English Translation of a Report and Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS WITH REPORT OF INDEPENDENT ACCOUNTANTS FOR THE YEARS THEN ENDED DECEMBER 31, 2021 AND 2020

Address: No. 5 Li-Hsin Road III, Hsinchu Science Park, Hsinchu City, Taiwan, R.O.C.
Telephone: 886-3-578-7888

Notice to Readers

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2021 and for the year then ended prepared under the International Financial Reporting Standards No.10 "Consolidated and Separate Financial Statement" (referred to as "Consolidated Financial Statements") are the same as the entities to be included in the combined financial statements of the Company, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as "Combined Financial Statements"). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

FARADAY TECHNOLOGY CORPORATION

Chairman: Stan Hung

February 22, 2022

EY 安永
Building a better working world

安永聯合會計師事務所
30078 新竹市新竹科學園區力行一路1號E-3
E-3, No.1, Lixing 1st Rd., Hsinchu Science Park
Hsinchu City, Taiwan, R.O.C.

Tel: 886 3 688 5678
Fax: 886 3 688 6000
www.ey.com/taiwan

Independent Auditors' Report Originally Issued in Chinese

To Faraday Technology Corporation

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and their consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

A member firm of Ernst & Young Global Limited

Key Audit Matters

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

Revenue Recognition

Net sales recognized by the Group amounted to NT$8,085,201 thousand for the year ended December 31, 2021, including sale of goods, rendering of services and silicon intellectual property license in the amount of NT$5,613,524 thousand, NT$1,783,467 thousand and NT$688,210 thousand, constituting 69.43%, 22.06% and 8.51% of consolidated net sales, respectively. Revenue is the main operating activity of the Group. The sales includes application-specific integrated circuit (ASIC) products, and the services include non-recurring engineering (NRE) and silicon intellectual property license (IP). Revenue includes different sources such as sale of goods and services provided and judgement is exercised to determine the performance obligations and when those were satisfied. As a result, we determined the matter to be a key audit matter.

Our audit procedures included (but not limited to), assessing the appropriateness of the accounting policies of revenue recognition for sales of goods, rendering of services and silicon intellectual property license, testing the operating effectiveness of internal controls established by management for sale of goods, rendering of services and silicon intellectual property license, performing analytical procedures of gross margin by product, selecting samples to perform test of details of transactions including identification of performance obligations in contracts and verification of when performance obligations were satisfied, reviewing significant service agreements for terms of contracts, project milestones and relevant communication information with the Group's customers for service provided, and inspect evidence of client acceptance for deliverables and inspect shipping documents and invoices to verify proper cut-off of revenue, etc.. We also assessed the adequacy of accounting policy and disclosures of operating revenues. Please refer to Note 4 (17) and Note 6 (15).

A member firm of Ernst & Young Global Limited

EY 安永
Building a better working world

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain subsidiaries, whose statements reflect total assets of NT$820,526 thousand and NT$636,588 thousand, constituting 6.82% and 7.76% of total consolidated assets as of December 31, 2021 and 2020, respectively, and total operating revenues of NT$1,520,178 thousand and NT$956,439 thousand, constituting 18.80% and 17.40% of consolidated operating revenues for the years ended December 31, 2021 and 2020, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors.

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

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

A member firm of Ernst & Young Global Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

A member firm of Ernst & Young Global Limited

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A member firm of Ernst & Young Global Limited

Others

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of Faraday Technology Corporation as of and for the years ended December 31, 2021 and 2020.

/s/Chiu, Wan-Ju

/s/Hsu, Hsin-Min

Ernst & Young, Taiwan
February 22, 2022

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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

A member firm of Ernst & Young Global Limited

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 and December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Assets	Note	As of December 31, 2021	As of December 31, 2020
Current assets			
Cash and cash equivalents	4, 6(1)	$ 4,763,080	$ 3,048,331
Financial assets at fair value through profit or loss, current	4, 6(2)	26,296	23,497
Contract assets, current	4, 6(15), 6(16)	33,288	137,475
Notes receivable, net	6(16)	4,030	1,360
Accounts receivable, net	4, 6(4), 6(16)	780,987	559,524
Accounts receivable - related parties, net	4, 6(4), 6(16), 7	153,567	130,254
Other receivables, net		77,662	113,986
Inventories, net	4, 5, 6(5)	1,320,690	500,634
Other current assets	6(6), 7	191,142	181,234
Costs to fulfill a contract, current	6(15)	41,412	5,961
Total current assets		7,392,154	4,702,256
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(3)	2,915,438	2,245,962
Financial assets measured at amortized cost, non-current	4, 6(8), 8	189,382	16,433
Property, plant and equipment	4, 6(9)	517,870	539,322
Right-of-use assets	4, 6(17)	211,436	234,275
Intangible assets	4, 6(10)	505,049	259,256
Deferred tax assets	4, 6(21)	26,305	48,775
Refundable deposits		115,021	11,430
Other non-current assets		163,850	141,447
Total non-current assets		4,644,351	3,496,900
Total assets		$ 12,036,505	$ 8,199,156

Liabilities and Equity	Note	As of December 31, 2021	As of December 31, 2020
Current liabilities			
Financial liabilities at fair value through profit or loss, current	4, 6(2)	$ -	$ 1,504
Contract liabilities, current	4, 6(15), 7	1,310,720	476,604
Notes payable		3	3
Accounts payable		844,644	481,775
Accounts payable - related parties	7	527,278	162,940
Payables on equipment		553	-
Other payables	6(12)	622,115	392,146
Current tax liabilities	4, 6(21)	171,166	50,343
Lease liabilities, current	4, 6(17), 12	18,353	32,575
Other current liabilities		10,851	16,195
Total current liabilities		3,505,683	1,614,085
Non-current liabilities			
Deferred tax liabilities	4, 6(21)	8,594	6,810
Lease liabilities, non-current	4, 6(17), 12	200,594	209,836
Long-term payables	6(12)	161,247	16,321
Long-term deferred revenue		-	2,715
Defined benefit liabilities, non-current	4, 6(13)	5,088	8,395
Total non-current liabilities		375,523	244,077
Total liabilities		3,881,206	1,858,162
Equity attributable to the parent company			
Capital	6(14)		
Common stock		2,485,503	2,485,503
Additional paid-in capital	6(14)	705,700	724,574
Retained earnings	6(14)		
Legal reserve		1,551,782	1,510,216
Special reserve		-	369,710
Unappropriated earnings		1,727,050	491,085
Other components of equity		1,369,937	712,849
Equity attributable to the parent company	6(14)	7,839,972	6,293,937
Non-controlling interests	6(14)	315,327	47,057
Total equity		8,155,299	6,340,994
Total liabilities and equity		$ 12,036,505	$ 8,199,156

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

		For the years ended December 31,	
	Note	2021	2020
Net sales	4, 6(15), 7	$ 8,085,201	$ 5,495,307
Operating costs	6(5), 6(18), 7	(3,995,272)	(2,895,681)
Gross profit		4,089,929	2,599,626
Operating expenses	6(10), 6(18), 7		
Selling expenses		(359,836)	(288,482)
Administrative expenses		(366,465)	(278,475)
Research and development expenses		(2,036,866)	(1,853,828)
Expected credit gains (losses)	6(16)	75,294	(29,729)
Total operating expenses		(2,687,873)	(2,450,514)
Operating income		1,402,056	149,112
Non-operating income and expenses			
Interest income	6(19)	12,618	10,818
Other income	6(19)	104,348	33,506
Other gains and losses	6(19)	(10,980)	149,977
Finance costs	6(19)	(5,863)	(6,587)
Share of profit or loss of associates and joint ventures accounted for using equity method	6(7)	-	(23,591)
Total non-operating income and expenses		100,123	164,123
Income from continuing operations before income tax		1,502,179	313,235
Income tax expense	4, 6(21)	(212,131)	(57,238)
Net income		1,290,048	255,997
Other comprehensive income	4, 6(20)		
Item that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		551	16,178
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income		669,476	1,110,692
Income tax relating to items that will not be reclassified to profit or loss		(110)	(3,235)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(11,664)	(28,242)
Other comprehensive income (net of income tax)		658,253	1,095,393
Total comprehensive income		$ 1,948,301	$ 1,351,390
Net income attributable to:			
Stockholders of the parent	6(22)	$ 1,155,930	$ 268,446
Non-controlling interests	6(14)	134,118	(12,449)
		$ 1,290,048	$ 255,997
Comprehensive income (loss) attributable to:			
Stockholders of the parent		$ 1,813,459	$ 1,363,947
Non-controlling interests		134,842	(12,557)
		$ 1,948,301	$ 1,351,390
Earnings per share (NTD)	6(22)		
Earnings per share-basic		$ 4.65	$ 1.08
Earnings per share-diluted		$ 4.64	$ 1.08

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company									
			Retained Earnings			Other Components of Equity				
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total	Non-Controlling Interests	Total Equity
Balance as of January 1, 2020	$ 2,485,503	$ 724,895	$ 1,473,678	$ 512,210	$ 377,139	$ (85,537)	$ (284,172)	$ 5,203,716	$ 59,024	$ 5,262,740
Appropriation and distribution of 2019 retained earnings										
Legal reserve	-	-	36,538	-	(36,538)	-	-	-	-	-
Cash dividends	-	-	-	-	(273,405)	-	-	(273,405)	-	(273,405)
Special reserved	-	-	-	(142,500)	142,500	-	-	-	-	-
Net income in 2020	-	-	-	-	268,446	-	-	268,446	(12,449)	255,997
Other comprehensive income (loss) in 2020	-	-	-	-	12,943	(28,134)	1,110,692	1,095,501	(108)	1,095,393
Total comprehensive income (loss) in 2020	-	-	-	-	281,389	(28,134)	1,110,692	1,363,947	(12,557)	1,351,390
Disposal of investments accounted for using equity method	-	(1,531)	-	-	-	-	-	(1,531)	-	(1,531)
Change in subsidiaries' ownership	-	1,210	-	-	-	-	-	1,210	590	1,800
Balance as of December 31, 2020	$ 2,485,503	$ 724,574	$ 1,510,216	$ 369,710	$ 491,085	$ (113,671)	$ 826,520	$ 6,293,937	$ 47,057	$ 6,340,994
Balance as of January 1, 2021	$ 2,485,503	$ 724,574	$ 1,510,216	$ 369,710	$ 491,085	$ (113,671)	$ 826,520	$ 6,293,937	$ 47,057	$ 6,340,994
Appropriation and distribution of 2020 retained earnings										
Legal reserve	-	-	41,566	-	(41,566)	-	-	-	-	-
Cash dividends	-	-	-	-	(248,550)	-	-	(248,550)	-	(248,550)
Special reserved	-	-	-	(369,710)	369,710	-	-	-	-	-
Net income in 2021	-	-	-	-	1,155,930	-	-	1,155,930	134,118	1,290,048
Other comprehensive income (loss) in 2021	-	-	-	-	441	(12,388)	669,476	657,529	724	658,253
Total comprehensive income (loss) in 2021	-	-	-	-	1,156,371	(12,388)	669,476	1,813,459	134,842	1,948,301
Change in subsidiaries' ownership	-	(18,874)	-	-	-	-	-	(18,874)	133,428	114,554
Balance as of December 31, 2021	$ 2,485,503	$ 705,700	$ 1,551,782	$ -	$ 1,727,050	$ (126,059)	$ 1,495,996	$ 7,839,972	$ 315,327	$ 8,155,299

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

Description	For the years ended December 31, 2021	2020
Cash flows from operating activities:		
Net income before tax	$ 1,502,179	$ 313,235
Adjustments for non-cash gain or loss:		
Depreciation	100,139	101,499
Amortization	304,915	332,344
Expected credit (gain) loss	(75,294)	29,729
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(4,303)	23
Interest expense	5,863	6,587
Interest income	(12,618)	(10,818)
Dividend income	(69,730)	-
Share-based payment expenses	26,674	1,800
Share of loss of associates and joint ventures accounted for using equity method	-	23,591
Loss on disposal of property, plant and equipment	-	564
Gain on disposal of investments	-	(172,487)
Others	(16)	(3,097)
Changes in operating assets and liabilities:		
Contract assets	98,124	379,892
Notes receivable	(2,670)	3,080
Accounts receivable	(140,106)	92,939
Accounts receivable - related parties	(23,313)	40,671
Other receivables	12,274	(36,658)
Inventories	(820,056)	133,920
Prepayments	(59,642)	(162,379)
Other current assets	19,825	9,431
Cost to fulfill a contract	(35,451)	(5,961)
Contract liabilities	834,116	173,580
Notes payables	-	(1)
Accounts payable	362,869	(340,713)
Accounts payable - related parties	364,338	(95,492)
Other payables	111,874	(24,185)
Other current liabilities	(8,059)	(364)
Defined benefit liabilities	(2,866)	(281)
Cash generated from operations	2,489,066	790,449
Interest received	12,465	11,499
Dividend received	69,730	-
Interest paid	(5,863)	(6,587)
Income tax paid	(59,548)	(94,662)
Net cash provided by operating activities	$ 2,505,850	$ 700,699

Description	For the years ended December 31, 2021	2020
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	$ (173,822)	$ -
Proceeds from principal of financial assets measured at amortized cost upon maturity	873	15,333
Proceeds from disposal of investments accounted for using equity method	24,203	209,489
Acquisition of property, plant and equipment	(40,551)	(33,106)
Disposal of property, plant and equipment	84	60
Refundable deposits	(103,591)	(4,008)
Acquisition of intangible assets	(295,546)	(277,554)
Net cash used in investing activities	(588,350)	(89,786)
Cash flows form financing activities:		
Cash payments for the principal portion of the lease liability	(39,165)	(34,812)
Cash dividends	(248,550)	(273,405)
Change in non-controlling interests (increase in subsidiary's capital by cash)	87,880	-
Net cash used in financing activities	(199,835)	(308,217)
Effect of exchange rate changes on cash and cash equivalents	(2,916)	(30,420)
Net increase in cash and cash equivalents	1,714,749	272,276
Cash and cash equivalents at beginning of period	3,048,331	2,776,055
Cash and cash equivalents at end of period	$ 4,763,080	$ 3,048,331

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

Faraday Technology Corporation (the "Company") was incorporated on June 10, 1993. The Company is a leading fabless ASIC vendor and silicon intellectual property and system platform provider, with products and services of ASIC/SoC Design Services, ASIC/SoC Production Turnkey Services, and ASIC EDA tools.

The Company's shares are listed on the Taiwan Stock Exchange. The address of its registered office and principal place of business is No. 5, Li-Hsin III Road, Hsinchu Science Park, Taiwan.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements of the Company and its subsidiaries (the "Group") for the years ended December 31, 2021 and 2020 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on February 22, 2022.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The above-mentioned amendments that are applicable for annual periods beginning on or after January 1, 2022 have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

The above-mentioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, and the local effective dates are to be determined by FSC. The above-mentioned standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC (“TIFRS”).

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Company voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

If the Company loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%) As of	
Investor	Subsidiary	Main businesses	December 31, 2021	December 31, 2020
The Company	Faraday Technology Corporation (USA)	Sales representative in America	100.00%	100.00%
The Company	Faraday Technology Japan Corporation	Sales representative in Japan	99.95%	99.95%
The Company	Faraday Technology－B.V.I. (B.V.I.)	General investing	100.00%	100.00%
The Company	Faraday Technology Vietnam Company Limited	IC designing service	100.00%	100.00%
The Company	Chih-Hung Investment Corporation (Chih-Hung)	General investing	100.00%	100.00%
The Company	Sheng Bang Investment Corporation (Sheng Bang)	General investing	100.00%	100.00%
Chih-Hung	Grain Media Inc.	IC designing, marketing and customer service	19.42%	19.42%
Chih-Hung	Innopower Technology Corporation (Innopower)	Silicon Intellectual Property designing	100.00%	100.00%
Chih-Hung	FaradayTek Solutions India Private Limited	IC designing service	1.00%	1.00%
Sheng Bang	Grain Media Inc.	IC designing, marketing and customer service	80.58%	80.58%
Sheng Bang	FaradayTek Solutions India Private Limited	IC designing service	99.00%	99.00%
Innopower	Bright Capital Group Limited (BCGL)	General investing	100.00%	100.00%
BCGL	Faraday Technology Corporation (Suzhou)	IC designing, marketing and customer service	100.00%	100.00%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

			Percentage of ownership (%) As of	
Investor	Subsidiary	Main businesses	December 31, 2021	December 31, 2020
B.V.I.	Faraday Technology Corporation －Mauritius (Mauritius)	General investing	100.00%	100.00%
B.V.I.	GrainTech Electronics Limited	IC designing, marketing and customer service	100.00%	100.00%
B.V.I.	Faraday Technology Corporation (Samoa)	General investing	100.00%	100.00%
B.V.I.	Artery Technology Corporation	General investing	60.87%	67.20%
Samoa	United Business Service Corporation	IC designing, marketing and customer service	100.00%	100.00%
Cayman	Artery Technology Corporation, Ltd.	IC designing, marketing and customer service	100.00%	100.00%
Mauritius	Faraday Technology China Corporation	IC designing, marketing and customer service	100.00%	100.00%
Mauritius	Grain Media Technology (Shenzhen) Co., Ltd. (Note)	IC designing, marketing and customer service	100.00%	100.00%
Cayman	Artery Technology Company	IC designing, marketing and customer service	100.00%	100.00%
United Business Service Corporation	United Creative Solution Corporation	IC designing, marketing and customer service	100.00%	100.00%
United Business Service Corporation	Innopower Technology Corporation (Chongqing)	IC designing, marketing and customer service	100.00%	100.00%

Notes: Grain Media Technology (Shenzhen) Co., Ltd. filed for liquidation during the year ended December 31, 2018. The liquidation procedures are still in progress as of the report date.

(4) Foreign currency transactions

The Group’s consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint venture that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with original maturities of six months or less).

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(1) the Group's business model for managing the financial assets and
(2) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(1) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(1) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(2) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(1) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(1) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(2) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(3) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired

ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred

iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or

ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative financial instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and hedges of net investments in foreign operations, which is recognized in equity.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Raw materials — Actual purchase cost on weighted-average cost basis.
Finished goods and work in progress — Cost of direct materials and manufacturing overheads on weighted-average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of service is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Investments accounted for using equity method

The Group’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a prorata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *"Impairment of Assets"*. In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36*"Impairment of Assets"* .

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, 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 entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *"Property, plant and equipment"*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and facilities	6 - 51	Years (including buildings 51 years, facilities 6-16 years)
Machinery	6	Years
Computer equipment	4	Years
Office furniture and fixtures	6	Years
Miscellaneous equipment	4	Years

After initial recognition, an item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and such changes are treated as changes in accounting estimates.

(14) Leases

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

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liabilities for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liabilities comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liabilities on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liabilities by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liabilities;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets is as follows:

	Computer software
Useful lives	2 - 10 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *“Impairment of Assets”* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods, rendering of services and silicon intellectual property license. The accounting policies are explained as follow:

Sale of goods

The Group outsource its manufacturing and sells goods. Sales are recognized when the goods are delivered to the customers and control of the goods is transferred to the customer. The main product of the Group is Application Specific Integrated Circuit (ASIC) and revenue is recognized based on the consideration stated in the contract.

The credit period for the Group's sale of goods is from 30 to 60 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly; therefore, there is no significant financing component to the contract. For some of the contracts, part of the consideration was received from customers before transferring a promised good to a customer, and the Group has the obligation to transfer the goods subsequently. Accordingly, the Group recognized the consideration received in advance from customers under contract liabilities.

Rendering of services

The Group provides design services, and recognized by reference to the stage of completion in accordance with contracts with customers.

Most of the contractual considerations of the Group are collected throughout the contract periods. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. The Group measures the loss allowance of its contract assets at an amount equal to lifetime expected credit losses according to IFRS9. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

Silicon intellectual property license

Revenue from silicon intellectual property license is recognized by reference to its nature. When the nature of silicon intellectual property license provides a right to access the Group's intellectual property as it exist throughout the license period, the Group uses straight-line method to recognize revenue during the license period. If the nature of license is not above-mentioned, the license provides a right to use the Group's intellectual property as it existed at a point in time at which the license was granted. Accordingly, the Group recognizes revenue when the license is granted.

Some royalties are determined based on sales of goods. Because the license is a necessary part of goods, the license and goods are combined as a performance obligation. Since the license is the predominant item to which the royalty relates, revenue is recognized when sales of goods occur.

For some silicon intellectual property license contracts, part of the consideration is received from customers upon signing the contract, and the Group has the obligation to provide the services to access or use the Group's intellectual property subsequently. Accordingly, the Group recognizes payments received in advance as contract liabilities.

(18) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group’s consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6(5) for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of	
	December 31, 2021	December 31, 2020
Cash		
Cash on hand	$387	$431
Checking and savings	2,975,234	1,636,071
Time deposits	1,787,459	1,341,829
Cash equivalents-Commercial paper with repurchase agreements	-	70,000
Total	$ 4,763,080	$ 3,048,331

(2) Financial assets and liabilities at fair value through profit or loss

	As of	
	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments	$1,424	$-
Funds	24,872	23,497
Total	$26,296	$23,497
Current	$26,296	$23,497

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of	
	December 31, 2021	December 31, 2020
Financial liabilities mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments	$-	$1,504
Current	$-	$1,504

Financial assets at fair value through profit or loss were not pledged.

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

	As of	
	December 31, 2021	December 31, 2020
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Unlisted companies stocks	$2,915,438	$2,245,962

The Group classified certain of its financial assets as financial assets at fair value through other comprehensive income which were not pledged.

For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividend income in the amount of NT$69,730 thousand for the year ended December 31, 2021, which was all related to investments held at the end of the reporting period.

(4) Accounts receivable, net and accounts receivable - related parties, net

	As of	
	December 31, 2021	December 31, 2020
Accounts receivable	$807,095	$666,989
Subtotal (gross carrying amount)	807,095	666,989
Less：Allowance for doubtful accounts	(26,108)	(107,465)
Subtotal	780,987	559,524
Accounts receivable - related parties, net	153,567	130,254
Subtotal (gross carrying amount)	153,567	130,254
Total	$934,554	$689,778

Accounts receivable were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accounts receivable are generally on 30 - 60 day terms from the date of monthly closing. The gross carrying amount of accounts receivable was amounted to NT$960,662 thousand, and NT$797,243 thousand as of December 31, 2021 and 2020, respectively. Please refer to Note 6(16) for more details on impairment of accounts receivable, and Note 12 for credit risk disclosure.

(5) Inventories

	As of	
	December 31, 2021	December 31, 2020
Work in process	$750,171	$351,411
Finished goods	570,519	149,223
Total	$1,320,690	$500,634

The cost of inventories recognized in expenses amounted to NT$3,995,272 thousand and NT$2,895,681 thousand for the years ended December 31, 2021 and 2020, respectively, including the reversal gain of NT$2,860 thousand and loss on scrap of inventories of NT$5,689 thousand, and inventory valuation loss of NT$6,863 thousand and loss on scrap of inventories of NT$20,337 thousand for the years ended December 31, 2021 and 2020, respectively.

No inventories were pledged.

(6) Other current assets

	As of	
	December 31, 2021	December 31, 2020
Prepayments	$147,103	$109,864
Prepaid expenses	21,968	50,844
Prepayment in advance	5,824	1,564
Others	16,247	18,962
Total	$191,142	$181,234

The prepayments were primarily attributable to several agreements which the Group entered into for certain software license and silicon intellectual property license.

(7) Investments accounted for using equity method

There were no investments accounted for using equity method as of December 31, 2021, and December 31, 2020.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group disposed shares of Fresco Logic Inc. with proceeds amounting to NT$235,479 thousand (recognized as other receivables NT$25,990 thousand) and recognized a gain on disposal of investment in the amount of NT$172,487 thousand during the three-month period ended June 30, 2020. The Group received NT$24,203 thousand and recognized foreign exchange loss in the amount of NT$1,787 thousand during the three-month period ended June 30, 2021.

The Group's investment in Fresco Logic Inc. was not individually material. The aggregated financial information based on the Group's share of Fresco Logic Inc. is as follows:

	For the year ended December 31, 2020
Net loss from continuing operations	$(23,591)
Other comprehensive income (post-tax)	-
Total comprehensive income	$(23,591)

(8) Financial assets measured at amortized cost, non-current

	As of December 31, 2021	As of December 31, 2020
Time deposits	$173,800	$-
Others	15,582	16,433
Total	$189,382	$16,433

Financial assets measured at amortized cost include time deposits with original maturities more than six months and security deposits.

(9) Property, plant and equipment

	As of December 31, 2021	As of December 31, 2020
Property, plant and equipment for own use	$517,870	$539,322

	Land	Buildings and facilities	Machinery	Computer equipment	Office furniture and fixtures	Miscellaneous equipment	Total
Cost:							
As of January 1, 2021	$33,576	$580,809	$40,676	$164,811	$22,133	$1,555	$843,560
Additions	-	5,535	22,234	9,808	3,227	300	41,104
Disposals	-	-	-	-	(62)	(84)	(146)
Exchange effect	-	(860)	-	(98)	(275)	(13)	(1,246)
As of December 31, 2021	$33,576	$585,484	$62,910	$174,521	$25,023	$1,758	$883,272

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings and facilities	Machinery	Computer equipment	Office furniture and fixtures	Miscellaneous equipment	Total
Cost:							
As of January 1, 2020	$33,576	$577,055	$40,858	$177,244	$24,179	$1,615	$854,527
Additions	-	8,033	5,375	15,037	1,096	-	29,541
Disposals	-	(4,087)	(5,557)	(26,900)	(2,943)	-	(39,487)
Exchange effect	-	(192)	-	(570)	(199)	(60)	(1,021)
As of December 31, 2020	$33,576	$580,809	$40,676	$164,811	$22,133	$1,555	$843,560
Depreciation and impairment:							
As of January 1, 2021	$-	$181,473	$15,262	$88,710	$17,874	$919	$304,238
Additions	-	14,609	7,803	36,986	2,033	212	61,643
Exchange effect	-	(97)	-	(95)	(276)	(11)	(479)
As of December 31, 2021	$-	$195,985	$23,065	$125,601	$19,631	$1,120	$365,402
As of January 1, 2020	$-	$170,775	$14,187	$74,093	$17,957	$707	$277,719
Additions	-	14,567	6,632	42,033	2,631	261	66,124
Disposals	-	(3,846)	(5,557)	(26,900)	(2,560)	-	(38,863)
Exchange effect	-	(23)	-	(516)	(154)	(49)	(742)
As of December 31, 2020	$-	$181,473	$15,262	$88,710	$17,874	$919	$304,238
Net carrying amount as of:							
December 31, 2021	$33,576	$389,499	$39,845	$48,920	$5,392	$638	$517,870
December 31, 2020	$33,576	$399,336	$25,414	$76,101	$4,259	$636	$539,322

(1) Significant components of buildings are main building structure, air conditioning units and elevators, which are depreciated based on their useful lives over 51 years, 8 years, and 6~16 years, respectively.

(2) Property, plant and equipment were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Intangible assets

	Software	
	For the year ended December 31, 2021	For the year ended December 31, 2020
Cost		
Beginning balance	$964,196	$1,143,349
Addition－acquired separately	558,567	45,680
Decrease－derecognition	(637,830)	(216,755)
Exchange effect	(8,288)	(8,078)
Ending balance	$876,645	$964,196
Accumulated Amortization		
Beginning balance	$704,940	$592,782
Amortization	304,915	332,344
Decrease－derecognition	(637,830)	(216,755)
Exchange effect	(429)	(3,431)
Ending balance	$371,596	$704,940
Net carrying amount as of:		
December 31, 2021	$505,049	
December 31, 2020	$259,256	

The amortization expenses of intangible assets are as follows:

	For the years ended December 31,	
	2021	2020
Selling expenses	$60	$-
Administrative expenses	302	86
Research and development expenses	304,553	332,258
Total	$304,915	$332,344

(11) Short-term loans

The Group's credit limit from short-term loans was NT$891,750 thousand and NT$1,302,250 thousand as of December 31, 2021 and 2020, respectively, and all of which was unused.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Long-term payables

The payables were primarily attributable to several agreements which the Group entered into for certain software license. As of December 31, 2021 and 2020, payments for future years are as follows：

	As of	
Year of payment	December 31, 2021	December 31, 2020
2021	$-	93,154
2022	323,396	15,810
2023	115,715	511
2024	45,532	-
Subtotal	484,643	109,475
Less: Current portion (Recognized as other payables)	(323,396)	(93,154)
Total	$161,247	$16,321

(13) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China would contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 were NT$52,628 thousand and NT$50,922 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Defined benefit plan

The Company and its domestic subsidiaries adopted a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company and its domestic subsidiaries would make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$3,549 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

The average duration of the defined benefits plan obligation as of December 31, 2021 and 2020, are 12 years and 13 years, respectively.

The summarization of defined benefit plan reflected in profit or loss is as follows:

	For the years ended December 31,	
	2021	2020
Current period service costs	$763	$6,540
Net interest expense	26	145
Total	$789	$6,685

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Defined benefit obligation	$139,999	$138,912	$143,847
Plan assets at fair value	(134,911)	(130,517)	(122,228)
Non-current liabilities -Defined benefit liabilities recognized on the consolidated balance sheets	$5,088	$8,395	$21,619

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of January 1, 2020	$143,847	$(122,228)	$21,619
Current period service costs	6,540	-	6,540
Net interest expense (income)	1,069	(924)	145
Subtotal	151,456	(123,152)	28,304
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	9,886	-	9,886
Experience adjustments	(22,430)	-	(22,430)
Remeasurements of defined benefit asset	-	(3,634)	(3,634)
Subtotal	(12,544)	(3,634)	(16,178)
Contributions by employer	-	(3,731)	(3,731)
As of December 31, 2020	$138,912	$(130,517)	$8,395
Current period service costs	763	-	763
Net interest expense (income)	533	(507)	26
Subtotal	140,208	(131,024)	9,184
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	474	-	474
Experience adjustments	1,357	-	1,357
Remeasurements of defined benefit asset	-	(2,382)	(2,382)
Subtotal	1,831	(2,382)	(551)
Benefits paid	(2,040)	2,040	-
Contributions by employer	-	(3,545)	(3,545)
As of December 31, 2021	$139,999	$(134,911)	$5,088

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of	
	December 31, 2021	December 31, 2020
Discount rate	0.5010%	0.3833%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption as of December 31, 2021 and 2020 is as shown below:

	Effect on the defined benefit obligation			
	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$4,020	$-	$4,218
Discount rate decrease by 0.25%	4,177	-	4,389	-
Expected rate of salary increase by 0.5%	8,152	-	8,565	-
Expected rate of salary decrease by 0.5%	-	7,637	-	8,006

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(14) Equity

A. Capital stock

The Company’s authorized capital was NT$6,000,000 thousand, divided into 600,000 thousand shares (including 55,000 thousand shares reserved for exercise of employee stock options) as of December 31, 2021 and 2020, each at a par value of NT$10.

The Company’s issued capital was NT$2,485,503 thousand, divided into 248,550 thousand shares, as of December 31, 2021 and 2020. Each share has one voting right and a right to receive dividends.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Additional paid-in capital

	As of	
	December 31, 2021	December 31, 2020
Premiums in excess of par	$594,782	$594,782
Change in subsidiaries' ownership	108,352	127,226
Employee stock option and others	2,566	2,566
Total	$705,700	$724,574

According to the Company Act, the additional paid-in capital shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the additional paid-in capital derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

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

a. Reserve for tax payments;
b. Offset accumulated losses in previous years, if any;
c. Legal reserve, which is 10% of leftover profits.
d. Allocation or reverse of special reserves as required by law or government authorities;
e. The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company is in the growth stage, in order to plan for future funding requirement and long-term financial planning, and to satisfy shareholders' need for cash dividend, cash dividends shall not be less than 10% of total dividends for distribution.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to offset the deficit of the Company. When the Company does not have deficit, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors’ meeting and shareholders’ meeting on February 22, 2022 and July 7, 2021, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$115,637	$41,566	$-	$-
Reversal of special reserve	-	369,710	-	-
Common stock-cash dividend	820,216	248,550	3.3	1.0

Please refer to Note 6(18) for more details on employees’ compensations and the remunerations to directors and supervisors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Non-controlling interests

	For the years ended December 31,	
	2021	2020
Beginning balance	$47,057	$59,024
Gains (losses) attributable to non-controlling interests	134,118	(12,449)
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	724	(108)
Change in subsidiaries' ownership	133,428	590
Ending balance	$315,327	$47,057

(15) Sales revenue

Analysis of revenue from contracts with customers for the years ended December 31, 2021 and 2020 is as follows:

(1) Disaggregation of revenue

	For the years ended December 31,	
	2021	2020
Sale of goods	$5,613,524	$3,597,175
Rendering of services	1,783,467	1,438,969
Silicon intellectual property license	688,210	459,163
Total	$8,085,201	$5,495,307

	For the years ended December 31,	
Revenue recognition point:	2021	2020
At a point in time	$6,242,702	$4,004,602
Over time	1,842,499	1,490,705
Total	$8,085,201	$5,495,307

(2) Contract balances

A. Contract assets – current

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Rendering of services	$33,288	$137,475	$517,367

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The significant changes in the Group's balances of contract assets for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
The opening balance transferred to accounts receivable	$127,363	$481,732
Change in the progress of completion	12,624	120,882
Exchange rate changes	16,615	(19,042)
Impairment	(6,063)	-

B. Contract liabilities – current

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Sales of goods	$769,005	$296,266	$161,139
Rendering of services	541,480	177,463	141,623
Silicon intellectual property license	235	2,875	262
Total	$1,310,720	$476,604	$303,024

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
The opening balance transferred to revenue	$452,292	$274,726
Increase in receipts in advance during the period (netting the amount incurred and transferred to revenue during the same period)	1,286,408	448,306

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2021 and December 31, 2020, there is no need to provide relevant information of the unsatisfied performance obligations as the contract terms with customers about the sales of goods are all shorter than one year. Besides, the summarized amount of transaction price allocated to unsatisfied performance obligations about rendering of services and silicon intellectual property license is NT$2,616,885 thousand and NT$1,513,112 thousand, respectively. The Group will recognize revenue based on the stage of completion of the contracts. Those contracts are expected to complete within the next 1 to 1.5 years.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Assets recognized from costs to fulfill a contract

	As of	
	December 31, 2021	December 31, 2020
Costs to fulfill a contract, current	$ 41,412	$ 5,961

The costs to fulfill a contract are the costs incurred by the Group for non-recurring engineering projects, and will be recognized as operating costs when the performance obligations are satisfied.

For the years ended December 31, 2021 and 2020 amortization expenses amounted to NT$15,265 thousand and NT$9,283 thousand are recognized as operating costs, respectively.

(16) Expected credit gains (losses)

	For the years ended December 31,	
	2021	2020
Operating expenses – Expected credit gains (losses)		
Contract Assets	$(6,063)	$-
Accounts receivable	81,357	(29,729)
Total	$75,294	$(29,729)

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its contract assets and trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessments of the Group's loss allowance as of December 31, 2021 and 2020 are as follows:

i. the loss allowance of contract assets is measured at an amount equal to lifetime expected credit losses, details are as follow:

	As of	
	December 31, 2021	December 31, 2020
Gross carrying amount	$48,490	$146,614
Expected credit loss rates	0%~100%	0%~100%
Loss allowance	(15,202)	(9,139)
Carry amount	$33,288	$137,475

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ii. the Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix, details are as follow:

2021.12.31

Group 1	Not yet due	Overdue					
	(note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$787,094	$42,505	$16,135	$60	$-	$25,185	$870,979
Expected credit loss rates	-%	-%	2%	10%	50%	100%	
Lifetime expected credit losses	-	-	323	6	-	25,185	25,514
Subtotal	$787,094	$42,505	$15,812	$54	$-	$-	$845,465

Group 2	Not yet due	Overdue							
	(note)	<=120 days	121-150 days	151-180 days	181-210 days	211-270 days	271-300 days	>=301 days	Total
Gross carrying amount	$35,042	$28,989	$-	$29,682	$-	$-	$-	$-	$93,713
Expected credit loss rates	-%	-%	2%	2%	10%	50%	80%	100%	
Lifetime expected credit losses	-	-	-	594	-	-	-	-	594
Subtotal	$35,042	$28,989	$-	$29,088	$-	$-	$-	$-	$93,119
Carrying amount									$938,584

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

2020.12.31

Group 1	Not yet due (note)	Overdue <=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$529,047	$78,439	$7,389	$-	$6,592	$92,137	$713,604
Expected credit loss rates	-%	-%	2%	10%	50%	100%	
Lifetime expected credit losses	-	-	147	-	3,296	92,137	95,580
Subtotal	$529,047	$78,439	$7,242	$-	$3,296	$-	$618,024

Group 2	Not yet due (note)	Overdue <=120 days	121-150 days	151-180 days	181-270 days	271-300 days	>=301 days	Total
Gross carrying amount	$24,256	$19,511	$-	$21,827	$19,405	$-	$-	$84,999
Expected credit loss rates	-%	-%	2%	10%	50%	80%	100%	
Lifetime expected credit losses	-	-	-	2,183	9,702	-	-	11,885
Subtotal	$24,256	$19,511	$-	$19,644	$9,703	$-	$-	$73,114
Carrying amount								$691,138

Note: All of the Group's notes receivable are not yet due.

The movements in the provision for impairment of contract assets and accounts receivable during the years ended December 31, 2021 and 2020 are as follows:

	Contract Assets	Accounts receivable
As of January 1, 2021	$9,139	$107,465
Increase (reversal) for the current period	6,063	(81,357)
As of December 31, 2021	$15,202	$26,108
As of January 1, 2020	$9,139	$81,433
Increase for the current period	-	29,729
Write-off due to uncollectibility	-	(3,697)
As of December 31, 2020	$9,139	$107,465

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) leases

The Group as lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. These leases have terms between 2 and 38 years.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use assets

	As of	
	December 31, 2021	December 31, 2020
Land	$186,207	$191,527
Buildings and facilities	22,461	42,044
Transportation equipment	2,759	583
Office equipment	9	121
Total	$211,436	$234,275

During the years ended December 31, 2021 and 2020, the additions to right-of-use assets of the Group amounted to NT$16,146 thousand and NT$19,978 thousand, respectively.

Due to certain lease contracts were terminated early, the Group's right-of-use asset decreased by NT$4,294 thousand, lease liabilities decreased by NT$4,050 thousand and loss of revision of lease contracts amounted to NT$244 thousand during the year ended December 31, 2020.

(b) Lease liabilities

	As of	
	December 31, 2021	December 31, 2020
Lease liabilities	$218,947	$242,411
Lease liabilities-current	$18,353	$32,575
Lease liabilities-noncurrent	200,594	209,836
Total	$218,947	$242,411

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 6 (19) for the interest on lease liabilities recognized during the years ended December 31, 2021 and 2020 and refer to Note 12 (5) for the maturity analysis for lease liabilities as of December 31, 2021 and 2020.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2021	2020
Land	$5,320	$5,320
Buildings and facilities	31,911	28,778
Transportation equipment	1,154	1,166
Office equipment	111	111
Total	$38,496	$35,375

C. Income and costs relating to leasing activities

	For the years ended December 31	
	2021	2020
The expense relating to short-term leases	$2,496	$4,667

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group recognized NT$2,334 thousand as reduction in rental expenses for the year ended December 31, 2020 to reflect changes in lease payments that arise from such rent concessions to which the Group has applied the practical expedient.

D. Cash outflow relating to leasing activities

During the year ended December 31, 2021 and December 31, 2020, the Group’s total cash outflow for leases amounted to NT$47,037 thousand and NT$45,942 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E. Other information relating to leasing activities

Extension option

Some of the Group's property rental agreement contain extension options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with period covered by an option to extend the lease if the Group is reasonably certain to exercise that option. The options are used to maximize operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(18) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2021 and 2020:

	For the years ended December 31					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$53,997	$1,654,459	$1,708,456	$42,436	$1,368,606	$1,411,042
Labor and health insurance	3,645	112,472	116,117	3,249	95,972	99,221
Pension	2,147	51,270	53,417	2,372	55,235	57,607
Others	1,106	31,536	32,642	1,066	30,006	31,072
Depreciation	1,036	99,103	100,139	913	100,586	101,499
Amortization	-	304,915	304,915	-	332,344	332,344

According to the Company's Article of Incorporation, no less than 10% of profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, before distributing employees' compensation and remuneration to directors and supervisors, the Company's profit should offset its accumulated losses, if any. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Based on profit of the year ended December 31, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors to be NT$173,361 thousand and NT$1,290 thousand, respectively, which were recognized as payroll expenses. The Company recognized the amounts of the employees' compensation and remuneration to directors and supervisors to be NT$173,361 thousand and NT$1,290 thousand for the year ended December 31, 2021.

Actual employees' compensation and remuneration to directions for the year ended December 31, 2020 was NT$39,970 thousand and NT$248 thousand, respectively, and there were no material differences between the aforementioned amounts and the amounts charged against earnings in 2020.

(19) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2021	2020
Interest income		
Financial assets measured at amortized cost	$12,618	$10,818

B. Other income

	For the years ended December 31,	
	2021	2020
Dividend income	$69,730	$-
Others	34,618	33,506
Total	$104,348	$33,506

C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Losses on disposal of property, plant and equipment	$-	$(564)
Gains on disposal of investments	-	172,487
Foreign exchange gains (losses)	9,429	(9,118)
Gains (losses) on financial assets at fair value through profit or loss	4,304	(23)
Others	(24,713)	(12,805)
Total	$(10,980)	$149,977

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Finance costs

	For the years ended December 31, 2021	For the years ended December 31, 2020
Interest expense on lease liabilities	$5,863	$6,587

(20) Components of other comprehensive income

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$551	$-	$551	$(110)	$441
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	669,476	-	669,476	-	669,476
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(11,664)	-	(11,664)	-	(11,664)
Total of other comprehensive income	$658,363	$-	$658,363	$(110)	$658,253

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$16,178	$-	$16,178	$(3,235)	$12,943
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	1,110,692	-	1,110,692	-	1,110,692
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(28,242)	-	(28,242)	-	(28,242)
Total of other comprehensive income	$1,098,628	$-	$1,098,628	$(3,235)	$1,095,393

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21) Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the years ended December 31	
	2021	2020
Current income tax expense:		
Current income tax payable	$189,366	$71,367
Adjustments in respect of current income tax of prior periods	(2,604)	(4,751)
Deferred tax expense (income):		
Deferred tax income (expense) related to origination and reversal of temporary differences	24,144	(8,896)
Others	1,225	(482)
Total income tax expense	$212,131	$57,238

Income tax relating to components of other comprehensive income

	For the years ended December 31	
	2021	2020
Deferred tax expense:		
Remeasurements of defined benefit plans	$110	$3,235

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2021	2020
Accounting profit before tax from continuing operations	$1,502,179	$313,235
Tax at the statutory rates applicable to profits in the perspective tax jurisdictions	$304,128	$77,681
Tax effect of revenues exempted from taxation	(11,100)	-
Tax effect of deferred tax assets/liabilities	(93,897)	(32,898)
Surtax on undistributed retained earnings	-	6,315
Adjustments in respect of current income tax of prior periods	(2,604)	(4,751)
Tax effect of withholding tax under other tax jurisdiction	24,698	10,445
Tax credits	(11,000)	-
Others	1,906	446
Total income tax expense recognized in profit or loss	$212,131	$57,238

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Ending balance as of December 31, 2021
Temporary differences					
Unrealized exchange loss	$5,882	$(5,101)	$-	$-	$781
Unrealized exchange gain	(6,810)	(1,301)	-	-	(8,111)
Unrealized loss (gain) from sales	755	(953)	-	-	(198)
Unrealized allowance for inventory valuation and obsolescence losses	11,203	(572)	-	-	10,631
Revaluations of financial assets (liabilities) at fair value through profit or loss	301	(586)	-	-	(285)
Defined benefit liabilities, non-current	1,679	(551)	(110)	-	1,018
Unrealized bad debt expense	19,720	(17,720)	-	-	2,000
Depreciation difference for tax purposes	44	302	-	-	346
Impairment loss on financial assets	7,953	-	-	-	7,953
Others	1,238	2,338	-	-	3,576
Deferred tax expense		$(24,144)	$(110)	$-	
Net deferred tax assets/(liabilities)	$41,965				$17,711
Reflected in balance sheet as follows:					
Deferred tax assets	$48,775				$26,305
Deferred tax liabilities	$(6,810)				$(8,594)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2020

	Beginning balance as of January 1, 2020	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Ending balance as of December 31, 2020
Temporary differences					
Unrealized exchange loss	$2,832	$3,050	$-	$-	$5,882
Unrealized exchange gain	(5,419)	(1,391)	-	-	(6,810)
Unrealized loss from sales	122	633	-	-	755
Unrealized allowance for inventory valuation and obsolescence losses	9,830	1,373	-	-	11,203
Revaluations of financial assets (liabilities) at fair value through profit or loss	(41)	342	-	-	301
Defined benefit liabilities, non-current	4,324	590	(3,235)	-	1,679
Unrealized bad debt expense	14,517	5,203	-	-	19,720
Depreciation difference for tax purposes	892	(848)	-	-	44
Impairment loss on financial assets	7,953	-	-	-	7,953
Others	1,294	(56)	-	-	1,238
Deferred tax expense		$8,896	$(3,235)	$-	
Net deferred tax assets/(liabilities)	$36,304				$41,965
Reflected in balance sheet as follows:					
Deferred tax assets	$41,764				$48,775
Deferred tax liabilities	$(5,460)				$(6,810)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following table contains information of the unused tax losses of the Group:

		Unutilized accumulated loss as of		Expiration
Year	Accumulated loss	December 31, 2021	December 31, 2020	Year
2010	$3,103	$1,186	$1,186	2020
2011	50,902	35,412	35,412	2021
2012	5,752	5,752	5,752	2022
2013	8,763	8,763	8,763	2023
2015	66,089	66,089	66,089	2025
2016	11,777	11,537	11,537	2026
2017	19,544	19,544	19,544	2027
2018	14,435	14,435	14,435	2028
2019	479	479	479	2029
2020	29,301	29,301	-	2030
		$192,498	$163,197	

Unrecognized deferred tax assets

As of December 31, 2021 and 2020, deferred tax assets that were not recognized amounted to NT$201,313 thousand and NT$159,273 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2021 and 2020, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregated to NT$76,243 thousand and NT$58,928 thousand, respectively.

The assessment of income tax returns

As of December 31, 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019
Chih Hung Investment Co.	Assessed and approved up to 2019
Sheng Bang Investment Co.	Assessed and approved up to 2019
Grain Media Inc.	Assessed and approved up to 2019
Innopower Technology Corporation	Assessed and approved up to 2019
Artery Technology Company	Assessed and approved up to 2019

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the year plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	For the years ended December 31	
	2021	2020
(a) Basic earnings per share		
Profit attributable to ordinary equity owners of the parent (in thousand NT$)	$1,155,930	$268,446
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	248,550	248,550
Basic earnings per share (NT$)	$4.65	$1.08
(b) Diluted earnings per share		
Profit attributable to ordinary equity owners of the parent (in thousand NT$)	$1,155,930	$268,446
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	248,550	248,550
Effect of dilution:		
Employee compensation (in thousands)	827	886
Weighted average number of ordinary shares outstanding after dilution (in thousands)	249,377	249,436
Diluted earnings per share (NT$)	$4.64	$1.08

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. Related Party Transactions

Information of the related parties that had transactions with the Group during the financial reporting years is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
United Microelectronics Corporation	Entity with joint control or significant influence over the Company
Fresco Logic Inc. (Note)	Associates
United Semiconductor Japan Co., Ltd.	Other related parties
HeJian Technology (Suzhou) Co., Ltd.	Other related parties
Wavetek Microelectronics Corporation	Other related parties
United Semiconductor (Xiamen) Co., Ltd.	Other related parties

Note：The Group disposed of Fresco Logic Inc. in June 2020, which ceased to be a related party since that day.

Significant transactions with the related parties

(1) Sales

	For the years ended December 31	
	2021	2020
United Microelectronics Corporation	$582,441	$584,602
Other related parties	46,083	36,196
Associates	-	15,158
Total	$628,524	$635,956

The Group’s sales terms were 30~60 days from the date of monthly closing for non-related parties, while 60 days for related-parties. Selling prices for related parties were different from each other and a direct comparison was impractical since the products or services were customized based on each order.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Purchases

	For the years ended December 31	
	2021	2020
United Microelectronics Corporation	$2,056,531	$1,223,562
United Semiconductor (Xiamen) Co., Ltd.	605,828	210,369
HeJian Technology (Suzhou) Co., Ltd.	71,933	600,597
Other related parties	6,380	6,780
Total	$2,740,672	$2,041,308

The purchase price to the related parties above was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are 45~60 days.

(3) Research expenses, other

	For the years ended December 31	
	2021	2020
Entity with joint control or significant influence over the Company	$15,092	$14,359
Other related parties	14,817	-
Total	$29,909	$14,359

The payment terms from the related party suppliers are 45~60 days.

(4) Research and development expense, testing expense

	For the years ended December 31	
	2021	2020
Entity with joint control or significant influence over the Company	$3,957	$2,484
Other related parties	288	-
Total	$4,245	$2,484

The payment terms from the related party suppliers are 45~60 days.

(5) Accounts receivable - related parties, net

	As of	
	December 31, 2021	December 31, 2020
United Microelectronics Corporation	$153,567	$130,254

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Other current assets

	As of	
	December 31, 2021	December 31, 2020
Entity with joint control or significant influence over the Company	$647	$263
Other related parties	839	3,679
Total	$1,486	$3,942

(7) Contractual liabilities, current

	As of	
	December 31, 2021	December 31, 2020
Entity with joint control or significant influence over the Company	$-	$427

(8) Accounts payable - related parties

	As of	
	December 31, 2021	December 31, 2020
United Microelectronics Corporation	$314,642	$113,330
United Semiconductor (Xiamen) Co., Ltd.	200,717	49,094
HeJian Technology (Suzhou) Co., Ltd.	11,038	132
Other related parties	881	384
Total	$527,278	$162,940

(9) Key management personnel compensation

	For the years ended December 31	
	2021	2020
Short-term employee benefits	$111,215	$83,073
Post-employment benefits	1,323	1,307
Total	$112,538	$84,380

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. Assets Pledged As Collateral

The Group's assets pledged as collateral were as follows:

Assets pledged for security	Carrying amount 2021.12.31	Carrying amount 2020.12.31	Secured liabilities
Financial assets measured at amortized cost	$15,050	$15,028	Custom clearance deposit
Financial assets measured at amortized cost	532	1,405	Office rental deposit
Total	$15,582	$16,433	

9. Commitments and contingencies

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of, December 31, 2021	As of, December 31, 2020
Financial assets at fair value through profit or loss:		
Financial assets mandatorily measured at fair value through profit or loss	$26,296	$23,497
Financial assets at fair value through other comprehensive income	2,915,438	2,245,962
Financial assets measured at amortized cost (Note)	6,083,342	3,880,887
Total	$9,025,076	$6,150,346

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities

	As of	
	December 31, 2021	December 31, 2020
Financial liabilities at fair value through profit or loss:		
Financial liabilities mandatorily measured at fair value through profit or loss	$-	$1,504
Financial liabilities at amortized cost:		
Payables (including related parties)	1,371,925	644,718
Other payables	622,668	392,146
Long-term payables	161,247	16,321
Lease liabilities	218,947	242,411
Total	$2,374,787	$1,297,100

Note : Including cash and cash equivalents (exclude cash on hand), notes receivable, accounts receivable, other receivable, refundable deposit and financial assets measured at amortized cost, non-current.

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk exposures.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

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

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 10%, the profit for the years ended December 31, 2021 and 2020 would decrease / increase by NT$43,622 thousand and NT$10,709 thousand, respectively.

When NTD strengthens/weakens against RMB by 10%, the profit for the years ended December 31, 2021 and 2020 would decrease / increase by NT$226,922 thousand and NT$118,690 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term deposits at variable interest rates. Therefore, interest rate risk is low.

Equity price risk and other investment risk

The Group's unlisted equity securities and other investments are susceptible to market price risk arising from uncertainties about future values of the investment objectives. The Group's unlisted equity securities and other investment are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reports on the equity portfolio are submitted to the Group's top management for reviews and approvals on a regular basis.

Please refer to Note 12(9) for sensitivity analysis information of equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, accounts receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria and etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2021 and 2020, top ten customers represented 48% and 58% of the contract assets and accounts receivable of the Group, respectively. The credit concentration risk of other contract assets and accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. The measurement indicators of the Group are described as follows:

				Carrying amount	
				As of	
Level of credit risk	Indicator	Measurement method for expected credit losses	Loss rate	December 31, 2021	December 31, 2020
Simplified method (Note)	Not applicable	Lifetime expected credit losses	0%~100%	$1,013,182	$945,217

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: The Group adopted simplified method (lifetime expected credit loss) to measure credit risk. It includes contract assets, notes receivable and accounts receivable.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2021					
Payables (including related parties)	$1,371,925	$-	$-	$-	$1,371,925
Other payables	622,668	-	-	-	622,668
Long-term payables	-	161,247	-	-	161,247
Lease liabilities	20,454	28,000	15,909	238,635	302,998
As of December 31, 2020					
Payables (including related parties)	$644,718	$-	$-	$-	$644,718
Other payables	392,146	-	-	-	392,146
Long-term payables	-	16,321	-	-	16,321
Lease liabilities	33,240	30,865	19,152	246,589	329,846

Derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2021					
Inflows	$69,831	$-	$-	$-	$69,831
Outflows	(68,407)	-	-	-	(68,407)
Net	$1,424	$-	$-	$-	$1,424

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2020					
Inflows	$21,494	$-	$-	$-	$21,494
Outflows	(22,998)	-	-	-	(22,998)
Net	$(1,504)	$-	$-	$-	$(1,504)

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2021:

	Lease liabilities
As of January 1, 2021	$242,411
Additions	16,146
Cash flows	(39,165)
Revision of lease contracts	363
Exchange rate changes	(808)
As of December 31, 2021	$218,947

Reconciliation of liabilities for year ended December 31, 2020:

	Lease liabilities
As of January 1, 2020	$265,341
Additions	19,561
Cash flows	(34,812)
Revision of lease contracts	(4,050)
Rent concessions	(2,334)
Exchange rate changes	(1,295)
As of December 31, 2020	$242,411

(7) Fair values of financial instruments

a. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

i. The carrying amount of cash and cash equivalents, notes receivable and accounts receivable, other receivables, accounts payable and other payables approximate their fair value due to their short maturities.

ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and funds) at the reporting date.

iii. Fair value of equity instruments (including unlisted equity securities) without active market and market quotations cannot be reliably measured. Its amount is measured by cost net of impairment loss.

iv. The financial assets measured at amortized cost, long-term payables and lease liabilities are determined by discounted cash flow analysis. The Group estimates the fair value based on book value due to the insignificant difference between the fair value from discounted cash flow analysis and carrying amount.

v. The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

b. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group’s derivative financial instruments include forward currency contracts. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2021 and 2020 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items (by contract)	Notional Amount	Contract Period
As of December 31, 2021		
Forward currency contract	Sell foreign currency USD 12,000 thousand	From 2021.11.30 to 2022.01.20
Forward currency contract	Sell foreign currency RMB 8,000 thousand	From 2021.12.07 to 2022.01.18
As of December 31, 2020		
Forward currency contract	Sell foreign currency USD 5,000 thousand	From 2020.12.07 to 2021.01.25
Forward currency contract	Sell foreign currency RMB 5,000 thousand	From 2020.12.23 to 2021.01.28

(9) Fair values measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2021：

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	$-	$1,424	$-	$1,424
Funds	-	-	24,872	24,872
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	2,915,438	2,915,438

As of December 31, 2020：

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	$-	$-	$23,497	$23,497
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	2,245,962	2,245,962
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	$-	$1,504	$-	$1,504

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Movements of fair value measurement in Level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the year is as follows:

	Assets			
	At fair value through profit or loss		At fair value through other comprehensive income	
	Stocks	Funds	Stocks	Total
As of as at January 1, 2021	$-	$23,497	$2,245,962	$2,269,459
Total gains and losses recognized for the year ended December 31, 2021:				
Amount recognized in profit or loss ("other gains or losses")	-	1,375	-	1,375
Amount recognized in other comprehensive income ("Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	-	669,476	669,476
As of December 31, 2021	$-	$24,872	$2,915,438	$2,940,310

	Assets			
	At fair value through profit or loss		At fair value through other comprehensive income	
	Stocks	Funds	Stocks	Total
As of January 1, 2020	$-	$21,812	$1,135,270	$1,157,082
Total gains and losses recognized for the year ended December 31, 2020:				
Amount recognized in profit or loss ("other gains or losses")	-	1,685	-	1,685
Amount recognized in other comprehensive income ("Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	-	1,110,692	1,110,692
As of December 31, 2020	$-	$23,497	$2,245,962	$2,269,459

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Recognized as profit (loss) above, the gain from financial assets still held by the Group as of December 31, 2021 and 2020 was NT$1,375 thousand and NT$1,685 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group’s equity by NT$2,814 thousand
Preferred Stocks	Option pricing model	Discount for lack of marketability	27%~40%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group’s equity by NT$797 thousand
Stocks and others	Asset approach	Discount for lack of marketability and non-controlling interest	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability and non-controlling interest would result in decrease/ increase in the Group’s equity by NT$287,933 thousand

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group's equity by NT$2,471 thousand
Preferred Stocks	Option pricing model	Discount for lack of marketability	28%~36%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group's equity by NT$1,112 thousand
Stocks and others	Asset approach	Discount for lack of marketability and non-controlling interest	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability and non-controlling interest would result in decrease/ increase in the Group's equity by NT$209,613 thousand
Preferred Stocks	Market approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group's equity by NT$11,400 thousand

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

December 31, 2021

None.

December 31, 2020

None.

(10) Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2021		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$58,278	27.67	$1,612,547
RMB	524,456	4.345	2,278,764
Financial liabilities			
Monetary items:			
USD	42,513	27.67	1,176,331
RMB	2,196	4.345	9,542

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of December 31, 2020		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$32,409	28.09	$910,359
RMB	285,810	4.317	1,233,844
Financial liabilities			
Monetary items:			
USD	28,596	28.09	803,272
RMB	10,875	4.317	46,949

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Because there are several types of functional currencies within the Group, it is not practical to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange gain (loss) was NT$9,429 thousand and NT$(9,118) thousand for the years ended December 31, 2021 and 2020, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information related to significant transactions

Additional disclosures for information of the Group for the year ended December 31, 2021:

(a) Financing provided to others for the year ended December 31, 2021: None.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2021: None.

(c) Securities held as of December 31, 2021: Please refer to Attachment 1.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2021: Please refer to Attachment 2.

(h) Receivables from related parties with amount exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2021: Please refer to Attachment 3.

(i) Financial instruments and derivative transactions: Please refer to Note 12.

(j) Other: Significant intercompany transactions between consolidated entities: Please refer to Attachment 4.

(2) Information on investees

Information on investees which significant influenced or controlled by the Group: Please refer to Attachment 5.

(3) Information on investments in Mainland China

(a) Investee company name, main business and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 6.

(b) Significant transaction to investee Company in Mainland China for the year ended December 31, 2021:

i. Purchases amount and percentage, and related ending balance and percentage of payables: None.

ii. Sales amount and percentage, and related ending balance and related ending balance and percentage of receivables: Please refer to Attachment 4.

iii. Property transaction amount and occurred gain (loss): None.

iv. Ending balance and purpose of endorsement/guarantee provided for notes or collateral: None.

v. Highest balance, ending balance, interest rate interval and total interest amount in current period of financing: None.

vi. Other transactions with significant influence on current period income or financial position: Please refer to Attachment 4.

(4) Major shareholder information

Please refer to Attachment 7.

14. Segment information

(1) General Information

The products of the Company and its subsidiaries are all related to integrated circuit design products and the chief operating decision maker reviews the Group's operating results as a whole to make decisions about resources to be allocated and assess its performance; therefore, the Group is considered a single segment. The preparation basis of the segment is the same with the preparation of this financial statements, and the policies are the same with those mentioned in Note 4, Summary of Significant Accounting Policies.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Geographical information

a. Revenue from external customers

	For the years ended December 31	
	2021	2020
China	$3,859,833	$2,868,703
Taiwan	2,009,911	1,261,627
Japan	712,652	491,853
United States	357,283	267,309
Others	1,145,522	605,815
Total	$8,085,201	$5,495,307

The revenue information above is based on the locations of the customers.

b. Non-current assets

	As of	
	December 31, 2021	December 31, 2020
Taiwan	$946,324	$755,325
Others	76,595	43,253
Total	$1,022,919	$798,578

c. Major customers information

Individual customers accounting for at least 10% of net sales for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Customer A	$145,585	$697,757
Customer B	582,441	584,602
	$728,026	$1,282,359

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 1 (Securities held as of December 31, 2021) (Excluding subsidiaries and associates)

Faraday Technology Corporation

Type of securities	Name of securities	Relationship	Financial statement account	As of December 31, 2021 Units/shares	Carrying amount (thousand)	Percentage of ownership (%)	Fair value/ Net assets value	Note
Common Stock	SHIEH YONG Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	194,944,689	$2,670,986	12.12%	$2,670,986	-
Common Stock	Unitech Capital Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2,500,000	104,821	5.00%	104,821	-

Chih-Hung Investment Corporation

Type of securities	Name of securities	Relationship	Financial statement account	As of December 31, 2021 Units/shares	Carrying amount (thousand)	Percentage of ownership (%)	Fair value/ Net assets value	Note
Preferred stock Common Stock	Aviacomm Ltd.	-	Financial assets at fair value through profit or loss, non-current	14,600,000 1,714,285	$-	12.60%	$-	-
Common Stock	Innostor Technology Corporation	-	Financial assets at fair value through profit or loss, non-current	59,167	-	0.70%	-	-
Common Stock	apm Communication, Inc.	-	Financial assets at fair value through profit or loss, non-current	12,600	-	0.13%	-	-
Common Stock	Storm Semiconductors, Inc.	-	Financial assets at fair value through profit or loss, non-current	2,115,000	-	8.01%	-	-
Common Stock	SanJet Technology Corporation	-	Financial assets at fair value through other comprehensive income, non-current	3,000,000	28,140	9.53%	28,140	-
Preferred stock	Gear Radio Limited	-	Financial assets at fair value through other comprehensive income, non-current	1,200,000	7,969	4.64%	7,969	-
Preferred stock	NeuroSky	-	Financial assets at fair value through other comprehensive income, non-current	44,312,575	-	7.76%	-	-
Preferred stock	Floadia	-	Financial assets at fair value through other comprehensive income, non-current	1,818	-	8.70%	-	-
Common Stock	Hsun Chieh Capital Corp.	-	Financial assets at fair value through other comprehensive income, non-current	3,000,000	69,692	15.00%	69,692	-

Sheng Bang Investment Corporation

Type of securities	Name of securities	Relationship	Financial statement account	As of December 31, 2021 Units/shares	Carrying amount (thousand)	Percentage of ownership (%)	Fair value/ Net assets value	Note
Fund	IB FUND SPC -RCM Auto Parts Industry Fund Segregated	-	Financial assets at fair value through profit or loss, current	10,000	$24,872	-	$24,872	-
Common Stock	Storm Semiconductors, Inc.	-	Financial assets at fair value through profit or loss, non-current	641,000	-	2.43%	-	-
Common Stock	Sifotonics Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	800,000	-	1.52%	-	-
Common Stock	Ascent Venture Capital	-	Financial assets at fair value through other comprehensive income, non-current	3,000,000	23,722	19.67%	23,722	-
Capital	Jian Rui Venture Capital (translated from Chinese)	-	Financial assets at fair value through other comprehensive income, non-current	-	10,108	8.50%	10,108	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 2 (Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2021)

Faraday Technology Corporation

		Transactions					Notes and accounts receivable (payable)		
Counter-party	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Details of non-arm's length transaction	Balance	Percentage of total receivables (payable)	Note
United Microelectronics Corporation	Entity with joint control or significant influence over the Company	Purchases	$1,983,024	67.34%	Month-end 60 days	-	$259,900	18.94%	-
United Microelectronics Corporation	Entity with joint control or significant influence over the Company	Sales	581,422	7.19%	Month-end 60 days	-	153,291	16.33%	-
United Semiconductor (Xiamen) Co., Ltd.	Other related parties	Purchases	514,389	17.47%	Month-end 60 days	-	200,717	14.63%	-

ATTACHMENT 3 (Related party transactions for receivables of NT$100 million or 20 percent of capital stock for the year ended December 31, 2021)

Faraday Technology Corporation

Counter-party	Relationship	Ending Balance of Notes/Trade Receivables from Related Party (Note1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Doubtful Debts
				Amount	Action Taken		
United Microelectronics Corporation	Entity with joint control or significant influence over the Company	$153,291	4.11	$-	$-	$114,653	$-

Note 1: Please fill in accounts receivable from related parties, notes receivable, other receivables, respectively.
Note 2: The capital stock is the parent's capital stock.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 4 (Significant intercompany transactions between consolidated entities)

For the year ended December 31, 2021

				Transactions			
No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Account	Amount	Term	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Sales	$739,108	Note 4	9.14%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Research expenses	66,246	According to the contract	0.82%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Accounts receivable	90,469	Month-end 60 days	0.75%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Other receivables	331	Month-end 60 days	-
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Accounts payable	5,641	Month-end 60 days	0.05%
0	Faraday Technology Corporation	Faraday Technology Japan Corporation	1	Sales	569,144	Note 4	7.04%
0	Faraday Technology Corporation	Faraday Technology Japan Corporation	1	Accounts receivable	92,366	Month-end 60 days	0.77%
0	Faraday Technology Corporation	Faraday Technology Japan Corporation	1	Contract Assets	15,827	According to the contract	0.13%
0	Faraday Technology Corporation	Faraday Technology Japan Corporation	1	Contract liabilities	19,839	According to the contract	0.16%
0	Faraday Technology Corporation	FaradayTek Solutions India Private Limited	1	Research expenses	23,659	According to the contract	0.29%
0	Faraday Technology Corporation	Artery Technology Corporation, Ltd.	1	Sales	418,255	Note 5	5.17%
0	Faraday Technology Corporation	Artery Technology Corporation, Ltd.	1	Other income	283	According to the contract	-
0	Faraday Technology Corporation	Artery Technology Corporation, Ltd.	1	Accounts receivable	55,175	Month-end 60 days	0.46%
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Sales	54,110	Note 5	0.67%
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Contract Assets	21,118	According to the contract	0.18%
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Other receivables	598	Month-end 60 days	-
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Accounts payable	133	Month-end 60 days	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 4 (Significant intercompany transactions between consolidated entities)

For the year ended December 31, 2021

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions: Account	Transactions: Amount	Transactions: Terms	Transactions: Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Contract liabilities	$35,082	According to the contract	0.29%
0	Faraday Technology Corporation	GrainTech Electronics Limited	1	Sales	4,219	Note 5	0.05%
0	Faraday Technology Corporation	GrainTech Electronics Limited	1	Accounts receivable	1,695	Month-end 60 days	0.01%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Sales	439,079	Note 5	5.43%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Administrative expenses	999	According to the contract	0.01%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Contract Assets	13,202	According to the contract	0.11%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Accounts receivable	45,051	Month-end 60 days	0.37%
0	Faraday Technology Corporation	Faraday Technology Corporation (Suzhou)	1	Sales	55,292	Note 5	0.68%
0	Faraday Technology Corporation	Faraday Technology Corporation (Suzhou)	1	Accounts receivable	55,207	Month-end 60 days	0.46%
0	Faraday Technology Corporation	Faraday Technology Corporation (Suzhou)	1	Accounts payable	5	Month-end 60 days	-
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Sales	222,273	Note 5	2.75%
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Accounts receivable	84,331	Month-end 60 days	0.70%
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Other receivables	31,154	Month-end 60 days	0.26%
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Other payables	302	Month-end 60 days	-
0	Faraday Technology Corporation	Artery Technology Company	1	Sales	120,447	Note 5	1.49%
0	Faraday Technology Corporation	Artery Technology Company	1	Other income	3,826	According to the contract	0.05%

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 4 (Significant intercompany transactions between consolidated entities)

For the year ended December 31, 2021

				Transactions			
No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	Faraday Technology Corporation	Artery Technology Company	1	Research expenses	$5,533	According to the contract	0.07%
0	Faraday Technology Corporation	Artery Technology Company	1	Accounts receivable	27,284	Month-end 60 days	0.23%
0	Faraday Technology Corporation	Artery Technology Company	1	Other payables	5,533	Month-end 60 days	0.05%
0	Faraday Technology Corporation	Artery Technology Company	1	Contract liabilities	20,756	According to the contract	0.17%
0	Faraday Technology Corporation	United Business Service Corporation	1	Sales	30,675	Note 5	0.38%
0	Faraday Technology Corporation	United Business Service Corporation	1	Accounts receivable	30,680	Month-end 60 days	0.25%
0	Faraday Technology Corporation	Faraday Technology Vietnam Company Limited	1	Research expenses	41,357	According to the contract	0.51%
0	Faraday Technology Corporation	Faraday Technology Vietnam Company Limited	1	Other current assets	10,305	Month-end 60 days	0.09%
0	Faraday Technology Corporation	Faraday Technology Vietnam Company Limited	1	Accounts payable	8,849	Month-end 60 days	0.07%
1	Faraday Technology Corporation (Suzhou)	Faraday Technology China Corporation	3	Sales	22,001	Note 5	0.27%
1	Faraday Technology Corporation (Suzhou)	United Business Service Corporation	3	Sales	25,689	Note 5	0.32%
1	Faraday Technology Corporation (Suzhou)	United Business Service Corporation	3	Accounts receivable	27,174	Month-end 60 days	0.23%
2	United Business Service Corporation	Faraday Technology China Corporation	3	Sales	1,081	Note 5	0.01%
2	United Business Service Corporation	United Creative Solution Corporation	3	Sales	1,905	Note 5	0.02%
3	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Sales	3,386	Note 5	0.04%
3	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Research expenses	752	According to the contract	0.01%

ATTACHMENT 4 (Significant intercompany transactions between consolidated entities)

Note 1: Faraday Technology Corporation and its subsidiaries are coded as follows:

1. Faraday Technology Corporation is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.
For profit or loss items, cumulative balances are used as basis.

Note 4: The sales price to the above related parties was determined through mutual agreement in reference to resale price.

Note 5: As the sale of product or service is individually designed based on requirement of customers, they could not be compared directly.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 5 (Related information of investee companies as of December 31, 2021)

Faraday Technology Corporation

			Initial Investment		Investment as of December 31, 2021				
Investee company	Address	Main businesses and products	December 31, 2021	December 31, 2020	Number of shares	Percentage of ownership (%)	Carrying amount (Note)	Net income (loss) of investee company (Note)	Investment income (loss) recognized (Note)
Faraday Technology Corporation (USA)	USA	Sales representive in America	$436,907	$436,907	Common stock 118,580 thousand shares and preferred stock 2,000 thousand shares	Common stock owned 100.00% and preferred stock owned 100.00%	$437,715	$33,617	$31,841
Faraday Technology - B.V.I	British Virgin Islands	General investing	855,770	706,792	Common stock 27,489 thousand shares	100.00%	781,052	343,554	343,677
Faraday Technology Japan Corporation	Japan Tokyo	Sales representive in Japan	29,320	29,320	Common stock 2 thousand shares	99.95%	97,586	25,492	25,480
Chih-Hung Investment Corporation	Taiwan	General Investing	620,000	620,000	Common stock 62,000 thousand shares	100.00%	557,452	128,060	128,060
Sheng Bang Investment Corporation	Taiwan	General Investing	222,020	222,020	Common stock 22,202 thousand shares	100.00%	201,710	1,812	1,812
Faraday Technology Vietnam Company Limited	Vietnam	IC design services	9,287	9,287	-	100.00%	13,741	1,512	1,512

Chih-Hung Investment Corporation

			Initial Investment		Investment as of December 31, 2021				
Investee company	Address	Main businesses and products	December 31, 2021	December 31, 2020	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount (Note)	Net income (loss) of investee company (Note)	Investment income (loss) recognized (Note)
Grain Media Inc.	Taiwan	IC designing, marketing and customer service	$1,456	$1,456	Common stock 146 thousand shares	19.42%	$1,129	$(69)	$(13)
Innopower Technology Corporation	Taiwan	Silicon Intellectual Property designing	80,000	80,000	Common stock 14,942 thousand shares	100.00%	337,206	129,781	129,781
FaradayTek Solutions India Private Limited	India	IC design services	45	45	Common stock 10 thousand shares	1.00%	72	304	3

Sheng Bang Investment Corporation

			Initial Investment		Investment as of December 31, 2021				
Investee company	Address	Main businesses and products	December 31, 2021	December 31, 2020	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount (Note)	Net income (loss) of investee company (Note)	Investment income (loss) recognized (Note)
Grain Media Inc.	Taiwan	IC designing, marketing and customer service	$6,044	$6,044	Common stock 604 thousand shares	80.58%	$4,685	$(69)	$(56)
FaradayTek Solutions India Private Limited	India	IC design services	4,462	4,462	Common stock 990 thousand shares	99.00%	7,150	304	301

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 5 (Related information of investee companies as of December 31, 2021)

Innopower Technology Corporation

			Initial Investment		Investment as of December 31, 2021				
Investee company	Address	Main businesses and products	December 31, 2021	December 31, 2020	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount (Note)	Net income (loss) of investee company (Note)	Investment income (loss) recognized (Note)
Bright Capital Group Limited	Samoa	General investing	$68,593	$68,593	Common stock 2,301 thousand shares	100.00%	$362,168	$124,710	$124,710

Faraday Technology - B.V.I

			Initial Investment		Investment as of December 31, 2021				
Investee company	Address	Main businesses and products	December 31, 2021	December 31, 2020	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount (Note)	Net income (loss) of investee company (Note)	Investment income (loss) recognized (Note)
Faraday Technology Corporation-Mauritius	Mauritius	General investing	USD $12,859,205	USD $12,859,205	Common stock 12,804 thousand shares	100.00%	$115,281	$47,576	$47,576
GrainTech Electronics Limited	Hong Kong	IC designing, marketing and customer service	USD 100,000	USD 100,000	Common stock 100 thousand shares	100.00%	4,929	(133)	(133)
Faraday Technology Corporation-Samoa	Samoa	General investing	USD 4,715,067	USD 4,715,067	Common stock 4,715 thousand shares	100.00%	173,096	34,508	34,508
Artery Technology Corporation	Cayman	General investing	USD 9,809,000	USD 4,460,000	Common stock 31,149 thousand shares	60.87%	490,517	395,747	261,629

Artery Technology Corporation

			Initial Investment		Investment as of December 31, 2021				
Investee company	Address	Main businesses and products	December 31, 2021	December 31, 2020	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount (Note)	Net income (loss) of investee company (Note)	Investment income (loss) recognized (Note)
Artery Technology Company	Taiwan	IC designing, marketing and customer service	$171,141	$25,897	Common stock 17,114 thousand shares	60.87%	105,107	4,666	2,510

Note 1: USD are expressed in dollars.
Note 2: The Company owns 100% of Faraday Technology-B.V.I. and Faraday Technology-B.V.I. owns 60.87% in Artery Technology Corporation.The Artery Technology Corporation owns 100% of Artery Technology Company; therefore, the Group's share of profit or loss of Artery Technology Company is 60.87%.

ATTACHMENT 6 (Investment in Mainland China as of December 31, 2021)

Unit:New Taiwan Dollars in thousands, USD and RMB in dollars

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2021	Accumulated inward remittance of earnings as of December 31, 2021
Faraday Technology China Corporation	IC designing, marketing and customer service	$166,020 (USD 6,000,000)	Note 1 Note 3	$166,020 (USD 6,000,000)	$-	$-	$166,020 (USD 6,000,000)	$48,056	100.00%	$48,056	$113,238	$-
Faraday Technology Corporation (Suzhou)	IC designing, marketing and customer service	160,486 (USD 5,800,000)	Note 4	160,486 (USD 5,800,000)	-	-	160,486 (USD 5,800,000)	124,710	100.00%	124,710	362,168	-
Grain Media Technology (Shenzhen) Co., Ltd.	IC designing, marketing and customer service	110,703 (USD 4,000,814)	Note 1 Note 5	110,703 (USD 4,000,814)	- -	-	110,703 (USD 4,000,814)	(451)	100.00%	(451)	-	-
United Business Service Corporation	IC designing, marketing and customer service	130,350 (RMB 30,000,000)	Note 1 Note 6	130,350 (RMB 30,000,000)	-	-	130,350 (RMB 30,000,000)	34,508	100.00%	34,508	173,094	-
Artery Technology Corporation, Ltd.	IC designing, marketing and customer service	330,933 (USD 11,960,000)	Note 1 Note 7 Note 8	123,408 (USD 4,460,000)	42,441 (USD 1,533,815)	-	165,849 (USD 5,993,815)	393,940	60.87%	261,000	369,620	-
United Creative Solution Corporation	IC designing, marketing and customer service	21,725 (RMB 5,000,000)		-	-	-	-	17,950	100.00%	17,950	42,097	-
Innopower Technology Corporation (Chongqing)	IC designing, marketing and customer service	4,345 (RMB 1,000,000)		-	-	-	-	(1)	100.00%	(1)	4,344	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 6 (Investment in Mainland China as of December 31, 2021)

Accumulated investment in Mainland China as of December 31, 2021	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
$733,523 (Note 2) (USD 26,509,696)	$820,295 (Note 2) (USD 29,645,650)	$4,703,983

Note 1: Indirectly investment in Mainland China through subsidiaries of Faraday Technology-B.V.I. (registered in a third region) such as Faraday Technology Corporation-Mauritius, Faraday Technology Corporation- Samoa, and Artery Technology Corporation.

Note 2: Amounts denominated in foreign currency is translated into New Taiwan Dollars by using exchange rate on December 31, 2021.

Note 3: As of December 31, 2021, Investment Commission, MOEA approved the total investment amount USD 6,000 thousand. The Company had remitted investment amounted to USD 5,500 thousand, and Faraday Technology Corporation-Mauritius had remitted investment amounted to USD 500 thousand from its owned capital.

Note 4: On May 19, 2010, Investment Commission, MOEA approved Innopower Technology Corporation acquired the 100% of ownership of Faraday Technology Corporation (Suzhou) (Mainland China company owned by Faraday Technology Corporation- Mauritius, which owned by Faraday Technology- B.V.I.) with USD 602,182 through Brigtht Capital Group Capital Limited. Before the transaction, Investment Commission, MOEA had approved the total investment amount USD 5,800 thousand , and USD 5,800 thousand had been remitted.

Note 5: As of December 31, 2021, Investment Commission, MOEA approved the total investment amount USD 4,112 thousand , and the Company had remitted USD 4,001 thousand for the investment.

Note 6: As of December 31, 2021, Investment Commission, MOEA approved the total investment amount RMB 30,000 thousand , and the Company had remitted RMB 30,000 thousand for the investment.

Note 7: As of December 31, 2021, Investment Commission, MOEA approved the total investment amount USD 7,033 thousand , and the Company had remitted USD 5,994 thousand for the investment.

Note 8: The Company owns 100% of Faraday Technology-B.V.I. and Faraday Technology-B.V.I. owns 60.87% in Artery Technology Corporation.The Artery Technology Corporation owns 100% of Artery Technology Corporation, Ltd. ; therefore, the Group's share of profit or loss of Artery Technology Corporation, Ltd. is 60.87%.

ATTACHMENT 7 (The information of main shareholders)

Number of ordinary shares / Name of major shareholders	Number of shares held (shares)	Percentage of ownership
United Microelectronics Corporation	34,240,213	13.77%
Fubon Life Insurance Co., Ltd.	12,463,000	5.01%

Explanation： If the Company applies to the Taiwan Depository & Clearing Corporation to obtain the information in this form, the following items may be explained in the note of this form.

Note 1: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the Company without physical registration (including treasury shares) is more than 5%. As for the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration, the calculation basis may be different or inconsistent.

Note 2: If the above data is number of trusted shares, it is disclosed by accounts of trustee. The report of shareholders who holding more than 10% ownership according to Securities and Exchange Act, inclueds the shares held by shareholders and trusted assets with right to use. Please refer to Market Observation Post System.