Formosa Sumco Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2021, in accordance with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Formosa Sumco Technology Corporation and subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

FORMOSA SUMCO TECHNOLOGY CORPORATION

By

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March 4, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Formosa Sumco Technology Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group’s consolidated financial statements is as follows:

<u>Revenue Recognition</u>

The Group mainly manufactures and sells silicon wafers. For some of the major clients, the Group recognizes sales revenue when the goods have been delivered to the client’s designated location and the client actually uses the goods in accordance with the agreement. As the above-mentioned sales revenue is significant for the year ended December 31, 2021, the occurrence of revenue recognition for the aforementioned type of sales revenue has been deemed as a key audit matter for the year ended December 31, 2021.

To address this matter, we evaluated the Group’s revenue recognition policy and the relevant design and implementation of internal controls for this type of revenue, also performed test of related controls and substantive tests, selected samples of revenue for this type of sales, verified them against sales reports, the clients’ transaction statements and related documents to confirm that the transactions for this type of sales had been occurred.

Other Matter

We have also audited the parent company only financial statements of Formosa Sumco Technology Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ching-Ting Yang and Wen-Yuan Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021 Amount	2021 %	2020 Amount	2020 %
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 9,283,087	39	$ 7,860,058	34
Financial assets at amortized cost - current (Notes 4 and 8)	-	-	300,000	1
Trade receivables from unrelated parties (Notes 4, 9 and 19)	1,670,140	7	1,671,922	7
Trade receivables from related parties (Notes 4, 9, 19 and 25)	456,728	2	305,906	1
Other receivables from unrelated parties (Notes 4 and 9)	31,673	-	40,304	-
Other receivables from related parties (Notes 4, 9 and 25)	1,221	-	2,629	-
Inventories (Notes 4, 5 and 10)	2,886,367	12	2,967,506	13
Prepayments (Notes 4 and 15)	128,952	1	127,247	1
Total current assets	14,458,168	61	13,275,572	57
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	311	-	324	-
Property, plant and equipment (Notes 4, 12, 25 and 26)	8,880,516	38	9,548,512	42
Right-of use assets (Notes 4, 13 and 25)	17,357	-	30,015	-
Intangible assets (Notes 4, 14 and 25)	7,963	-	6,564	-
Deferred tax assets (Notes 4 and 21)	269,662	1	227,629	1
Prepayments for equipment (Note 4)	85,517	-	9,492	-
Refundable deposits (Note 4)	205	-	205	-
Other non-current assets (Notes 4 and 15)	1,746	-	2,995	-
Total non-current assets	9,263,277	39	9,825,736	43
TOTAL	$ 23,721,445	100	$ 23,101,308	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 19)	$ 126,870	-	$ 153,973	1
Trade payables to unrelated parties (Note 4)	428,292	2	421,262	2
Trade payables to related parties (Notes 4 and 25)	112,151	-	106,536	-
Other payables to unrelated parties (Notes 4, 16 and 20)	1,077,540	5	941,537	4
Other payables to related parties (Notes 4, 16 and 25)	274,658	1	259,170	1
Current tax liabilities (Notes 4 and 21)	371,182	2	364,517	2
Lease liabilities - current (Notes 4, 13 and 25)	7,292	-	11,352	-
Other current liabilities	11,634	-	11,558	-
Total current liabilities	2,409,619	10	2,269,905	10
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	28,495	-	20,930	-
Lease liabilities - non-current (Notes 4, 13 and 25)	10,298	-	18,890	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	401,904	2	375,686	2
Guarantee deposits (Note 4)	217	-	683	-
Other non-current liabilities	18,156	-	69,186	-
Total non-current liabilities	459,070	2	485,375	2
Total liabilities	2,868,689	12	2,755,280	12
EQUITY (Notes 4, 18 and 23)				
Share capital				
Ordinary shares	3,878,483	16	3,878,483	17
Capital surplus	5,739,249	24	5,739,235	25
Retained earnings				
Legal reserve	2,424,699	10	2,293,240	10
Unappropriated earnings	8,839,600	38	8,414,855	36
Total retained earnings	11,264,299	48	10,708,095	46
Other equity	(29,275)	-	20,215	-
Total equity	20,852,756	88	20,346,028	88
TOTAL	$ 23,721,445	100	$ 23,101,308	100

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 19, 25 and 29)	$ 12,166,313	100	$ 11,934,697	100
OPERATING COSTS (Notes 10, 14, 17, 20 and 25)	(9,613,840)	(79)	(9,520,690)	(80)
GROSS PROFIT	2,552,473	21	2,414,007	20
OPERATING EXPENSES (Notes 17, 20 and 25)				
Marketing	(462,648)	(4)	(348,121)	(3)
Administrative	(273,806)	(2)	(228,242)	(2)
Total operating expenses	(736,454)	(6)	(576,363)	(5)
INCOME FROM OPERATIONS	1,816,019	15	1,837,644	15
NON-OPERATING INCOME AND EXPENSES (Notes 4, 20 and 25)				
Interest income	21,890	-	44,622	1
Other income	16,162	-	19,404	-
Other gains and losses	(162,243)	(1)	(332,643)	(3)
Finance costs	(395)	-	(1,050)	-
Total non-operating income and expenses	(124,586)	(1)	(269,667)	(2)
INCOME BEFORE INCOME TAX	1,691,433	14	1,567,977	13
INCOME TAX EXPENSE (Notes 4 and 21)	(280,663)	(2)	(260,066)	(2)
NET INCOME	1,410,770	12	1,307,911	11
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 17, 18 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(25,865)	-	8,343	-
Unrealized gain/(loss) on investments in equity instruments designated as at fair value through other comprehensive income	(13)	-	7	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	5,173	-	(1,669)	-

(Continued)

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (49,477)	(1)	$ (5,882)	-
Other comprehensive income (loss) for the year, net of income tax	(70,182)	(1)	799	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,340,588	11	$ 1,308,710	11
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	$ 3.64		$ 3.37	
Diluted earnings per share	$ 3.64		$ 3.37	

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Others			
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Total Equity
BALANCE AT JANUARY 1, 2020	$ 3,878,483	$ 5,739,217	$ 2,080,660	$ 8,670,319	$ 10,750,979	$ 25,811	$ 279	$ 26,090	$ 20,394,769
Appropriation of 2019 earnings									
Legal reserve	-	-	212,580	(212,580)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(1,357,469)	(1,357,469)	-	-	-	(1,357,469)
	-	-	212,580	(1,570,049)	(1,357,469)	-	-	-	(1,357,469)
Dividends expired and uncollected by shareholders	-	18	-	-	-	-	-	-	18
Net income or the year ended December 31, 2020	-	-	-	1,307,911	1,307,911	-	-	-	1,307,911
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	6,674	6,674	(5,882)	7	(5,875)	799
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	1,314,585	1,314,585	(5,882)	7	(5,875)	1,308,710
BALANCE AT DECEMBER 31, 2020	3,878,483	5,739,235	2,293,240	8,414,855	10,708,095	19,929	286	20,215	20,346,028
Appropriation of 2020 earnings									
Legal reserve	-	-	131,459	(131,459)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(833,874)	(833,874)	-	-	-	(833,874)
	-	-	131,459	(965,333)	(833,874)	-	-	-	(833,874)
Dividends expired and uncollected by shareholders	-	14	-	-	-	-	-	-	14
Net income or the year ended December 31, 2021	-	-	-	1,410,770	1,410,770	-	-	-	1,410,770
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	(20,692)	(20,692)	(49,477)	(13)	(49,490)	(70,182)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	1,390,078	1,390,078	(49,477)	(13)	(49,490)	1,340,588
BALANCE AT DECEMBER 31, 2021	$ 3,878,483	$ 5,739,249	$ 2,424,699	$ 8,839,600	$ 11,264,299	$ (29,548)	$ 273	$ (29,275)	$ 20,852,756

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,691,433	$ 1,567,977
Adjustments for:		
Depreciation expenses	2,054,465	2,235,048
Amortization expenses	2,412	2,913
Interest expense	395	1,050
Interest income	(21,890)	(44,622)
Dividend income	(2)	(9)
Gain on disposal of property, plant and equipment	(68)	(1)
Write-down of inventories	16,567	8,347
Net loss on foreign exchange	16,162	21,209
Changes in operating assets and liabilities		
Trade receivables	(180,417)	(22,349)
Other receivables	10,199	716
Inventories	46,925	(86,818)
Prepayments	2,094	53,392
Contract liabilities	(27,103)	84,381
Trade payables	13,250	9,220
Other payables	430,445	(188,107)
Other current liabilities	76	2,128
Net defined benefit liabilities	1,288	139
Cash generated from operations	4,056,231	3,644,614
Interest received	21,890	44,622
Dividends received	2	9
Interest paid	(395)	(1,050)
Income tax paid	(304,228)	(115,208)
Net cash generated from operating activities	3,773,500	3,572,987
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(300,000)
Disposal of financial assets at amortized cost	300,000	-
Payments for property, plant and equipment	(1,666,076)	(657,896)
Disposal of property, plant and equipment	91	1
Decrease in refundable deposits	-	4
Payments for intangible assets	(3,098)	(7,728)
Decrease in other non-current assets	487	-
Increase in other non-current assets	-	(2,436)
Increase in prepayments for equipment	(85,452)	(18,894)
Net cash used in investing activities	(1,454,048)	(986,949)

(Continued)

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	$ -	$ 436
Decrease in guarantee deposits received	(466)	-
Repayment of the principal portion of lease liabilities	(11,122)	(11,281)
Increase in other non-current liabilities	-	9,072
Decrease in other non-current liabilities	(51,030)	-
Dividends paid to owners of the Company	(833,807)	(1,357,405)
Net cash used in financing activities	(896,425)	(1,359,178)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	2	8,447
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,423,029	1,235,307
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,860,058	6,624,751
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 9,283,087	$ 7,860,058

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

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

1. GENERAL INFORMATION

Formosa Sumco Technology Corporation (the "Company", formerly Formosa Komatsu Silicon Corporation) was established by Formosa Plastics Corporation, Asia Pacific Investment Corporation and Komatsu Electronic Metals Co., Ltd. The Company was incorporated in the Republic of China ("ROC") in and commenced business in November 1995. The Company mainly manufactures, sells, and trades silicon wafers.

On October 18, 2006, Sumco Corporation acquired 51% of the equity in Komatsu Electronic Metals Co., Ltd. As the result, the Company's name was changed to Formosa Sumco Technology Corporation in accordance with the resolution passed at the general shareholders' meeting on December 29, 2006, and this name change was registered with the Ministry of Economic Affairs, Republic of China. In addition, Komatsu Electronic Metals Co., Ltd. changed its name to Sumco Techxiv Corporation.

The Company became publicly listed on September 12, 2006, and its shares have been listed and started trading on the Emerging Stock Board (ESB) on November 23, 2006. The Company was subsequently listed and started trading on the Taiwan Stock Exchange since December 10, 2007.

The Company's parent is Sumco Techxiv Corporation, which held 45.57% and 45.57% of the ordinary shares of the Company as of December 31, 2021 and 2020, respectively. The Company's ultimate parent is Sumco Corporation.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar (NTD).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 4, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

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

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 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.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group entities (including subsidiaries in other countries that are using currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the monthly weighted-average cost on the balance sheet date.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

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

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

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

- Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits, commercial papers and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

k. Revenue recognition

The Group identifies the contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of silicon wafers. Sales of silicon wafers are recognized as revenue when the goods are delivered to the customer's specific location or the goods are actually used because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized con-currently.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from consignment services. The Group is an agent and its performance obligation is the provision of consignment services. The Group recognizes revenue in the net amount of consideration received or receivable when the goods that are consigned are transferred to the customer and the Group has no further obligation to the customer.

l. Leasing

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

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Current service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forwards, and unused tax credits for purchases of machinery and equipment to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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.

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, and therefore, the Group uses judgment and estimates to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid advancement in technology, the Group estimates the net realizable value of inventories for obsolete and unmarketable items at the end of the reporting period and then writes down the cost of inventories to their net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, and hence may result in significant changes. The carrying amounts of inventories as of December 31, 2021 and 2020 are disclosed in Note 10.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 8	$ -
Checking accounts	2,543	336
Demand deposits	564	546
Foreign currency deposits	606,969	879,244
Cash equivalents (investments with original maturities of less than 3 months)		
Commercial papers	1,574,086	754,923
Repurchase agreements collateralized by bonds	1,683,130	1,367,261
Time deposits	5,415,787	4,857,748
	$ 9,283,087	$ 7,860,058

The market rate intervals of cash in bank, commercial papers and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	December 31	
	2021	2020
Demand deposits	0.02%	0.02%
Foreign currency deposits	0.0001%-0.01%	0.01%
Commercial papers	0.25%-0.37%	0.22%-0.27%
Repurchase agreements collateralized by bonds	0.25%-0.30%	0.22%-0.24%
Time deposits	0.31%-0.38%	0.33%-0.42%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Non-current		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - Formosa Petrochemical Corporation	$ 311	$ 324

The Group invested in the ordinary shares of Formosa Petrochemical Corporation for long-term strategy purposes, and expects to profit from the shares through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$ -	$ 300,000

The range of interest rates for time deposits with original maturities of more than 3 months were approximately 0.42% per annum as December 31, 2020.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Trade receivables		
At amortized cost		
Gross carrying amount		
Trade receivables from unrelated parties	$ 1,670,140	$ 1,671,922
Trade receivables from related parties	456,728	305,906
Less: Allowance for impairment loss	-	-
	$ 2,126,868	$ 1,977,828
Other receivables		
Tax refund receivables (sales tax)	$ 30,142	$ 37,250
Others	1,531	3,054
	$ 31,673	$ 40,304
Other receivables - related parties		
Others	$ 1,221	$ 2,629

Trade Receivables

At amortized cost

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group provides for expected credit losses based on the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group’s different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	$ 2,126,868	$ -	$ -	$ -	$ -	$ 2,126,868
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 2,126,868	$ -	$ -	$ -	$ -	$ 2,126,868

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	$ 1,977,828	$ -	$ -	$ -	$ -	$ 1,977,828
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 1,977,828	$ -	$ -	$ -	$ -	$ 1,977,828

10. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 833,149	$ 750,902
Supplies	1,070,445	1,082,442
Work in progress	482,277	564,383
Finished goods	611,520	679,605
Merchandise inventories	22,813	7,444
Less: Allowance for inventory write-downs	(133,837)	(117,270)
	$ 2,886,367	$ 2,967,506

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $9,613,840 thousand and $9,520,690 thousand, respectively.

The cost of goods sold for the year ended December 31, 2021 included reversal of inventory write-downs of $16,567 thousand and income from the sale of silicon waste of $72,655 thousand, respectively.

The cost of goods sold for the year ended December 31, 2020 included reversal of inventory write-downs of $8,347 thousand and income from the sale of silicon waste of $46,629 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2021	Proportion of Ownership December 31 2020
The Company	Japan Formosa Sumco Technology Corporation	Manufacture and sale of high quality ingots and other related businesses	100%	100%

The above subsidiary was incorporated in the consolidated financial statements on the basis of the subsidiary's audited financial statements for the same reporting periods as the Company.

12. PROPERTY, PLANT AND EQUIPMENT

Asset Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment Under Installation and Construction in Progress	Total
Cost						
Balance at January 1, 2021	$ 120,906	$ 3,933,248	$ 33,583,371	$ 923,231	$ 1,040,953	$ 39,601,709
Additions	-	-	27,337	34,747	1,392,574	1,454,658
Reclassifications	-	11,281	1,517,783	75,696	(1,604,760)	-
Disposals	-	-	(389,440)	(405,120)	-	(794,537)
Effect of foreign currency exchange differences	-	-	(143,159)	(2,316)	-	(145,475)
Balance at December 31, 2021	$ 120,906	$ 3,944,529	$ 34,595,892	$ 626,238	$ 828,767	$ 40,116,332
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$ 1,573,175	$ 27,730,332	$ 749,690	$ -	$ 30,053,197
Disposals	-	-	(380,440)	(405,097)	-	(794,560)
Depreciation expense	-	111,725	1,847,719	56,883	-	2,043,327
Effect of foreign currency exchange differences	-	-	(64,869)	(1,302)	-	(66,171)
Balance at December 31, 2021	$ -	$ 1,684,900	$ 29,150,742	$ 400,174	$ -	$ 31,325,816
Carrying amount at December 31, 2021	$ 120,906	$ 2,259,629	$ 5,445,150	$ 226,064	$ 828,767	$ 8,880,516
Cost						
Balance at January 1, 2020	$ 120,906	$ 3,901,905	$ 32,397,869	$ 813,591	$ 1,497,235	$ 38,731,506
Additions	-	-	18,275	65,070	827,181	910,526
Reclassifications	-	31,343	1,200,097	52,023	(1,283,463)	-
Disposals	-	-	(15,454)	(7,171)	-	(22,625)
Effect of foreign currency exchange differences	-	-	(17,416)	(282)	-	(17,698)
Balance at December 31, 2020	$ 120,906	$ 3,933,248	$ 33,583,371	$ 923,231	$ 1,040,953	$ 39,601,709

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment Under Installation and Construction in Progress	Total
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ -	$ 1,462,462	$ 25,680,303	$ 716,852	$ -	$ 27,859,617
Disposals	-	-	(15,454)	(7,171)	-	(22,625)
Depreciation expense	-	110,713	2,072,756	40,155	-	2,223,624
Effect of foreign currency exchange differences	-	-	(7,273)	(146)	-	(7,419)
Balance at December 31, 2020	$ -	$ 1,573,175	$ 27,730,332	$ 749,690	$ -	$ 30,053,197
Carrying amount at December 31, 2020	$ 120,906	$ 2,360,073	$ 5,853,039	$ 173,541	$ 1,040,953	$ 9,548,512

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, as follows:

Building	
Real estate, dormitories, warehouses, and readiness rooms	23-35 years
Wastewater treatment area and strain tanks	15-35 years
Machinery and equipment	5-12 years
Other equipment	3-12 years

The Group did not have impairment of property, plant and equipment in 2021 and 2020.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31 2021	December 31 2020
Carrying amounts		
Land	$ 7,325	$ 10,988
Buildings	10,032	19,027
	$ 17,357	$ 30,015

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Additions to right-of-use assets	$ -	$ 25,194
Depreciation charge for right-of-use assets		
Land	$ 3,662	$ 3,662
Buildings	7,476	7,762
	$ 11,138	$ 11,424

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 7,292	$ 11,352
Non-current	$ 10,298	$ 18,890

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.1%	1.1%
Buildings	1.1%	1.1%

14. INTANGIBLE ASSETS

	December 31	
	2021	2020
Technical cooperation fees	$ 7,963	$ 6,564

	December 31	
	2021	2020
Cost		
Balance at January 1	$ 7,728	$ -
Additions	3,098	7,728
Balance at December 31	$ 10,826	$ 7,728
Accumulated amortization		
Balance at January 1	$ 1,164	$ -
Amortization expense	1,699	1,164
Balance at December 31	$ 2,863	$ 1,164
Carrying amount at December 31	$ 7,963	$ 6,564

The Company signed a technical cooperation arrangement with Sumco Corporation with a total fee of JPY13,000 thousand (NT$3,098 thousand) in December 2020, March, April, June, August, September and November 2021 has been paid JPY13,000 thousand (NT$3,098 thousand) in April, May, July, November and December 2021, and are amortized over a period of 60 months.

The Company signed a technical cooperation arrangement with Sumco Corporation with a total fee of JPY28,000 thousand (NT$7,728 thousand) in March and December 2020 has been paid JPY28,000 thousand (NT$7,728 thousand) in March, April and December 2020, and are amortized over a period of 60 months.

The amortization expense as of December 31, 2021 was $1,699 thousand. The amortization expense is accounted for as technical corporation expense under operating costs.

The amortization expense as of December 31, 2020 was $1,164 thousand. The amortization expense is recognized as technical corporation expense under operating costs.

15. OTHER ASSETS

	December 31	
	2021	2020
Prepayments	$ 128,952	$ 127,247
Others (including testing fees and electricity subsidies)	1,746	2,995
	$ 130,698	$ 130,242
Current	$ 128,952	$ 127,247
Non-current	1,746	2,995
	$ 130,698	$ 130,242

16. OTHER LIABILITIES

	December 31	
	2021	2020
Other payables - current		
Payables for purchase of equipment	$ 203,333	$ 417,913
Payables for salary and bonus	599,809	308,058
Payables for insurance	34,033	27,615
Payables for utilities	55,661	53,682
Payables for dividends	155	102
Others (Note)	184,549	134,167
	$ 1,077,540	$ 941,537
Other payables - related parties (current)		
Payables for purchase of equipment - related parties	$ -	$ 6,265
Payables for royalties - related parties	259,423	210,734
Payables for accrued expenses - related parties	15,235	42,171
	$ 274,658	$ 259,170

Note: Others included under other payables - current are mainly payables for project fees, pension cost, employees' compensation and taxation.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 574,164	$ 539,439
Fair value of plan assets	(172,260)	(163,753)
Net defined benefit liabilities	$ 401,904	$ 375,686

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	$ 535,186	$ (151,296)	$ 383,890
Service cost			
Current service cost	3,075	-	3,075
Net interest expense (income)	5,352	(1,544)	3,808
Recognized in profit or loss	8,427	(1,544)	6,883
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,169)	(4,169)
Actuarial (gain) loss - experience adjustments	(4,174)	-	(4,174)
Recognized in other comprehensive income	(4,174)	(4,169)	(8,343)
Contributions from the employer	-	(6,744)	(6,744)
Balance at December 31, 2020	539,439	(163,753)	375,686
Service cost			
Current service cost	3,012	-	3,012
Net interest expense (income)	5,394	(1,699)	3,725
Recognized in profit or loss	8,406	(1,699)	6,737

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (454)	$ (454)
Actuarial (gain) loss - experience adjustments	26,319	-	26,319
Recognized in other comprehensive income	26,319	(454)	25,865
Contributions from the employer	-	(6,384)	(6,384)
Balance at December 31, 2021	$ 574,164	$ (172,260)	$ 401,904

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rates	0.50%	1.00%
Expected rates of salary increase	2.85%	2.85%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rates		
0.25% increase	$ (15,910)	$ (18,045)
0.25% decrease	$ 16,526	$ 18,859
Expected rates of salary increase		
1% increase	$ 68,505	$ 79,994
1% decrease	$ (60,148)	$ (68,437)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
The expected contributions to the plan for the next year	$ 6,812	$ 6,249
The average duration of the defined benefit obligation	13.3 years	16.0 years

18. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Numbers of shares authorized (in thousands)	775,697	775,697
Shares authorized	$ 7,756,966	$ 7,756,966
Number of shares issued and fully paid (in thousands)	387,848	387,848
Shares issued	$ 3,878,483	$ 3,878,483

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares (1)	$ 5,739,080	$ 5,739,080
May be used to offset a deficit only		
Dividends expired and uncollected by shareholders (2)	169	155
	$ 5,739,249	$ 5,739,235

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Accounted for as capital surplus - others, and may be used only to offset a deficit.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 20(g).

The Company belongs to a high-tech capital intensive industry and is in the growth phase. To support the Company's growth, the Company has three different methods to distribute dividends, including cash dividends, capitalization of retained earnings, and capital surplus, and no more than 80% of distributable surplus should be distributed from the legal reserve and special reserve. In principle, cash dividends should be distributed first, and the aggregate of capitalized of retained earnings and capital surplus shall not exceed 50% of total dividends.

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

The appropriations of earnings for 2020 and 2019 which were approved in the shareholders' meetings on July 28, 2021 and June 11, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	**2019**	**2020**	**2019**
Legal reserve	$ 131,459	$ 212,580		
Cash dividends	833,874	1,357,469	$ 2.15	$ 3.50

The appropriations of earnings for 2021 was proposed by the Company's board of directors on March 4, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 139,008	
Special reserve	29,275	
Cash dividends	861,023	$2.22

The appropriations of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 17, 2022.

d. Other equity items

The exchange differences arising on translation of foreign operations' net assets from their functional currencies to the Group's presentation currency (NTD) are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the exchange differences on translating the financial statements of foreign operations are reclassified to profit or loss on the disposal of the foreign operation.

Unrealized gain (loss) on available-for-sale financial assets represents the cumulative gains or losses arising from the fair value measurement on available-for-sale financial assets that are recognized in other comprehensive income, excluding those available-for-sale financial assets that have been disposed of or are determined to be impaired subsequently, the related cumulative gains or losses in other comprehensive income are reclassified into profit or loss.

19. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from the sale of goods	$ 12,166,313	$ 11,934,697

Contract Balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 9)	$ 2,126,868	$ 1,977,828	$ 1,973,598
Contract assets	$ 126,870	$ 153,973	$ 69,592

20. NET INCOME

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 19,755	$ 43,647
Financial assets at amortized cost	2,122	957
Others	13	18
	$ 21,890	$ 44,622

b. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income	$ 2	$ 9
Others (including commission income, etc.)	16,160	19,395
	$ 16,162	$ 19,404

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	$ (161,383)	$ (329,910)
Gain on disposal of property, plant and equipment	68	1
Others	(928)	(2,734)
	$ (162,243)	$ (332,643)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on lease liability	$ 266	$ 402
Interest expense	129	648
	$ 395	$ 1,050

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 2,042,684	$ 2,224,197
Operating expenses	11,781	10,851
	$ 2,054,465	$ 2,235,048
An analysis of amortization by function		
Operating costs	$ 2,412	$ 2,913
Operating expenses	-	-
	$ 2,412	$ 2,913

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (see Note 17)		
Defined contribution plans	$ 59,569	$ 56,490
Defined benefit plans	6,737	6,883
	66,396	63,373
Salary and bonus etc.	1,824,269	1,547,994
	$ 1,890,665	$ 1,611,367
An analysis of employee benefits expense by function		
Operating costs	$ 1,675,687	$ 1,429,199
Operating expenses	214,978	182,168
	$ 1,890,665	$ 1,611,367

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation at rates of no less than 0.05% and no higher than 0.5%, respectively, of net profit before income tax excluding employees' compensation. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on March 4, 2022 and March 23, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	**2020**
Employees' compensation	0.300%	0.300%
Remuneration of directors and supervisors	-	-

Amount

	For the Year Ended December 31	
	2021	**2020**
	Cash	**Cash**
Employees' compensation	$ 5,055	$ 4,647
Remuneration of directors and supervisors	-	-

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

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

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

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	**2020**
Foreign exchange gains	$ 129,940	$ 118,996
Foreign exchange losses	(291,323)	(448,906)
Net losses	$ (161,383)	$ (329,910)

21. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 291,522	$ 303,874
Income tax expense of unappropriated earnings	17,463	27,156
Adjustments for prior years	973	(54,276)
Deferred tax		
In respect of the current year	(29,295)	(16,688)
Income tax expense recognized in profit or loss	$ 280,663	$ 260,066

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	$ 1,691,433	$ 1,567,977
Income tax expense calculated at the statutory rate (20%)	$ 338,287	$ 313,595
Nondeductible expense in determining taxable income	2	298
Tax-exempt income	(51,303)	(45,581)
Income tax on unappropriated earnings	17,463	27,156
Recognized investment credits	(33,844)	-
Effect of different tax rate of group entities operating in other jurisdictions	9,085	18,874
Adjustments for prior years' tax	973	(54,276)
Income tax expense recognized in profit or loss	$ 280,663	$ 260,066

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year:		
Remeasurement on defined benefit plan	$ 5,173	$ (1,669)
Total income tax recognized in other comprehensive income	$ 5,173	$ (1,669)

c. Current tax liabilities

	December 31	
	2021	2020
Income tax payable	$ 371,182	$ 364,517

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Exchange differences on the difference in timing of translation of foreign currency assets and liabilities	$ 7,348	$ (628)	$ -	$ 6,720
Allowance for inventory write-offs	23,454	3,065	-	26,519
Defined benefit obligation	72,627	70	5,173	77,870
Difference in depreciation method of machinery and equipment	111,039	34,535	-	145,392
Others	13,161	-	-	13,161
	$ 227,629	$ 36,860	$ 5,173	$ 269,662
Deferred tax liabilities				
Temporary differences				
Others	$ (20,930)	$ (7,565)	$ -	$ (28,495)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Exchange differences on the difference in timing of translation of foreign currency assets and liabilities	$ 15,691	$ (8,343)	$ -	$ 7,348
Allowance for inventory write-offs	21,785	1,669	-	23,454
Defined benefit obligation	74,269	27	(1,669)	72,627
Difference in depreciation method of machinery and equipment	83,279	27,760	-	111,039
Others	13,899	(738)	-	13,161
	$ 208,923	$ 20,375	$ (1,669)	$ 227,629
Deferred tax liabilities				
Temporary differences				
Others	$ (17,243)	$ (3,687)	$ -	$ (20,930)

e. Income tax assessments

The income tax returns of the Company through 2019 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	For the Year Ended December 31	
	2021	2020
Net income	$ 1,410,770	$ 1,307,911
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	387,848	387,848
Effect of potentially dilutive ordinary shares		
Employees' compensation	25	45
Weighted average number of ordinary shares used for computation of diluted earnings per share (in thousands)	387,873	387,893

If the Group offered to settle bonuses or compensation paid to employees in shares or cash, the Group assumed the entire amount of the bonus or compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

23. CAPITAL MANAGEMENT

In consideration of the prevailing industry dynamics and the future development as well as the changes in the external economic environment, the Group manages its working capital and dividend payments in the future, to ensure that the Group will be able to continue as a going concern while maximizing the returns to shareholders as well as other related parties through the optimization of capital structure.

The Group could make adjustments to dividends or issue new shares in order to maintain or adjust the capital structure.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The Group's management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Securities listed in the ROC				
Equity securities	$ 311	$ -	$ -	$ 311

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Securities listed in the ROC				
Equity securities	$ 324	$ -	$ -	$ 324

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Financial assets at amortized cost (1)	$ 11,412,912	$ 10,143,774
Financial assets at FVTOCI		
Equity instruments	311	324
Financial liabilities		
Amortized cost (2)	1,273,745	1,402,340

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables (excluding sales tax refund receivables), and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise trade and other payables (excluding payables for salary and bonus, employees' compensation, pension cost, dividend, and taxation), and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivable, trade payables, and bank borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar (USD) and Japanese Yen (JPY).

The following table details the Group's sensitivity to a 10% increase and decrease in NTD (the functional currency) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the NTD weakening 10% against the relevant currency. For a 10% strengthening of the NTD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2021	**2020**	**2021**	**2020**
Profit or loss	$ 341,825 (i)	$ 498,089 (i)	$ (24,675) (ii)	$ (36,918) (ii)

i. This was mainly attributable to the exposure outstanding on cash, receivables and payables in USD, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure to outstanding on cash, receivables and payables in JPY, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency decreased during the current year mainly due to the decrease in bank deposits and time deposits in USD. The Company's sensitivity to foreign currency decreased during the current period mainly due to the decrease of account payables in JPY.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 8,673,003	$ 7,279,932
Cash flow interest rate risk		
Financial assets	607,533	879,790

<u>Sensitivity analysis</u>

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would increase/decrease by $6,075 thousand and $8,798 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on floating rate bank deposits.

The Group's sensitivity to interest rates was not significantly different for the years ended December 31, 2021 and 2020.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily trade receivables.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for the clients with trade receivables accounting for 10% of total monetary assets. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 10% of total monetary assets at any time during the years ended December 31, 2021 and 2020.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents, highly liquid marketable securities, and sufficient bank borrowings deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest risk rate table

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2021

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 1,273,745	$ -	$ -	$ -
Lease liabilities	3,819	3,473	10,298	-
	$ 1,277,564	$ 3,473	$ 10,298	$ -

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 7,292	$ 10,298	$ -	$ -

December 31, 2020

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 1,402,340	$ -	$ -	$ -
Lease liabilities	5,660	5,692	15,157	3,733
	$ 1,408,000	$ 5,692	$ 15,157	$ 3,733

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 11,352	$ 18,890	$ -	$ -

The following tables detail the Group's expected maturities for some of its non-derivative financial assets. The tables below had been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

December 31, 2021

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing assets	$ 2,132,376	$ -
Variable interest rate assets	607,535	-
Fixed interest rate assets	8,674,707	-
	$ 11,414,618	$ -

December 31, 2020

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing assets	$ 1,984,052	$ -
Variable interest rate assets	879,877	-
Fixed interest rate assets	7,283,065	-
	$ 10,146,994	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

Related parties and their relationships with the Group:

Related Party	Related Party Categories and Relationship with the Group
Sumco Corporation	Ultimate parent company
Sumco Techxiv Corporation	Parent of the Company
Sumco Technology Corporation	Sister company (subsidiary of Sumco Corporation)
Formosa Plastic Corporation	Investor with significant influence over the Group (equity-method investor holding 29.05% of the equity of the Company)
Formosa Technologies Corporation	Other (a director is the chairman of the Company)
Formosa Daikin Advanced Chemicals Co., Ltd.	Other (same chairman)
Formosa Heavy Industries Corporation	Other (same chairman)

Operating Transaction

a. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Sales	Ultimate parent company (Sumco Corporation)	$ 574,992	$ 30,368
	Parent entity (Sumco Techxiv Corporation)	1,848,353	1,840,765
		$ 2,423,345	$ 1,871,133

The transaction prices are based on mutual agreement. The credit term are from the day the related party confirms the sale: (a) 60 days - parent entity; (b) 55 days - ultimate parent company.

b. Purchases of goods

Related Party Category	For the Year Ended December 31 2021	2020
Ultimate parent company (Sumco Corporation)	$ 608,604	$ 594,195
Parent company of the Company (Sumco Techxiv Corporation)	34,331	31,098
Investor with significant influence over the Group (Formosa Plastic Corporation)	25,743	21,517
Others (same chairman or a director is the chairman of the Company)	23,153	19,040
	$ 691,831	$ 665,850

The transaction prices are based on mutual agreement. Payments are due within the following number of days from the receipt of the Group's goods: (a) 30 to 70 days - parent entity; (b) 60 to 120 days - ultimate parent entity; and (c) immediately upon delivery - all other related parties.

Receivables from related parties are as follows:

Line Item	Related Party Category	December 31 2021	December 31 2020
Trade receivable	Ultimate parent company (Sumco Corporation)	$ 131,392	$ 29,674
	Parent entity (Sumco Techxiv Corporation)	325,336	276,232
		$ 456,728	$ 305,906

Payables to related parties are as below:

Line Item	Related Party Category	December 31 2021	December 31 2020
Trade payable	Ultimate parent entity (Sumco Corporation)	$ 104,471	$ 100,525
	Parent entity (Sumco Techxiv Corporation)	2,947	3,976
	Investor with significant influence over the Group (Formosa Plastic Corporation)	3,429	1,776
	Others (same chairman or a director is the chairman of the Company)	1,304	259
		$ 112,151	$ 106,536

The outstanding trade payables to related parties are unsecured and will be paid by cash. The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

c. Commission income, income from sale of waste, other revenue and other receivables

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Ultimate parent company (commission income, accounted for as other income; other revenue, accounted for as deduction of operating costs)	$ 2,674	$ 9,150
Sister company (selling waste income, accounted for as deduction of operating cost)	14,378	15,202
Investor with significant influence over the Group (other income)	807	1,049
	$ 17,859	$ 25,401

	December 31 2021	December 31 2020
Ultimate parent company (other receivables)	$ -	$ 1,288
Sister company (other receivables)	1,221	1,341
	$ 1,221	$ 2,629

d. Lease arrangements - the Group is lessee

	December 31	
	2021	2020
Acquisition of right-of-use assets		
Ultimate parent company (Sumco Corporation)	$ -	$ 18,526
Investors with significant influence over the Group (Formosa Plastic Corporation)	-	6,668
	$ -	$ 25,194

Line Item	Related Party Category	December 31 2021	December 31 2020
Lease liabilities	Ultimate parent company (Sumco Corporation)	$ 9,777	$ 14,691
	Investors with significant influence over the Group (Formosa Plastic Corporation)	7,446	14,461
		$ 17,223	$ 29,152

Related Party Category	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Interest expense		
Ultimate parent company (Sumco Corporation)	$ 134	$ 186
Investors with significant influence over the Group (Formosa Plastic Corporation)	124	200
	$ 258	$ 386

The rent to the ultimate parent company for the lease of factory with 5-year lease term in January 2020 is based on the price agreed by the parties and paid in monthly. The rent to the related parties for the lease of land and offices with 5-year and 2-year lease term respectively in January 2020 and 2019 is based on the price agreed by the parties and paid in monthly and six-month periods.

e. Loans to related parties

	For the Year Ended December 31	
	2021	2020
Interest income		
Investor with significant influence over the Group (Formosa Plastic Corporation)	$ 13	$ 18

The Company issued a total loan of $495,686 thousand to the investor with significant influence (Formosa Plastic Corporation) at 1% interest rate, which was unsecured and was recovered before June 30, 2021. The interest income from loan to the investor with significant influence (Formosa Plastic Corporation) was $13 thousand.

The Company issued a total loan of $644,780 thousand to the investor with significant influence (Formosa Plastic Corporation) at 1% interest rate, which was unsecured and was recovered before June 30, 2020. The interest income from loan to the investor with significant influence (Formosa Plastic Corporation) was $18 thousand.

f. Loans from related parties

Japan Formosa Sumco Technology Corporation obtained a loan from the investor with significant influence (Formosa Plastic Corporation) which totaled $495,686 thousand at 1% interest rate on June 9, 2021, and the loan was unsecured and was repaid by Japan Formosa Sumco Technology Corporation before June 30, 2021. The interest expense paid to the investor with significant influence (Formosa Plastic Corporation) for ended December 31, 2021 was $13 thousand.

Japan Formosa Sumco Technology Corporation obtained a loan from the investor with significant influence (Formosa Plastic Corporation) which totaled $644,870 thousand at 1% interest rate on June 9, 2020, and the loan was unsecured and was repaid by Japan Formosa Sumco Technology Corporation before June 30, 2020. The interest expense paid to the investor with significant influence (Formosa Plastic Corporation) for ended December 31, 2020 was $18 thousand.

g. Other transactions with related parties

1) Manufacturing expense and accrued expenses - related parties

The repair and maintenance expenses which the Group paid to other related party (Formosa Technologies Corporation) were $21,530 thousand and $22,777 thousand for the years ended December 31, 2021 and 2020, respectively. The transaction amounts were based on mutual agreement and settled within the year.

The repair and maintenance expenses which the Group paid to other related party (Formosa Heavy Industries Corporation) were $2,947 thousand for the years ended December 31, 2021. The transaction amounts were based on mutual agreement and settled within the year.

The production cost paid by the Group to its ultimate parent entity was $191,378 thousand and $196,489 thousand for the years ended December 31, 2021 and 2020, respectively. The outstanding payable was $15,235 thousand and $42,171 thousand accounted for as accrued expenses for the years ended 2021 and 2020, respectively, and will be paid in February of the subsequent year.

2) Acquisitions of equipment and payables for purchase of equipment - related parties

The Group acquired processing transportation system from other related parties (Formosa Heavy Industries Corporation) for the year ended December 31, 2021 with contract price of $8,066 thousand, has been paid upon receipt.

The Group acquired video conference network system and distributed control system DCS from other related parties (Formosa Plastic Corporation) for the year ended December 31, 2021 with contract price of $3,294 thousand, has been paid upon receipt.

The Group acquired software package from inventor with significant influence (Formosa Technologies Corporation) for the year ended December 31, 2021 with contract price of $4,191 thousand, has been paid upon receipt.

The Group acquired a warehouse management system from other related party (Formosa Technologies Corporation) for the year ended December 31, 2020 at a contract price of $54,000 thousand. The balance payable was $2,700 thousand, as of December 31, 2020, which was recognized as payable for equipment to related parties (other payables) and has been paid upon receipt.

The Group acquired facial identity access control system from inventor with significant influence (Formosa Plastic Corporation) in the year December 31, 2021 with contract price of $1,900 thousand and $8,760 thousand, has been paid upon receipt.

The Group acquired production equipment from its ultimate parent company (Sumco Corporation) with contract price of $195 thousand, has been paid upon receipt.

The Group acquired a warehouse management system from other related party (Formosa Technologies Corporation) for the year ended December 31, 2019 at a contract price of $72,790 thousand. The balance payable was $3,565 thousand as of December 31, 2020, which was recognized as payable for equipment to related parties (other payables) and has been paid upon receipt.

3) Other transactions

In December 2020, March, April, June, August, September, November 2021, the company has signed technical compensation arrangement with its ultimate parent company and acquired the technical know-how of silicon wafer production worth JPY13,000 thousand (NT$3,098 thousand) in April, May, July, November and December 2021, has been paid JPY13,000 thousand (NT$3,098 thousand) and was recognized as intangible assets (refer to Note 14)

In March and December 2020, the Company has signed technical compensation arrangement with its ultimate parent company and acquired the technical know-how of silicon wafer production worth JPY28,000 thousand (NT$7,728 thousand) in March, April and December 2020, has been paid JPY28,000 thousand (NT$7,728 thousand) and was recognized as intangible assets (refer to Note 14).

Under an existing agreement effective from 2003, the Company is obligated to pay recurring royalty fees to its parent company. The royalty fee was recognized as selling expenses for the years ended December 31, 2021 and 2020. The unpaid amount as of December 31, 2021 and 2020 was recognized as royalties payable to related parties (accounted for as other payables) and will be paid in February of the subsequent year.

In August 2010, the Company signed a technical right and support contract with its ultimate parent company. Under this contract, the Company receives support from the ultimate parent company in technical know-how and assistance in manufacturing of silicon wafer semiconductors. The Company has the obligation to pay recurring royalty fees to the ultimate parent company. The royalty fee was recognized as technical commission fees classified under selling expenses for the years ended December 31, 2021 and 2020. The unpaid amount as of December 31, 2021 and 2020, was recognized as royalties payable to related parties (other payables) and will be paid in February of the subsequent year.

The above-mentioned selling expenses and accrued expenses (other payables) that resulted from transactions with related parties are summarized as follows:

	For the Year Ended December 31	
	2021	**2020**
Selling expenses (technical support expense)		
Parent entity (Sumco Techxiv Corporation)	$ 18,375	$ 19,260
Ultimate parent entity (Sumco Corporation)	232,171	191,474
	$ 250,546	$ 210,734

	December 31	
	2021	2020
Payable for royalties (other payables)		
Parent entity (Sumco Techxiv Corporation)	$ 18,375	$ 19,260
Ultimate parent entity (Sumco Corporation)	241,048	191,474
	$ 259,423	$ 210,734

h. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 18,767	$ 20,928
Post-employment benefits	104	103
Other long-term employee benefits	13	10
	$ 18,884	$ 21,041

The remuneration of directors and key executives was determined by the remuneration committee with regard to the performance of individuals and market trends.

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2021 were as follows:

a. The newly purchased machinery and equipment are exempt from tariff. Under the “estimated useful lives of fixed assets” enacted by Executive Yuan, should there be any capital reduction or other transfer of the machinery, equipment or components mentioned above to a third party, except those transferred to permitted businesses, the Company should pay supplementary import duties for the fixed assets.

b. Amounts available under unused letters of credit as of December 31, 2021 were NT$127,349, and the available under unused letters of credit were from purchasing machinery and equipment.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 137,542	27.690 (USD:NTD)	$ 3,808,548
JPY	162,899	0.2404 (JPY:NTD)	39,161
			$ 3,847,709
Financial liabilities			
Monetary items			
USD	11,687	27.690 (USD:NTD)	$ 323,606
USD	2,409	115.183 (USD:JPY)	66,697
JPY	1,189,298	0.2404 (JPY:NTD)	285,907
			$ 676,210

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 199,529	28.508 (USD:NTD)	$ 5,688,181
JPY	55,488	0.2724 (JPY:NTD)	15,115
			$ 5,703,296
Financial liabilities			
Monetary items			
USD	22,335	28.508 (USD:NTD)	$ 636,731
USD	2,475	104.66 (USD:JPY)	70,556
JPY	1,410,760	0.2724 (JPY:NTD)	384,291
			$ 1,091,578

The Group is mainly exposed to the USD and JPY. For the significant realized and unrealized foreign exchange gains (losses), refer to Note 20.

28. DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities) (Table 2)

4) Marketable securities acquired or disposed at costs or prices at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Note 25 and Table 5)

11) Information on investees (Table 6)

c. Information on investments in mainland China

None.

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods. The Group’s only reportable segment for the years ended December 31, 2021 and 2020 is the silicon wafer segment as the Group’s main activities are manufacturing and selling of silicon wafer electronic products. The accounting policy of the reportable segment is the same as Note 4 “summary of significant accounting policies”.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Silicon wafer segment	$ 12,166,313	$ 11,934,697	$ 1,676,199	$ 1,551,307
Miscellaneous income			16,162	19,404
Miscellaneous expense			(928)	(2,734)
Profit before tax			$ 1,691,433	$ 1,567,977

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2021 and 2020.

Segment profit represents the profit earned by the silicon wafer segment without allocation of miscellaneous income (included in non-operating income) and miscellaneous expense (included in other profit and loss) and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The Group's assets and liabilities information is not reported to chief management decision maker on a regular basis. Therefore, all the assets and liabilities are not allocated to the reportable segment.

c. Other segment information

	Depreciation and Amortization	
	For the Year Ended December 31	
	2021	2020
Silicon wafer segment	$ 2,056,877	$ 2,237,961

d. Revenue from major products

The following is an analysis of the Group's revenue from its major products.

	For the Year Ended December 31	
	2021	2020
Silicon wafer	$ 12,166,313	$ 11,934,697

e. Geographical information

The Group operates mainly in Taiwan. Its revenue information by location of operations is described under "Segment revenue and results".

The Group sells and distributes its products mainly in two principal geographical locations - Taiwan and Japan.

The Group's sales revenue from external customers by their location are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2021	2020
Taiwan	$ 8,895,922	$ 9,325,345
Japan	2,423,345	1,871,133
China	847,046	738,219
	$ 12,166,313	$ 11,934,697

f. Information about major customers

Single customers that contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2021	2020
Customer A	$ 2,972,026	$ 2,830,493
Customer B	1,848,353	1,840,765
Customer C	1,517,530	1,557,855
	$ 6,337,909	$ 6,229,113

Note: The amount of revenue did not reach 10% of the Group's revenue.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrower	Total Financing Amount Limits	Note
													Item	Value			
0	Formosa Sumco Technology Corporation	Japan Formosa Sumco Technology Corporation	Receivables from related parties	Yes	$ 743,000 (Notes 3 and 4)	$ 743,000 (Notes 3 and 4)	$ 398,142 (Note 6)	1.00%	2	$ -	Operating capital	$ -	None	$ -	$ 2,085,276 (Note 8)	$ 10,426,378 (Note 9)	
		Formosa Plastic Corporation	Receivables from related parties	Yes	743,000 (Notes 3 and 4)	- (Notes 3, 4 and 5)	- (Note 5)	1.00%	2	-	Operating capital	-	None	-	5,213,189 (Note 7)	10,426,378 (Note 9)	

Note 1: a. "0" financing provide.
b. "1" and onward coded based on reduce of companies inverted.

Note 2: a. "1" with trade transaction.
b. "2" the need for short-term financing.

Note 3: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note 4: Financing period for Japan Formosa Technology Corporation is from June 10, 2021 to June 9, 2022.

Note 5: The Company recovered a $495,686 thousand loan from Formosa Plastic Corporation before June 30, 2021.

Note 6: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	Ending Balance				Note
				Shares	Carrying Value (Note 3)	Percentage of Ownership (%)	Fair Value	
Formosa Sumco Technology Corporation	Shares							
	Formosa Petrochemical Corporation	-	Financial asset at FVTOCI	3,247	$ 311		$ 311	

Note 1: The marketable securities listed above includes shares, bonds, beneficiary certificates, and all forms of securities listed under IFRS 9: Financial Instruments.

Note 2: As the issuer of the securities is an unrelated party, the relationship column is intentionally left blank.

Note 3: The carrying value equals the original cost of $38 thousand plus the year-end valuation adjustment of $273 thousand.

Note 4: Refer to Table 6 for further information on the above investee.

TABLE 3

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Formosa Sumco Technology Corporation	Sumco Corporation	Ultimate parent company of Formosa Sumco Technology Corp.	Purchase	$ 539,611	8.47	60 to 120 days from the receipt of the Company's goods	No significant difference	No significant difference	$ (95,169)	(14.62)	
	Sumco Corporation	Ultimate parent company of Formosa Sumco Technology Corp.	Sale	574,992	4.73	Net 55 days from the end of the month of when invoice is issued	No significant difference	No significant difference	131,392	6.18	
	Sumco Techxiv Corporation	Parent Company of Formosa Sumco Technology Corp.	Sale	1,848,353	15.19	Net 60 days from the end of the month of when invoice is issued	No significant difference	No significant difference	325,336	15.30	
	Japan Formosa Sumco Technology Corporation	Subsidiary of Formosa Sumco Technology Corporation	Purchase	696,658	10.93	70 days receipts of the Company's goods	No significant difference	No significant difference	(177,123)	(27.21)	Note
Japan Formosa Sumco Technology Corporation	Formosa Sumco Technology Corporation	Parent company	Sale	696,658	100.00	70 days receipts of the Company's goods	No significant difference	No significant difference	177,123	100.00	Note

Note: The amount was eliminated upon consolidation.

TABLE 4

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Formosa Sumco Technology Corporation	Sumco Techxiv Corporation	Parent company	$ 325,336	6.15	$ -	-	$ 167,321	$ -
	Sumco Corporation	Ultimate parent company	131,392	7.14	-	-	65,900	-
	Japan Formosa Sumco Technology Corporation	Subsidiary	400,123 (Notes 1 and 2)	Not applicable	-	-	-	-
Japan Formosa Sumco Technology Corporation	Formosa Sumco Technology Corporation	Parent company	177,123 (Note 2)	3.75	-	-	49,643	-

Note 1: Due to the Company’s issuance of loans to Japan Formosa Sumco Technology Corporation, which includes the principal amount of $398,142 thousand and interest of $1,981 thousand.

Note 2: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship	Transactions Details			
				Financial Statement Accounts	**Amount (Note 3)**	**Payment Terms**	**% to Total Sales or Assets (Note 2)**
0	The Company	Japan Formosa Sumco Technology Corporation	Subsidiary	Purchases of goods	$ 696,658	General terms	5.73
		〃	〃	Interest income	4,781	General terms	0.04
		〃	〃	Trade payables	177,123	General terms	0.75
		〃	〃	Other receivables (include interest receivables)	400,123	General terms	1.69

Note 1: The intercompany relationships are coded as blow:

a. “0” parent company
b. “1” and above coded based on the type of intercompany relationship.

Note 2: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2021, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2021.

Note 3: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	%	Carrying Amount			
Formosa Sumco Technology Corporation	Japan Formosa Sumco Technology Corporation	Japan	Manufacture and sale of high quality ingot and other related business	JPY 998,000 (NT$ 248,390)	JPY 998,000 (NT$ 248,390)	9,980	100	JPY1,516,631 (NT$ 361,244)	JPY 90,934 (NT$ 23,189)	JPY 148,603 (NT$ 37,823)	Notes 1 and 2

Note 1: Carrying amount and share of profit (loss) is calculated from the financial statements audited by the independent accountant and the percentage of ownership of the investor company.

Note 2: The share of profits (losses) of the investee includes the effect of unrealized gross profit on intercompany transaction.

Note 3: Intercompany balances and transactions between the investor company and investee company have been eliminated upon consolidation.

TABLE 7

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sumco Techxiv Corporation	176,742,849	45.57
Formosa Plastic Corporation	112,707,716	29.05
Asia Pacific Investment Corporation	34,675,146	8.94

Note: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day of the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders that have been delivered by the company without physical registration (including treasury shares) is more than 5%. The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to the basis of preparation and calculation.