	$ 214,411	$ -	$ 142,166	$ 356,577
Financial assets at FVTOCI				
Investment in equity instruments				
Domestic listed stocks	$ 6,750	$ -	$ -	$ 6,750
Stocks listed in emerging stock markets and unlisted stocks	-	-	32,865	32,865
Total	$ 6,750	$ -	$ 32,865	$ 39,615

There were no transfers between Level 1 and Level 2 fair value in 2021 and 2020.

2. Reconciliation of Level 3 fair value measurements of financial instruments

2021

	Financial assets at FVTPL	Financial assets at FVTOCI
Financial asset	Equity instrument	Equity instrument
Opening balance	$ 142,166	$ 32,865
Recognized in profit or loss (other gains or losses)	(54,965)	-
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOC)	-	30,560
Transferred out from Level 3	-	(56,845)
Closing balance	$ 87,201	$ 6,580

2020

	Financial assets at FVTPL	Financial assets at FVTOCI
Financial asset	Equity instrument	Equity instrument
Opening balance	$ 142,166	$ 15,877
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOC)	-	16,988
Closing balance	$ 142,166	$ 32,865

3. Valuation techniques and inputs applied for Level 3 fair value measurement

Investments in domestic and foreign unlisted equity are estimated by the market approach based on the transaction price of comparable targets, and the difference between the evaluation target and the comparable target is considered to estimate the value of the target evaluated using an appropriate multiplier.

(III) Categories of financial instruments

	Dec. 31, 2021	Dec. 31, 2020
Financial asset		
Financial assets as at FVTPL		
Financial assets designated as at FVTPL	$ 275,039	$ 356,577
Financial assets at amortized cost (Note 1)	2,267,001	1,888,874
Financial assets at FVTOCI		
Investment in equity instruments	63,425	39,615
Financial liability		
Amortized cost (Note 2)	1,424,723	1,850,826

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including from related parties), other receivables (including from related parties), other financial assets, and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (including to related parties), other payables, current portion of long-term borrowings, unearned revenue, long-term borrowings, long-term deferred revenue, and guarantee deposits received.

(IV) Financial risk management objective and policies

The Company's main financial instruments include equity and debt instrument investment, accounts receivable, accounts payable, bonds payable, and borrowings. The Company's financial management department provides services to various business units, coordinates the operations in the domestic and international financial markets, and supervises and manages the financial risks related to the Company's operations by analyzing internal risk reports based on the degree and breadth of risks.

These risks include market risk (including currency risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

The Company uses derivative financial instruments to avoid risk exposure to mitigate the impact of these risks. The use of derivative financial instruments is regulated by the policies adopted by the Company's board of directors, which are written principles for exchange rate risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining working capital. Compliance with policies and exposure limits is being reviewed by the internal auditors continuously. The Company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

   The main financial risks for the Company’s operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below). The Company engages in various derivative financial instruments to manage foreign currency exchange rate risk, interest rate risk, and other price risks.

   The Company's exposure to the market risk of financial instruments and its management and measurement methods for the risk exposure have remained unchanged.

   (1) Exchange rate risk

   The Company is engaged in sale and purchase transactions denominated in foreign currencies, which has caused the Company to be exposed to the risk of exchange rate fluctuations. Approximately 83.53% of the Company's sales are not denominated in the functional currency, and approximately 69.94% of the cost is not denominated in the functional currency. The Company's management of the exposure to the exchange rate risk is to use foreign currency options contracts to manage risks within the scope permitted by the policy.

   For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date, please refer to Note 34.

Sensitivity analysis

The Company was mainly affected by the fluctuations in the exchange rates of USD, JPY, and CNY.

The following table details the Company's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity to a 1% change in New Taiwan dollars is used when reporting foreign currency risk internally to key management personnel and also represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis only included monetary items in foreign currencies in circulation, and the year-end translation was adjusted with a 1% change in the exchange rates. The positive numbers in the table below indicate the amount by which the net income before tax will be reduced when the New Taiwan dollar appreciates by 1% against the relevant currencies; when the New Taiwan dollar depreciates by 1% against the relevant foreign currencies, the net income before tax will be the negative number of the same amount.

	Impact of USD		Impact of JPY		Impact of CNY	
	2021	2020	2021	2020	2021	2020
Gains (losses)	$ 7,673(i)	$ 11,845(i)	($ 1,484)(ii)	($ 1,291)(ii)	$ 3,347(iii)	$ 4,464(iii)

(i) Mainly derived from the Company's USD-denominated receivables and payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.

(ii) Mainly derived from the Company's JPY-denominated payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.

(iii) Mainly derived from the Company's CNY-denominated receivables and payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.

Sales denominated in US dollars are seasonal. With the higher sales in the fourth quarter, the balance of accounts receivable denominated in USD increased at the end of the year. Therefore, the exposure to the foreign currency risk at the balance sheet date cannot reflect the risk exposure throughout the year.

(2) Interest rate risk

Because individual entities within the Company borrow funds at fixed and floating interest rates at the same time, the interest rate risk risks arise. The Company manages the interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to the interest rate risk at the balance sheet date are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Fair value interest rate risk		
-Financial assets	$ 546,691	$ 573,197
-Financial liabilities	91,677	316,559
Cash flow interest rate risk		
-Financial assets	442,775	502,067
-Financial liabilities	645,649	1,033,440

Sensitivity analysis

The sensitivity analysis below is determined based on the exposure to the interest rate risk of derivatives and non-derivatives at the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding at the balance sheet date is in outstanding throughout the reporting period. The sensitivity to a 1% change in interest rate is used when reporting the interest rate risk internally to key management personnel and also represents the management's assessment of the reasonably possible change in interest rates.

If the interest rate increased/decreased by 1% and all other variables remain unchanged, the Company's net income before tax for 2021 and 2020 would have decreased/increased by NT$70,000 and NT$187,000, respectively, mainly due to the Company's borrowings with variable interest rates.

(3) Other price risk

The Company's exposure to the equity price risk is due to the investment in the listed equity securities. The management of the Company manages the risk by holding investment portfolios with different risk factors. The Company's equity price risk is mainly concentrated on Taiwan Stock Exchange’s equity instruments in specific industries.

Sensitivity analysis

The sensitivity analysis below is based on the equity price risk exposure at the balance sheet date.

If the equity price increased/decreased by 1%, the profit or loss before tax for 2021 and 2020 would have increased/decreased by NT$1,873 thousand and NT$2,144 thousand due to the increase in the fair value of financial assets at FVTPL.

Other comprehensive income before tax for 2021 and 2020 would have increased/decreased by NT$0 and NT$68 thousand due to changes in the fair value of financial assets at FVTOCI.

The Company's sensitivity to price risks decreased for the current year, mainly due to the decrease in the positions exposed to other price risks.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the balance sheet date, the Company’s maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to perform an obligation and financial guarantees provided by the Company could arise from:

(1) The carrying amount of the financial assets recognized in the standalone balance sheet.

(2) The amount of contingent liabilities arising from the financial guarantee provided by the Company.

The policy adopted by the Company is to conduct transactions only with reputable counterparties, and obtain sufficient guarantees under necessary circumstances to reduce the risk of financial losses due to defaults. The Company only conducts transactions with companies whose ratings are equal to or higher than the investment grade Such information is provided by independent rating agencies; if such information is not available, the Company will refer to other publicly available financial information and mutual transaction records to rate its major customers. The Company continuously monitors credit risk and the credit rating of its counterparties, and distributes the total transaction amount to customers with qualified credit ratings, and controls the exposure to credit risk through the counterparty credit limits that are reviewed and approved by the financial management department every year.

In order to mitigate the credit risk, the management of the Company assigns a dedicated team responsible for the determination of credit limits, credit approval, and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company reviews the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss is recognized for uncollectible receivables. With that, the management believes the Company’s credit risk has been significantly reduced.

The credit risk on liquid funds and derivatives is not high because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company's customer base is large and unrelated, so the concentration of credit risk is not high.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The management of the Company monitors the use of the bank financing facilities and ensures compliance with the terms of the borrowing terms.

Bank borrowings were an important source of liquidity for the Company. As of December 31, 2021 and 2020, for the Company’s unutilized credit facilities, please refer to (2) below for description of financing facilities.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings with a repayment on demand clause were included in the earliest time period, regardless of the probability of exercise of the right by banks. The maturity analysis of other non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

Dec. 31, 2021

	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Non-interest-bearing liabilities		
Note payable and accounts payable	$427,720	$ -
Other payables (Note)	78,526	-
Floating interest rate instruments	114,791	530,858
Fixed interest rate instruments	91,677	-
lease liabilities	4,370	110,338
	$717,084	$641,196

Further information on the analysis of the above financial liabilities maturity dates is as follows:

	Less than One Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 Years
lease liabilities	$ 4,370	$ 13,451	$ 16,193	$ 16,193	$ 16,193	$ 48,308

Dec. 31, 2020

	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Non-interest-bearing liabilities		
Note payable and accounts payable	$321,654	$ -
Other payables (Note)	56,241	-
Floating interest rate instruments	298,040	735,400
Fixed interest rate instruments	316,559	-
lease liabilities	4,571	114,523
	$997,065	$849,923

Further information on the analysis of lease liabilities maturity is as follows (undiscounted total amount):

	Less than One Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 Years
lease liabilities	$ 4,571	$ 14,398	$ 16,193	$ 16,193	$ 16,193	$ 51,546

Note: The other payables mentioned above do not include salaries and bonuses payable, pensions payable, insurance premiums payable, directors' remuneration payable, and employee compensation payable.

The amount of floating interest rate instruments for the aforementioned non-derivative financial assets and liabilities will change due to the difference between the floating interest rate and the interest rate estimated at the balance sheet date.

The financial guarantee contract amount above is the maximum amount that the Company may have to pay to fulfill the guarantee obligation if the holder of the financial guarantee contract asks the guarantor to pay for the full guarantee amount. However, based on the expectations at the balance sheet date, the Company believes that it is unlikely that such contract payments will be paid.

(2) Financing facilities

	Dec. 31, 2021	Dec. 31, 2020
Unsecured bank borrowings facility (review every year)		
- Amount used	$ 108,077	$ 101,959
- Amount unused	1,018,923	1,100,441
	$ 1,127,000	$ 1,202,400
Secured bank borrowings facility		
- Amount used	$ 631,017	$ 1,248,040
- Amount unused	1,108,983	1,402,460
	$ 1,740,000	$ 2,650,500

XXXI. Related party transaction

Details of transactions between the Company and related parties are as follows.

(I) Related party name and category

Related Party Name	Related Party Category
Long Benefit Investment Co., Ltd. (Long Benefit)	Subsidiary
TEK Holding Co., Ltd. (TEK)	Subsidiary
Keeper Technology Co. Ltd. (Keeper Technology)	Subsidiary
Xu Qi Co., Ltd. (Xu Qi)	Subsidiary
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd. (Yuanmao)	Sub-subsidiary
<u>Associate</u>	
Coretech Optical Co., Ltd.	Associate by investment using the equity method
Uni Top Optical Corporation	Associate by investment using the equity method
Hsinjing Holding Co., Ltd.	Associate by investment using the equity method
<u>Substantive related party</u>	
Summit-tech Resource Corp.	Substantive related party before Jul. 2, 2021 (Note 1) (Note 1)
Epistar Corporation	Its parent company is a director of the Company (Note 2).
Lextar Electronics Corporation	Its parent company is a director of the Company (Note 2).
Prolight Opto Technology Corporation	Its parent company is a director of the Company (Note 3).
best Epitaxy Manufacturing Co. Ltd.	Its parent company is a director of the Company (Note 3).
Lextar Electronics (Chuzhou) Corp.	Its parent company is a director of the Company (Note 3).
iReach Corporation	Its parent company is a director of the Company (Note 3).
Lee, Biing-Jye	Key managerial officer (the Chairman of the Company)
Raymond Sheu	Key management personnel
Wen-Hu Wang	Key management personnel

Note 1: The Company’s supervisor is a relative within the second degree of kinship of the former Chairman of the Company. On July 2, 2021, the Company’s board of directors re-elected a new chairman due to the end of the term of office of the former one. As the former chairman did not hold another position, Summit-tech Resource Corp. is not a related party, so the amounts of transactions after the date will not be disclosed.

Note 2: The Company's board of directors re-elected a new chairman on July 2, 2021. As the Chairman of the Company also serves as the Chairman of Ennostar Inc. (hereinafter referred to as "Ennostar"), and Epistar Corporation and Lextar Electronics Corporation is a subsidiary of Ennostar, so it is determined to be a substantive related party.

Note 3: The Company's board of directors re-elected a new chairman on July 2, 2021. As the Chairman of the Company also serves as the Chairman of Ennostar, and best Epitaxy Manufacturing Co. Ltd. and Prolight Opto Technology Corporation are the sub-subsidiaries of Ennostar, so it is determined to be a substantive related party.

(II) Operating income

Line Item	Category of related party	2021	2020
Sale	Sub-subsidiary	$ 14,816	$ 6,411
	Associate	-	2
	Substantive related party		
	Lextar Electronics Corporation	93,034	-
	Lextar Electronics (Chuzhou) Corp.	10,883	-
	Summit-tech Resource Corp.	5,940	10,743
	Others	4,800	-
		$ 129,473	$ 17,156

The selling prices to related parties are equivalent to those to ordinary customers, and the payment terms are implemented in accordance with the Company's payment policy.

(III) Purchase of goods

Category of related party	2021	2020
Substantive related party		
Epistar Corporation	$ 15,188	$ -
Summit-tech Resource Corp.	6,010	7,663
best Epitaxy Manufacturing Co. Ltd.	387	-
	$ 21,585	$ 7,663

The purchase prices from related parties are equivalent to those to ordinary clients, and the purchase terms are implemented in accordance with the Company's policy.

(IV) Receivables from related parties (excluding loans to related parties)

Line Item	Category of related party	Dec. 31, 2021	Dec. 31, 2020
Accounts receivable - related parties	Sub-subsidiary	$ 4,825	$ 260
	Substantive related party		
	Lextar Electronics Corporation	72,623	-
	Lextar Electronics (Chuzhou) Corp.	8,486	-
	Summit-tech Resource Corp.	-	900
	Others	3,165	-
	Associate	-	3
		89,099	1,163
Other receivables - related parties	Subsidiary	224,934	8,016
		$ 314,033	$ 9,179

The Company's selling prices to related parties are equivalent to those to ordinary customers, and the payment terms are implemented in accordance with the Company's payment policy. No guarantee is received for the accounts receivable from related parties still outstanding. No loss allowance was provided for accounts receivable from related parties in 2021 and 2020.

(V) Payables to related parties (excluding loans from related parties)

Line Item	Category of related party	Dec. 31, 2021	Dec. 31, 2020
Accounts payable - related parties	Substantive related party		
	Epistar Corporation	$ 6,122	$ -
	Summit-tech Resource Corp.	-	755
	best Epitaxy Manufacturing Co. Ltd.	331	-
		$ 6,453	$ 755
Other receivables - related parties	Sub-subsidiary	$ 18,007	$ 11,184
	Substantive related party		
	Epistar Corporation	39	-
	Summit-tech Resource Corp.	-	1,052
		$ 18,046	$ 12,236

The Company's purchase price from and processing contracted to related parties are handled in accordance with the general purchase terms; the payment period to related parties and non-related parties is implemented in accordance with the Company's payment policy.

No guarantee is provided for the balance of the outstanding accounts payable to related parties.

(VI) Loans to related parties

Category of related party	Dec. 31, 2021	Dec. 31, 2020
Other receivables		
Subsidiary		
Keeper Technology	$ 8,000	$ 8,000

Category of related party	2021	2020
Interest income		
Subsidiary	$ 179	$ 179

The Company provides loans to subsidiaries, at interest rates similar to the market interest rates. As of December 31, 2021 and 2020, there had been interest uncollected, both in the amount of NT$16 thousand, accounted for under other receivables.

(VII) Acquisition of property, plant, and equipment

	Price of acquisition	
Category of related party	2021	2020
Associate	$ -	$ 9,537

(VIII) Other income

Line Item	Category of related party	2021	2020
Rent income	Subsidiary		
	Long Benefit	$ 34	$ 34
Other income	Sub-subsidiary	$ 10	$ 10

(IX) Contract processing

The processing fees to the Company's sub-subsidiary Yuanmao contracted to process products for the Company in 2021 and 2020 were NT$184,506 thousand and NT$112,030 thousand, respectively. As of December 31, 2021 and 2020, the outstanding balance was NT$18,007 thousand and NT$1,184 thousand, respectively, accounted for under the processing expense payable.

The processing fees to the Company's other related party Summit-tech contracted to process products for the Company in 2021 and 2020 were NT$5,759 thousand and NT$10,404 thousand, respectively. As of December 31, 2021 and 2020, the outstanding balance was NT$0 and NT$1,052 thousand, respectively, accounted for under the processing expense payable.

The pricing of the contract processing expenses is not able to be compared with other manufacturers' OEM prices and conditions because the Company did not commission other manufacturers for contract processing.

(X) Transactions with other related parties

Line Item	Category of related party	2021	2020
Production overheads - freight	Substantive related party	$ 1,051	$ -
Operating expenses - miscellaneous expenses	Substantive related party	$ 54	$ -

(XI) Compensation of key management personnel

The total compensation of directors and other key management personnel is as follows:

	2021	2020
Short-term employee benefits	$ 48,549	$ 34,557
Post-employment benefits	583	650
	$ 49,132	$ 35,207

The remuneration of directors and other key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

XXXII. Pledged Assets

The following assets have been provided as collateral for financing loans and security for tariff of imported raw materials:

	Dec. 31, 2021	Dec. 31, 2020
Restricted time deposits (accounted for in financial assets at amortized cost)	$ 49,806	$ 519,326
Restricted demand deposits (recognized in other current assets and other financial assets - non-current)	84	3,875
Land (including investment property)	62,273	216,118
Buildings (including investment property)	651,283	611,529
	$ 763,446	$ 1,350,848

XXXIII. Significant Contingent Liabilities and Unrecognized Commitments

Except for those already mentioned in other notes, the Company's significant commitments as of the balance sheet date are as follows:

(I) As of December 31, 2021 and 2020, the amount of unused letters of credit issued by the Company for imported raw materials and machinery and equipment was equivalent to NT$7,410 thousand and NT$17,849 thousand, respectively.

(II) As of December 31, 2021, the total price of the uncompleted important equipment and engineering procurement contracts of the Company was equivalent to NT$248,428 thousand; NT$93,152 thousand had been paid (recognized in prepayments for equipment), and the remaining NT$155,276 thousand had not been paid.

XXXIV. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated in foreign currencies other than the Company's functional currency. The disclosed exchange rates refer to the exchange rates at which the foreign currencies were converted into functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

Dec. 31, 2021

	Foreign currency	Exchange rate	Carrying amount
Foreign currency asset			
Monetary items			
USD	$ 28,012	27.68	$ 775,372
JPY	514	0.24	124
CNY	81,001	4.34	351,868
Foreign currency liabilities			
Monetary items			
USD	293	27.68	8,110
JPY	617,421	0.24	148,490
CNY	3,957	4.34	17,189

Dec. 31, 2020

	Foreign currency		Exchange rate	Carrying amount	
Foreign currency asset					
Monetary items					
USD	$	42,802	28.48	$	1,219,009
JPY		2,296	0.28		634
CNY		104,382	4.38		456,880
Foreign currency liabilities					
Monetary items					
USD	$	1,211	28.48	$	34,495
JPY		469,577	0.28		129,744
CNY		2,384	4.38		10,433

The (unrealized) gains and losses on foreign currency exchange with a material impact are as follows:

	2021		2020	
Foreign currency	Exchange rate	Net Foreign Exchange Gain (Loss)	Exchange rate	Net Foreign Exchange Gain (Loss)
USD	27.68 (USD:NTD)	$ 9,980	28.48 (USD:NTD)	$ 2,067
JPY	0.24 (JPY:NTD)	9,976	0.28 (JPY:NTD)	(1,412)
CNY	4.34 (CNY:NTD)	8,802	4.38 (CNY:NTD)	20,553
Others		(5)		6
		$ 28,753		$ 21,214

XXXV. Additional Disclosures

(I) Information on significant transactions and (II) investees:

1. Financing provided to others. (Table 1)
2. Endorsement/guarantee provided: None.
3. Marketable securities held (excluding investment in subsidiaries, associates, and jointly controlled entities): Table 2.
4. Marketable securities acquired or sold at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual property at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual property at costs of at least NT$300 million or 20% of the paid-in capital: Table 3.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Trading in derivative instruments: None.
10. Information on investees: Table 5.

(III) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit or loss and investment gains and losses recognized, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 7.
   (1) The amount and percentage of purchase.
   (2) The amount and percentage of sales.

(IV) Information on major shareholders: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 8.

TYNTEK Corporation

Financing provided to others

For the Year Ended December 31, 2021

Table 1

Unit: NTD thousands

Serial No.	Lender	Borrower	Financial Statement Account	Related Party Status	Maximum Balance for the Period	Ending balance	Transaction Amounts	Interest Rate Range (Note 3)	Category of Financing Provided	Business Transaction Amounts	Reasons for Necessity of Short-term Financing	Loss Allowance	Collateral		Limit of Financing to Individual Borrower (Note 1)	Total Limit of Financing Provided (Note 2)	Remarks
													Name	Value			
0	TYNTEK Corporation	Keeper Technology	Other receivables - related parties	Yes	$ 20,000	$ 10,000	$ 8,000	Floating interest rate	Need for short-term financing	$	Working capital and repayment of borrowings	$	—	$	$ 445,790	$ 891,579	

Note 1: TYNTEK Corporation's limit of financing to individual borrowers does not exceed 10% of the net value stated in the most recent financial statements reviewed/audited by CPAs.

Note 2: TYNTEK Corporation's total limit of financing to borrowers does not exceed 20% of the net value stated in the most recent financial statements reviewed/audited by CPAs.

Note 3: TYNTEK Corporation's interest rate ranges of financing to others are based on the borrowing interest rate of financial institutions plus 5%. The interest rate as of December 31, 2021, was 2.3%.

TYNTEK Corporation

Marketable Securities Held at the End of Year

Dec. 31, 2021

Table 2

Unit: In Thousands of New Taiwan Dollars/Thousand Units/Thousand Shares

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Remarks
				Number of Shares/Units	Carrying amount	Percentage of Ownership	Market price	
TYNTEK Corporation	Unity Opto/stock/common stock	None	Financial assets at FVTPL - Current	264	$ -	-	$ -	Note 1
	First Commercial Bank/gold passbook	None	Financial assets at FVTPL - Current	-	15	-	15	
	Fittech Co., Ltd./stock/common stock	Investee with 1.19% of shares held	Financial assets at FVTPL - Current	855	187,327	1.19	187,327	
	Fujian Zhaoyuan Photoelectric Co., Ltd.	Investee with 4.28% of shares held	Financial assets at FVTPL - Non-current	-	87,201	4.28	87,201	
	Unity Opto/stock/common stock	None	Financial assets at FVTOCI - current	836	-	-	-	Note 1
	Chipwell Tech Corporation/stock/common stock	Investee with 2.20% of shares held	Financial assets at FVTOCI - non-current	330	6,580	2.20	6,580	
	Brightek Optoelectronic Co., Ltd./stock/common stock	Investee with 1.69%% of shares held	Financial assets at FVTOCI - non-current	1,020	56,845	1.69	56,845	
Long Benefit Investment Co., Ltd.	Hanpin Electron Co., Ltd./stock/common stock	None	Financial assets at FVTPL - Current	220	6,050	-	6,050	
	Elite Advanced Laser Corporation/stock/common stock	None	Financial assets at FVTPL - Current	70	3,976	-	3,976	
	Fittech Co., Ltd./stock/common stock	Investee with 2.44% of shares held	Financial assets at FVTPL - Current	1,760	385,452	2.44	385,452	
	Chipwell Tech Corporation/stock/common stock	Investee with 0.63% of shares held	Financial assets at FVTOCI - non-current	94	2,946	0.63	2,946	
	Chipstar Tech Corporation/stock/common stock	Investee with 10.95% of shares held	Financial assets at FVTOCI - non-current	698	7,860	10.95	7,860	
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Industrial Bank/wealth management products	None	Financial assets at FVTPL - Non-current	-	175,854	-	175,854	

Note 1: Because the public company Unity Opto Technology co., Ltd. (hereinafter referred to as Unity Opto) failed to publish its financial statements for 2019 within the specified time limit, it was sanctioned by the Taiwan Stock Exchange on April 1, 2020, and it stock was stopped to be traded starting from April 7, 2020. After prudent evaluation, the Company recognized all shares of Unity Opto held as financial asset valuation losses.

Note 2: Refer to Table 5 for the information on subsidiaries and associates.

TYNTEK Corporation

Disposal of individual property at costs of at least NT$300 million or 20% of the paid-in capital

Year of 2021

Table 3

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company disposing of property	Property	Date of event	Date of initial acquisition	Carrying amount	Amount of transaction	Payment collection	Gain or loss on disposal	Transaction counterparty	Relations	Purpose of disposal	Basis for price determination	Other agreements
The Company	Land and buildings	2021.11.10	1998.07.30 1998.07.31	$ 220,635	$ 607,865	Collection as per the asset sales contract	$ 379,527	Phison Electronics Corp.	None	It is investment property. The asset was sold after an increase in the value to increase working capital.	The price was determined with reference to the value of the appraisal report and the actual transaction prices of nearby properties registered.	None

Note 1: If the assets to be disposed of should be appraised according to regulations, the appraisal result should be indicated in the column "Basis for price determination".

Note 2: Paid-in capital refers to the parent company’s paid-in capital. If the issuer's stock is no-par value stock or the par value per share is not NT$10, the requirement regarding transaction amount accounting for 20% of the paid-in capital shall be based on the 10% of equity attributable to the owner of the parent company on the balance sheet.

Note 3: The date of event refers to the date of signing the transaction contract, the date of payment, the date of making the transaction by an entrusted third party, the date of transfer of account, the date of resolution by the board of directors, or any other date that is sufficient to determine the transaction counterparty and transaction amount, whichever is earlier.

TYNTEK Corporation

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

Dec. 31, 2021

Table 4 Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company under accounts receivable	Transaction counterparty	Relations	Balance of receivables from related parties (Note)	Turnover rate	Overdue receivables from related parties		Receivable recovered from related parties after the balance sheet date	Loss Allowance
					Amount	Handling method		
The Company	TEK Holding Co., Ltd.	Subsidiary	$ 216,918	-	$ -	—	$ 216,918	$ -

Note 1: It includes accounts receivable from related parties and other receivables.

Note 2: TEK Holding Co., Ltd. has returned a share payment of US$7,800 thousand for the capital reduction on January 21, 2022.

TYNTEK Corporation

Information on Investees

For the Year Ended December 31, 2021

Table 5

Unit: In Thousands of New Taiwan Dollars/Thousand Shares

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2020			Gains (losses) on investee	Gains (losses) on investment recognized by the Company	Remarks
				March 31, 2020	March 31, 2019	Shares	Percentage (%)	Carrying amount			
TYNTEK Corporation	TEK Holding Co., Ltd.	3RD FLOOR, YAMRAJ BUILDING, MARKET SQUARE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS.	Investment in various overseas businesses	$ 258,290	$ 475,208	6,700	100.00	$ 269,718	$ 20,834	$ 20,834	Note 1
	Long Benefit Investment Co., Ltd.	No. 15, Kezhong Road, Dingpu Village, Zhunan Township, Miaoli County	General investment	185,000	185,000	37,184	100.00	543,659	115,572	115,572	
	Hsinjing Holding Co., Ltd.	3F-1, No. 193, Fuxing 2nd Road, Zhubei City, Hsinchu County	General investment	591,378	591,378	17,794	22.79	149,194	32,729	7,459	
	Coretech Optical Co., Ltd.	7F-6, No. 35, Xintai Road, Zhubei City, Hsinchu County	Machinery, electronic components, power generation, transmission, and distribution machinery, as well as precision equipment manufacturing	5,000	5,000	200	2.08	2,412	30,349	631	
	Keeper Technology	No. 29, Wuquan 7th Road, Wugu District, New Taipei City	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	30,000	30,000	3,000	21.43	21,755	3,401	729	
	Xu Qi Co., Ltd.	No. 1387, Renai Road, Zhunan Township, Miaoli County	Manufacturing of lighting equipment	8,500	8,500	850	94.44	3,186	(49)	(46)	
TEK Holding Co., Ltd.	Keyway International L.L.C.	3500 South Dupont Highway, Dover, Delaware 19901, U.S.A.	Investment in various overseas businesses	258,768	475,686	-	100.00	266,850	20,844	20,844	
Long Benefit Investment Co., Ltd.	Coretech Optical Co., Ltd.	7F-6, No. 35, Xintai Road, Zhubei City, Hsinchu County	Machinery, electronic components, power generation, transmission, and distribution machinery, as well as precision equipment manufacturing	25,228	25,228	2,000	20.81	24,132	30,349	6,316	

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Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2020			Gains (losses) on investee	Gains (losses) on investment recognized by the Company	Remarks
				March 31, 2020	March 31, 2019	Shares	Percentage (%)	Carrying amount			
	Keeper Technology	No. 29, Wuquan 7th Road, Wugu District, New Taipei City	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	48,977	48,977	5,711	40.79	41,408	3,401	1,387	
	BLACKSTONE GREEN ENERGY SDN.BHD	1, Lorong Jermal Indah, Taman Jermal Indah, 12300, Butterworth, Penang, Malaysia	Renewable energy	-	33,765	-	-	-	-	-	Note 2
Long Benefit Investment Co., Ltd.	Heng Huei Energy Consulting Co., Ltd.	3F, No. 41, Lane 57, Dachang Road, Pingzhen District, Taoyuan City	Self-usage power generation equipment utilizing renewable energy industry	$ -	$ 5,000	-	-	$ -	$ -	$ -	Note 3
	Uni Top Optical Corporation	11F, No. 6, Jiankang Road, Zhonghe District, New Taipei City	Optical instrument and general instrument manufacturing	-	5,000	-	-	-	(1,146)	(311)	Note 4
	Shih Kwang Lighting & Electric Co., Ltd.	6F-11, No. 18, Taiyuan Street, Chubei Vil., Chubei City, Hsinchu County	Self-usage power generation equipment utilizing renewable energy industry	-	2,450	-	-	-	(285)	(140)	Note 5
Keeper Technology	Global Unity Int'l Co., Ltd.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investment in various overseas businesses	32,376	32,376	1,000	100.00	8,967	(308)	(308)	
Global Unity Int'l Co., Ltd.	Creation New Technology Inc.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road. Apia Samoa	Investment in various overseas businesses	32,376	32,376	1,000	100.00	8,967	(308)	(308)	

Note 1: TEK Holding Co., Ltd. has reduced its capital and returned a share payment of US$7,800 thousand on December 23, 2021, and completed the payment on January 21, 2022.

Note 2: Long Benefit Investment Co., Ltd. has disposed of all equity of BLACKSTONE GREEN ENERGY SDN. BHD on March 9, 2021.

Note 3: Long Benefit Investment Co., Ltd. has disposed of all equity of Heng Huei Energy Consulting Co., Ltd. on March 30, 2021.

Note 4: Uni Top Optical Corporation was dissolved and liquidated on September 30, 2021, and the remaining share payment was returned on October 15, 2021.

Note 5: Long Benefit Investment Co., Ltd. has disposed of all equity of Shih Kwang Lighting & Electric Co., Ltd. on November 30, 2021.

TYNTEK Corporation

Information on investments in mainland China

For the Year Ended December 31, 2021

Table 6

Unit: Unless otherwise indicated, In Thousands of New Taiwan Dollars

I. Information on investments in mainland China:

(I) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, gains or losses on investment, carrying amount of the investment, and repatriations of investment income:

Name of Investee	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment Flows		Accumulated Investment Amount from Taiwan at End of Period	% Ownership of Direct or Indirect Investment	Gains (losses) on Investment	Carrying Amount of Investments at End of Period	The Repatriated Proceeds of Investments as of This Period
					Outward	Inward					
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Other light-emitting diode production and sales business	$ 258,290 (US$ 6,700,000)	Investment in China via a company set up in a third region	$ 475,208 (US$ $14,500,000))	$ -	$ -	$ 475,208 (US$ $14,500,000))	100%	$ 20,844	$ 266,833	$ -
Fujian Zhaoyuan Photoelectric Co., Ltd.	Other light-emitting diode production and sales business	6,692,823 (CNY 1,437,000,000)	Direct investment in companies in China	468,652 (US$8,565,000 and CNY 45,890,000)	-	-	468,652 (US$8,565,000 and CNY 45,890,000)	4.28% (Note)	-	87,201	-
Kaishin Technology (Wuhan) Corporation	R&D and manufacturing of LED lighting equipment products, electronic component manufacturing, automobile parts manufacturing, as well as electrical appliances and audiovisual electronic products manufacturing	32,376 (US$ $1,000,000)	Investment in China via a company set up in a third region	32,376 (US$ $1,000,000)	-	-	32,376 (US$ $1,000,000)	62.22%	(192)	5,579	-

Note: The Company failed to subscribe to shares arising from capital increase in the proportion of the ownership and disposed of a portion of its investment equity in the company in June 2018, and thus lost significant influence. Therefore, it was reclassified as financial assets measured at FVTPL.

(II) Limit on investment amount in mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment Amount Stipulated by Investment Commission, MOEA
$959,242 (US$23,549,000 and CNY 45,890,000)	$959,288 (US$30,842,000)	$2,674,738

TYNTEK Corporation

Significant Transactions with Investee Companies in Mainland China, Either Directly or Indirectly Through a Third Party, and Their Prices, Payment Terms, Unrealized Gains Or Losses, and Relevant Information

For the Year Ended December 31, 2021

Table 7

Unit: Unless otherwise indicated,
In Thousands of New Taiwan Dollars

Name of Investee	Transaction Type	Amount	Transaction Terms			Accounts Receivable (Payable)		Unrealized Gains or Losses
			Price	Payment Term	Comparison with General Transaction	Balance	Percentage	
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Contract processing	$ 184,506 (Processing expense)	By negotiation	T/T	O/A with net 120 days	Processing expense payable $ 18,007	7.15%	$ -

TYNTEK Corporation

Information on main investors

Dec. 31, 2021

Table 8

Name of major shareholder	Shares	
	Shares held (shares)	Shares Ratio
Ennostar Inc.	23,799,000	7.91%

Note: The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter when the shareholders as a whole hold at least 5% of the ordinary shares and preference shares with the dematerialized registration and delivery (including treasury shares) completed. The share capital in the Company's consolidated financial statements and the actual number of shares with the dematerialized registration and delivery completed may differ due to different calculation bases.

§Table of Contents of Significant Accounting Statements§

TYNTEK Corporation

Statement of Cash and Cash Equivalents

Dec. 31, 2021

Statement 1

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

Item	Amount
Cash on hand and petty cash	$ 205
Cash in banks	
Demand deposits in NTD	314,103
Demand deposits in foreign currencies (Note)	125,473
Cash equivalents (bank time deposits with original maturity date of less than 3 months)	500,000
	939,576
Check deposit	444
	$940,225

Note: Including US$3,210,000 (exchange rate US$1=NT$27.68), JJPY 502,000 (exchange rate JPY 1=NT$0.2405), HKD 1,000 (exchange rate HKD 1=NT$3.549), EUR 1,000 (exchange rate EUR 1=NT$31.32), CNY 8,373,000 (exchange rate CNY 1=NT$4.344), and CHF 3,000 (exchange rate CHF 1=NT$30.175).

TYNTEK Corporation

Statement of Financial Assets at FVTPL - Current

Dec. 31, 2021

Statement 2

Unit: In Thousands of New Taiwan Dollars/Thousand Shares, Unless Stated Otherwise

Name of financial instruments	Number of shares/lots	Face value (NTD)	Total	Interest rate	Cost of acquisition	Fair value		Changes in fair value attributable to changes in credit risk	Remarks
						Unit price (NTD)	Total		
Stocks									
Unity Opto Technology co., Ltd.	264	$ 10	$ 2,640	-	$ 6,978	$ -	$ -	$ -	—
Fittech Co., Ltd.	855	10	8,553	-	23,801	219	187,327	-	—
Subtotal			11,193		30,779		187,327	-	
Gold passbook									
First Commercial Bank	-	-	-	-	15	-	15	-	—
Forward foreign exchange contracts									
Bank of Taiwan	-	-	-	-	-	-	496	-	—
			$ 11,193		$ 30,794		$ 187,838	$ -	

TYNTEK Corporation

Statement of Financial Assets at FVTOCI - Current

Dec. 31, 2021

Statement 3

Unit: In Thousands of New Taiwan Dollars/Thousand Shares, Unless Stated Otherwise

Name of financial instruments	Number of shares/lots	Face value	Total	Interest rate	Cost of acquisition	Accumulated impairment	Fair value		Remarks
							Unit Price	Total	
Stocks									
Unity Opto Technology co., Ltd.	836	$ 10	$ 8,363	-	$ 32,192	$ -	$ -	$ -	—

TYNTEK Corporation

Statement of Financial Assets at Amortized Cost

Dec. 31, 2021

Statement 4

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name	Summary	Amount	Period	Annual interest rate (%)	Pledge/Security
Current					
Business Department, O-Bank (in Hsinchu Science Park)					
Time deposit of US$277,000	Time deposits with original maturity date of less than 3 months - pledge	$ 7,663	2021.12.16–2022.03.16	0.260	Yes
Time deposit of US$1,284,000	Time deposits with original maturity date of more than 3 months - pledge	35,528	2021.10.07–2022.04.07	0.200	Yes
		43,191			
Non-current					
Science Based Industrial Park Branch, Bank of Taiwan					
Time deposit of NT$2,074,000	Time deposits with original maturity date of more than 1 year - pledged	2,074	2017.05.25–2023.05.25	0.815	Yes
Time deposit of NT$1,040,000	Time deposits with original maturity date of more than 1 year - pledged	1,040	2017.05.23–2023.05.23	0.815	Yes
Time deposit of NT$3,501,000	Time deposits with original maturity date of more than 1 year - pledged	3,501	2017.11.07–2023.11.07	0.755	Yes
		6,615			
Subtotal		$ 49,806			

Note: The U.S. dollar exchange rate is US$1=NT$27.68.

TYNTEK Corporation

Statement of Notes Receivable

Dec. 31, 2021

Statement 5 Unit: NTD thousands

Customer name	Summary	Amount
Non-related parties		
Joinscan Electronics Co., Ltd.	Payment for purchase	$ 455
Daina Electronics Co., Ltd.	Payment for purchase	434
Jiann Wa Electronics Co., Ltd.	Payment for purchase	373
Shina Opto Electronics Co., Ltd.	Payment for purchase	115
		$ 1,377

TYNTEK Corporation

Statement of Accounts Receivable

Dec. 31, 2021

Statement 6 | Unit: NTD thousands

Customer name	Summary	Amount
Non-related parties		
LITE ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Payment for purchase	$ 313,691
FUSLEY MINERALS GROUP LIMITED	Payment for purchase	166,425
Long Lake CO., LTD.	Payment for purchase	82,220
Everlight Electronics Co., Ltd.	Payment for purchase	61,768
Others (Note)		339,206
Related parties		
Lextar Electronics Corporation	Payment for purchase	72,393
Others (Note)	Payment for purchase	16,706
		1,052,409
Less: Allowance for impairment loss		(11,434)
		$ 1,040,975

Note: The balance of each customer did not exceed 5% of the balance of this account.

TYNTEK Corporation

Statement of Other Receivables

Dec. 31, 2021

Statement 7 Unit: NTD thousands

Item/Name	Summary	Amount
Non-related parties		
Tax refund receivable	Business tax refund receivable	$ 9,263
Other receivables	Interest receivable	37
		9,300
Related parties		
Keeper Technology	Loans and interest receivable	8,016
TEK Holding Co., Ltd.	Capital reduction by Yuanmao Opto-electronic	216,918
		$ 234,234

TYNTEK Corporation

Statement of Inventories

Dec. 31, 2021

Statement 8 Unit: NTD thousands

Item	Amount	
	Cost	Net realizable value (Note)
Raw materials	$ 175,801	$ 212,623
Materials	31,580	31,789
Work in process	240,469	426,339
Finished goods	304,710	469,087
	$ 752,560	$ 1,139,838

Note: The value of inventories shall be based on the cost and NRV, whichever is lower. The comparison of the cost and NRV is based on individual items except for inventories of the same category. The NRV is the estimated selling price in the ordinary course of business, less the cost of completion and the selling expenses.

TYNTEK Corporation

Statement of Financial Assets at FVTPL - Non-current

For the Year Ended December 31, 2021

Statement 9

Unit: In Thousands of New Taiwan Dollars/Thousand Shares, Unless Stated Otherwise

Name of financial instruments	Opening balance		Increase for the current year		Decrease for the current year		Valuation gains or losses	Closing balance		Security or pledge	Remarks
	Shares	Fair value	Shares	Fair value	Shares	Fair value		Shares	Fair value		
Foreign unlisted stocks											
Fujian Zhaoyuan Photoelectric Co., Ltd.	-	$142,166	-	$ -	-	($ 54,965)	$ -	-	$ 87,201	None	Note

Note: A limited liability company without issue of stock.

TYNTEK Corporation

Statement of Financial Assets at FVTOCI - Non-current

For the Year Ended December 31, 2021

Statement 10

Unit: In Thousands of New Taiwan Dollars/Thousand Shares, Unless Stated Otherwise

Name	Opening balance		Increase for the current year		Decrease for the current year			Closing balance			Security or pledge	
	Shares (Thousands)	Fair value	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Valuation gains or losses	Shares (Thousands)	Fair value	Accumulated impairment		Remarks
Stocks listed in emerging stock markets and unlisted stocks												
Chipwell Tech Corporation	330	$ 6,580	-	$ -	-	$ -	$ -	330	$ 6,580	Not applicable	None	—
Brightek Optoelectronic Co., Ltd.	1,020	26,285	-	-	-	-	30,560	1,020	56,845	Not applicable	None	—
		$ 32,865		$ -		$ -	$ 30,560		$ 63,425			

TYNTEK Corporation

Statement of Changes in Investment Using the Equity Method

For the Year Ended December 31, 2021

Statement 11

Unit: In Thousands of New Taiwan Dollars/Thousand Shares

Investor Company	Opening balance		Increase for the current year		Decrease for the current year		Closing balance			Market price or equity value (Note 3)		Pledge
	Shares	Amount	Shares	Amount (Note 1)	Shares	Amount (Note 2)	Shares	Percentage of Ownership %	Amount	Unit Price	Total Price	
Valuation under equity method												
Unlisted stocks												
TEK Holding Co., Ltd.	14,500	$ 468,162	-	$ 26,162	(7,800)	($ 224,606)	6,700	100	$ 269,718	$40.26	$ 269,718	None
Long Benefit Investment Co., Ltd.	29,702	417,967	7,482	130,926	-	(5,234)	37,184	100	543,659	14.62	543,659	None
Coretech Optical Co., Ltd.	200	5,991	-	635	-	(4)	200	2.08	6,622	33.11	6,622	None
Keeper Technology	3,000	32,577	-	813	-	(99)	3,000	21.43	33,291	11.10	33,291	None
Xu Qi Co., Ltd.	850	3,232	-	-	-	(46)	850	94.44	3,186	3.75	3,186	None
Publicly listed companies												
Hsinjing Holding Co., Ltd.	17,794	122,583	-	29,993	-	(3,382)	17,794	22.79	149,194	37.90	674,395	None
		1,050,512		188,529		(233,371)			1,005,670		1,530,871	
Less: Accumulated impairment - Investments accounted for using equity method		(15,746)		-		-			(15,746)		(15,746)	
		$1,034,766		$ 188,529		($ 233,371)			$ 989,924		$1,515,125	

Note 1: The increase of NT$188,529,000 this year included NT$148,681,000 of investment gains recognized, NT$19,152,000 of capital surplus - the change in the net value of the equity of associates using the equity method, NT$5,376,000 of exchange differences in translating the financial statements of foreign operations, and NT$15,320,000 of unrealized gains or losses on financial assets of subsidiaries and associates recognized using the equity method.

Note 2: The decrease of NT$233,371,000 this year included NT$3,502,000 for investment losses recognized, NT$4,966,000 for unrealized gains or losses on financial assets of subsidiaries and associates recognized using the equity method, NT$7,778,000 for exchange differences in translating the financial statements of foreign operations, NT$207,000 for capital surplus - the change in the net value of the equity of associates using the equity method, and NT$216,918,000 for a subsidiary's capital reduction in this period.

Note 3: The market price refers to the closing price on December 31, 2021; the net equity value was mainly calculated based on the investees' financial statements and the Company's ownership.

TYNTEK Corporation

Statement of Changes in Right-of-use Assets

For the Year Ended December 31, 2021

Statement 12 | Unit: NTD thousands

Item	Beginning retained earnings	Increase	Decrease	Ending balance
Land	$ 91,459	$ -	$ -	$ 91,459
Other Equipment	2,686	-	-	2,686
Transport Equipment	-	363	-	363
	$ 94,145	$ 363	$ -	$ 94,508

TYNTEK Corporation

Statement of Changes in Accumulated Depreciation of Right-of-use Assets

For the Year Ended December 31, 2021

Statement 13 Unit: NTD thousands

Item	Beginning retained earnings	Increase	Decrease	Ending balance
Land	$ 5,816	$ 3,105	$ -	$ 8,921
Other Equipment	1,137	537	-	1,674
Transport Equipment	-	181	-	181
	$ 6,953	$ 3,823	$ -	$ 10,776

TYNTEK Corporation

Statement of Short-term Borrowings

Dec. 31, 2021

Statement 14

Unit: NTD thousands

Type of borrowings and creditors	Ending balance	Term of contract	Interest rate range (%)	Financing facilities	Pledge/Security
Borrowings for purchase of materials					
Bank of Taiwan	$ 33,378	2021.07.09–2022.06.12	0.90–0.98	$ 300,000	None
First Commercial Bank	22,197	2021.08.02–2022.03.30	1.06–1.07	40,000	None (shared facilities with revolving borrowings)
Chang Hwa Commercial Bank	3,663	2021.07.14–2022.01.10	1.02	50,000	None (shared facilities with revolving borrowings)
Land Bank of Taiwan	32,439	2021.08.10–2022.06.22	1.06	50,000	None (shared facilities with revolving borrowings)
	$ 91,677			$ 440,000	

Note: The Company’s short-term borrowing credit line totals approximately NT1,747,000 thousand (including the unused credit line of NT$1,307 thousand for short-term borrowings). As of December 31, 2021, the Company’s unutilized short-term borrowing credit line amounted to approximately NT$1,655,323 thousand.

TYNTEK Corporation

Statement of Accounts Payable

Dec. 31, 2021

Statement 15 | Unit: NTD thousands

Name	Summary	Amount
Non-related parties		
Atecom Technology Co., Ltd.	Payment for purchase	$ 76,426
SEI Electronics Materials, Ltd.	Payment for purchase	25,938
Episil-Precision Inc.	Payment for purchase	24,613
Others (Note)	Payment for purchase	294,290
		421,267
Related parties		
Epistar Corporation	Payment for purchase	6,122
best Epitaxy Manufacturing Co. Ltd.	Payment for purchase	331
		6,453
		$427,720

Note: The balance of each customer did not exceed 5% of the balance of this account.

TYNTEK Corporation

Statement of Lease Liabilities

Dec. 31, 2021

Statement 16 Unit: NTD thousands

Item	Summary	Lease term	Discount rate	Amount
Land	No. 15, Kezhong Road	2017.11.01–2037.10.31	1.80%	$ 83,907
Land	Hsiu-Hua Chen-Lin	2019.07.01~2022.06.30	1.80%	192
Land	Chi-Chang Chen	2019.07.01~2022.06.30	1.80%	192
Transport Equipment	Chailease Auto Rental Co., Ltd.	2020.12.27–2022.12.26	1.90%	183
Other Equipment	Lease of phone host equipment	107.07.01~112.06.30	1.79%	309
Other Equipment	Lease of phone host equipment	107.07.01~112.06.30	1.79%	309
Other Equipment	Lease of gas storage tank equipment	109.01.01~113.12.31	1.80%	421
				$ 85,513

TYNTEK Corporation

Statement of Operating Income

For the Year Ended December 31, 2021

Statement 17 Unit: NTD thousands

Item	Quantity (thousand units)	Amount
Light-receiving components	16,471	$ 1,746,726
Visible LED	12,609	1,160,134
Others	110	46,294
		$ 2,953,154

TYNTEK Corporation

Statement of Operating Costs

For the Year Ended December 31, 2021

Statement 18

Unit: NTD thousands

Item	Amount
Merchandise inventory at beginning of period	$ -
Add: Purchase of goods	31,465
Less: Merchandise inventory at end of period	-
Reclassified to operating expenses	(189)
Cost of purchase and sales	31,276
Consumption of raw materials	
Materials at beginning of period	117,455
Add: Materials purchased	1,014,396
Others	93,302
Less: Materials at end of period	(175,801)
Raw materials sold	(13,796)
Reclassified to operating expenses	(19,006)
Others	(76,074)
Consumption of raw materials	940,476
Consumption of supplies	
Supplies at beginning of period	21,615
Add: Materials purchased	229,433
Less: Supplies at end of period	(31,580)
Supplies sold	(539)
Reclassified to operating expenses	(555)
Others	(2,487)
Consumption of supplies	215,887
Direct labor	293,539
Production overheads	878,271
Manufacturing cost	2,328,173
Add: Work-in-progress at beginning of period	272,401
Others	218,233
Less: Work-in-progress at end of period	(240,469)
Work-in-progress sold	(134,312)
Reclassified to operating expenses	(5,405)
Others	(100,715)
Cost of finished goods	2,337,906
Add: Finished goods at beginning of period	239,707
Others	5,163
Less: Finished goods at end of period	(304,710)
Reclassified to operating expenses	(7,292)
Others	(121,027)
Cost of sales of self-made products	2,149,747
Cost of raw materials sold	13,796
Cost of supplies sold	539
Cost of work-in-progress sold	134,312
Others	33
Cost of production and sales	2,298,427
Cost of sales	$ 2,329,703

TYNTEK Corporation

Statement of Production Overheads

For the Year Ended December 31, 2021

Statement 19 Unit: NTD thousands

Item	Amount
Processing expenses	$325,806
Depreciation - machinery and equipment	103,664
Utilities - electricity bills	81,231
Depreciation - buildings	67,844
Others (Note)	299,726
	$878,271

Note: Each amount did not exceed 5% of the balance of this account.

TYNTEK Corporation

Statement of Operating Expenses

For the Year Ended December 31, 2021

Statement 20 Unit: NTD thousands

Item	Amount		
	Selling and marketing expenses	Administrative expenses	Research and development expenses
Wages and salaries	$ 14,027	$ 127,485	$ 48,801
Freight cost	6,675	3	27
Export expense	4,191	-	-
Commissions expense	2,589	-	-
Depreciation	669	18,865	5,247
Material expense	-	-	19,337
Other expenses (Note)	4,486	49,089	36,862
	$ 32,637	$ 195,442	$ 110,274

Note: Each amount did not exceed 5% of the balance of this account.

TYNTEK Corporation

Table of Aggregate Employee Benefit, Depreciation, and Amortization Expenses Incurred in Current Period by Function

For the Years Ended December 31, 2021 and 2020

Statement 21 | Unit: NTD thousands

	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries and wages	$ 331,469	$ 168,954	$ 500,423	$ 277,333	$ 128,395	$ 405,728
Pension	13,818	4,982	18,800	12,583	5,031	17,614
Meal expense	22,190	4,604	26,794	18,097	4,282	22,379
Employee benefit fund	2,409	1,087	3,496	1,769	838	2,607
Employee insurance premium	37,661	11,099	48,760	31,297	10,481	41,778
Remuneration of directors	-	16,377	16,377	-	15,330	15,330
Total	$ 407,547	$ 207,103	$ 614,650	$ 341,079	$ 164,357	$ 505,436
Depreciation expense	$ 178,022	$ 24,781	$ 202,803	$ 177,100	$ 21,241	$ 198,341
Amortization expenses	$ 9	$ 406	$ 415	$ 23	$ 792	$ 815

Notes:

1. The number of employees for this year and the previous year were 715 and 687, respectively, of which the number of directors who did not serve as employees concurrently was 7 and 8, respectively.
2. Companies whose stocks have been listed on the Taiwan Stock Exchange or Taipei Exchange shall additionally disclose the following information:
   (1) The average employee benefits expense for 2021 was NT$845,000 (Total employee benefits expense for 2021— Total directors' remuneration/Number of employees for 2021—Number of directors who are not employees concurrently).
   The average employee benefits expense for 2020 was NT$722,000 (Total employee benefits expense for 2020 — Total directors' remuneration/Number of employees for 2020 —Number of directors who are not employees concurrently).
   (2) The average employee salaries and wages for 2021 was NT$707,000 (Total salaries and wages for 2021 / Number of employees for 2021 - Number of directors who are not employees concurrently).
   The average employee salaries and wages for 2020 was NT$598,000 (Total salaries and wages for 2020 / Number of employees for 2020 - Number of directors who are not employees concurrently).
   (3) The average employee salary and wage adjustment was 18.2% (Average employee salaries and wages for 2021 - Average employee salaries and wages for 2020 / Average employee salaries and wages for 2020).
   (4) The Company does not engage any supervisor, so it does not intend to disclose the supervisor's compensation, remuneration, and professional service expense.
   (5) The Company's salary and remuneration policy (including directors, managers, and employees)
      A. The Company compensates directors based on their participation and contribution to the Company's operations while honoraria are granted in fixed amounts after taking into consideration the standard in the industry. According to the Articles of Incorporation, profits concluded in a year are subject to director remuneration of no more than 5% and employee compensation of 5%-15%. The amount of remuneration, once resolved by the board of directors, is presented during shareholder meeting.
      B. The compensation standards for the President, vice presidents, and managers are determined after their individual performance, contribution to the overall operation of the Company, and the standards in the market are considered, and then deliberated by the remuneration committee before submitted to the board of directors for resolution.
      C. The Company's employee salary and remuneration policy is based on each employee's position, contribution to the Company, performance, and other aspects; the overall salary and remuneration package includes monthly salary, quarterly bonuses based on the Company's operating performance, and employee compensation based on annual profitability. In addition, the Company considers the general standards in the same industry and reviews internal fairness to continuously optimize employees' salary and remuneration.