Stock No: 1815

Fulltech Fiber Glass Corp.

Parent Company Only Financial Reports and Independent Auditor's Report

2021 and 2020

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Independent Auditor's Report

To: Fulltech Fiber Glass Corp.

Audit opinions

We have audited the accompanying individual balance sheet of Fulltech Fiber Glass Corp. as of December 31, 2021 and 2020, and the related individual statement of income, individual statement of changes in shareholders' equity, individual statement of cash flows, and note of the individual financial statements (including major accounting policy) for the years then ended.

In our opinion, the said individual financial statements in all material respects, the Financial Status of Fulltech Fiber Glass Corp. as of December 31, 2021 and 2020, and its individual financial performance and individual cash flows of January 1 to December 31, 2021 and 2020 are in conformity with the generally accepted accounting principles in the Republic of China.

The basis for opinions

The CPA performs an audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the individual financial statements. We are independent of Fulltech Fiber Glass Corp. in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of Fulltech Fiber Glass Corp., and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of Fulltech Fiber Glass Corp. in 2021. These matters were addressed in the content of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit procedures of the individual financial statements of Fulltech Fiber Glass Corp. in 2021 included:

Recognition of revenue

The export sales of Fulltech Fiber Glass Corp. accounted for approximately 75% of its total revenue in 2021. The recognition time varies based on different trading conditions of customers (e.g. meeting the obligations of delivery at the point of origin, delivery at the destination port, delivery at the specified destination, etc.) Approximately 59% of the export revenue is delivered at the place of destination. Therefore, the recognition time for export revenue requires other evidence that meets the transaction terms. The recognition time for export revenue of Fulltech is this year's key audit item. For revenue recognition accounting policy, please refer to Note 4(11) of the financial statements.

We performed the following audit procedures:

1. We reviewed the basic information on the company background and transaction terms of export customers.
2. We reviewed and understood the policies and conditions of income recognition;
3. We tested the effectiveness of the major internal control system at the time of revenue recognition;
4. We checked the shipping documents, bills of lading, estimated schedules of shipments, and other documents to verify the time of revenue recognition;
5. We performed a cut-off test to assess whether the revenue recognition time was inappropriate.

Responsibilities of Management and Those in Charge with Governance of the Individual Financial Statements

The management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as the management determines is necessary to enable the preparation of the separate financial statements to be free from material misstatement whether due to fraud or error.

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

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of Fulltech Fiber Glass Corp.

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

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

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Fulltech Fiber Glass Corp.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Fulltech Fiber Glass Corp. and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Fulltech Fiber Glass Corp. to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the individual statements, including related notes, whether the individual statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information or the entities or business activities with Fulltech Fiber Glass Corp. to express an opinion on the individual financial statements. We are responsible for the direction, supervision, and performance of the audit of Fulltech Fiber Glass Corp. We remain solely responsible for our audit opinion.

We communicate with those in charge of 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 in charge of governance, we determine those matters that were of most significance in the audit of the individual financial statements of Fulltech Fiber Glass Corp. of 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche

CPA Wen-Chin Lin

CPA Yi-Wen Wang

Securities and Futures Bureau Approval Document No.
Tai-Cai-Zheng (6) Zi No. 0920123784

Financial Supervisory Commission Approval Document No.
Jin-Guan-Zheng-Shen-Zi No. 0980032818

March 21, 2022

Fulltech Fiber Glass Corp.

Individual Balance Sheet

December 31, 2021 and 2020

(In thousand New Taiwan dollars)

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 942,215	7	$ 898,737	7
1110	Financial assets measured at fair value through profit and loss (Notes 7 and 16)	250,091	2	237,688	2
1170	Accounts receivable (Note 10)	486,211	3	487,792	4
1180	Accounts receivable – related parties (Note 28)	640,449	5	183,223	1
1210	Other receivables– related parties (Note 28)	1,038	-	929	-
1220	Current tax assets (Note 22)	-	-	76,940	1
130X	Inventories (Note 11)	693,238	5	940,392	7
1470	Other current assets (Note 29)	134,495	1	61,561	-
11XX	Total current assets	3,147,737	23	2,887,262	22
	Noncurrent assets				
1510	Financial assets at fair value through profit and loss (Note 7)	38,099	-	8,336	-
1517	Financial assets measured at fair value through other comprehensive income (Note 8)	441,401	3	391,619	3
1535	Financial assets based on cost after amortization (Note 9)	131,516	1	178,040	1
1550	Investments accounted for using the equity method (Note 12)	2,194,659	16	1,720,273	13
1600	Property, plant and equipment (Notes 13, 28 and 29)	7,044,382	52	7,527,852	57
1755	Right-of-use assets (Note 14)	357,476	3	326,039	2
1840	Deferred tax assets (Note 22)	176,129	1	219,442	2
1915	Prepayments for equipment	11,947	-	11,551	-
1920	Refundable deposits (Note 28)	66,995	1	42,499	-
1990	Other noncurrent assets	3,892	-	4,601	-
15XX	Total noncurrent assets	10,466,496	77	10,430,252	78
1XXX	Total assets	$ 13,614,233	100	$ 13,317,514	100

Code	Liabilities and equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 15)	$ 233,723	2	$ 527,256	4
2110	Short-term notes payable	-	-	50,000	-
2120	Financial liabilities at fair value through profit or loss (Notes 7 and 16)	9,873	-	14,049	-
2150	Notes payable	1,176	-	1,453	-
2170	Accounts payable (Note 17)	207,316	1	107,530	1
2219	Other payables (Notes 18 and 28)	445,384	3	271,860	2
2230	Current tax liabilities (Note 22)	2,499	-	4,555	-
2280	Leasehold liability (Note 14)	14,776	-	8,709	-
2321	Convertible bonds payable - current portion (Note 16)	510,024	4	566,320	4
2322	Long-term borrowings - current portion (Note 15)	1,872,997	14	606,481	5
2399	Other current liabilities	42,643	-	105,680	1
21XX	Total current liabilities	3,340,411	24	2,263,893	17
	Noncurrent liabilities				
2530	Conversion of bonds payable (Note 16)	277,065	2	-	-
2540	Long-term borrowings (Note 15)	2,080,531	15	4,003,951	30
2570	Deferred tax liabilities (Note 22)	5,556	-	4,597	-
2580	Leasehold liability (Note 14)	385,343	3	357,285	3
2640	Net determined benefit liability (Note 19)	76,613	1	68,699	-
25XX	Total noncurrent liabilities	2,825,108	21	4,434,532	33
2XXX	Total liabilities	6,165,519	45	6,698,425	50
	Equity (Note 20)				
	Capital				
3110	Ordinary shares	4,284,777	31	4,178,965	31
3130	Changes in share capital	58	-	-	-
3100	Total share capital	4,284,835	31	4,178,965	31
3200	Capital surplus	1,859,666	14	1,782,078	14
	Retained earnings				
3310	Legal reserve	501,353	4	501,353	4
3320	Special reserve	-	-	130,696	1
3350	Undistributed earnings (losses to be compensated)	710,633	5	(14,760)	-
3300	Total retained earnings	1,211,986	9	617,289	5
3400	Other equity	92,227	1	40,757	-
3500	Treasury stock	-	-	-	-
3XXX	Total equity	7,448,714	55	6,619,089	50
	Total liabilities and equity	$ 13,614,233	100	$ 13,317,514	100

The accompanying notes are an integral part of the parent company only financial reports.

Chairman: Yuan-Pin Chang   Manager: Pi-Cheng Chen   Accounting executive: An-Tsang Liu

Fulltech Fiber Glass Corp.

Individual Income Statement

January 1 to December 31, 2021 and 2020

Unit: NT$ thousand; except for earnings (losses) per share in NT$

Code		2021 Amount	2021 %	2020 Amount	2020 %
4100	Sales revenue (Note 28)	$ 4,497,955	100	$ 3,092,091	100
5000	Sales cost (Notes 11, 19 and 21)	3,526,621	79	3,165,037	103
5900	Sales gross profit (loss)	971,334	21	(72,946)	(3)
5910	Realized (unrealized) gain on the subsidiary	(1,500)	-	(4,160)	-
5950	Realized sales gross profit (loss)	969,834	21	(77,106)	(3)
	Operating expenses (Notes 19, 21 and 28)				
6100	Selling expenses	286,698	6	210,254	7
6200	Administrative expenses	308,744	7	220,871	7
6300	R&D expenses	49,858	1	35,321	1
6000	Total operating expenses	645,300	14	466,446	15
6900	Net operating income (loss)	324,534	7	(543,552)	(18)
	Non-operating income and expenses (Note 21)				
7100	Interest revenue	8,916	-	8,854	-
7010	Other income	37,551	1	27,538	1
7020	Other profits and loss	5,534	-	27,171	1
7050	Financial costs	(106,156)	(2)	(112,359)	(4)
7070	Share of profit/loss of subsidiaries and associates for using equity method (Note 12)	384,058	8	(8,388)	-
7000	Total non-operating income and expenses	329,903	7	(57,184)	(2)
7900	Net income (loss) before taxes	654,437	14	(600,736)	(20)
7950	Income tax expenses (gains) (Note 22)	53,088	1	(121,662)	(4)
8200	Current year net income (net loss)	601,349	13	(479,074)	(16)

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Code		2021 Amount	%	2020 Amount	%
	Other comprehensive income				
8310	The items that are not reclassified as profit or loss				
8311	Determined benefit plan reevaluation (Note 19)	($ 8,315)	-	$ 9,970	1
8316	Unrealized gain (loss) on investments of financial assets measured at fair value through other comprehensive profit or loss (Note 8)	49,782	1	129,101	4
8349	Income tax related to titles without reclassification (Note 22)	1,663	-	(1,994)	-
		43,130	1	137,077	5
8360	Titles that could be reclassified as profit (loss) accounts in the future				
8361	Exchange differences on the translation of financial statements of foreign operations	(17,519)	-	8,724	-
8399	Income tax related to titles that could be reclassified (Note 22)	3,504	-	(1,745)	-
		(14,015)	-	6,979	-
8300	Other comprehensive income after taxation	29,115	1	144,056	5
8500	Total amount of comprehensive income of the current year	$ 630,464	14	($ 335,018)	(11)
	EPS (loss) (Note 23)				
9710	Basic	$ 1.43		($ 1.17)	
9810	Diluted	$ 1.27		($ 1.17)	

The accompanying notes are an integral part of the parent company only financial reports.

Chairman: Yuan-Pin Chang Manager: Pi-Cheng Chen Accounting executive: An-Tsang Liu

Fulltech Fiber Glass Corp.

Individual Statements of Changes in Shareholders' Equity

January 1 to December 31, 2021 and 2020

(In thousand New Taiwan dollars)

		Capital				Retained earnings				Other equity					
Code		Ordinary shares	Share capital to be altered	Total	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (losses to be compensated)	Total	Exchange differences on the translation of financial statements of foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	The unearned remuneration of employees	Total	Treasury stock	Total equity
A1	Balance as of January 1, 2020	$ 4,279,465	$ -	$ 4,279,465	$ 1,792,062	$ 501,353	$ 281,635	$ 278,473	$ 1,061,461	($ 77,143)	$ -	($ 53,552)	($ 130,695)	($ 18,601)	$ 6,983,692
	The 2019 appropriation and distribution of earnings														
B3	Special reserve	-	-	-	-	-	(150,939)	150,939	-	-	-	-	-	-	-
D1	The 2020 net income	-	-	-	-	-	-	(479,074)	(479,074)	-	-	-	-	-	(479,074)
D3	Other comprehensive profit or loss in 2020 (after tax)	-	-	-	-	-	-	7,976	7,976	6,979	129,101	-	136,080	-	144,056
D5	Total other comprehensive profit or loss in 2020	-	-	-	-	-	-	(471,098)	(471,098)	6,979	129,101	-	136,080	-	(335,018)
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	(90,913)	(90,913)
L3	Cancellation of treasury stock	(100,000)	-	(100,000)	(9,514)	-	-	-	-	-	-	-	-	109,514	-
N1	Deregistration of new restricted employee shares	(500)	-	(500)	(470)	-	-	-	-	-	-	-	-	-	(970)
N1	Recognition of cost of share-based payment service	-	-	-	-	-	-	-	-	-	-	35,372	35,372	-	35,372
Q1	Proceeds from disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	26,926	26,926	-	-	-	-	-	26,926
Z1	Balance as of December 31, 2020	4,178,965	-	4,178,965	1,782,078	501,353	130,696	(14,760)	617,289	(70,164)	129,101	(18,180)	40,757	-	6,619,089
	The 2020 appropriation and distribution of earnings														
B3	Special reserve	-	-	-	-	-	(130,696)	130,696	-	-	-	-	-	-	-
D1	The 2021 net income	-	-	-	-	-	-	601,349	601,349	-	-	-	-	-	601,349
D3	Other comprehensive profit or loss in 2021 (after tax)	-	-	-	-	-	-	(6,652)	(6,652)	(14,015)	49,782	-	35,767	-	29,115
D5	Total other comprehensive profit or loss in 2021	-	-	-	-	-	-	594,697	594,697	(14,015)	49,782	-	35,767	-	630,464
C5	Issuance of convertible corporate bonds recognized as equity	-	-	-	21,764	-	-	-	-	-	-	-	-	-	21,764
I1	Conversion of convertible corporate bonds	105,812	58	105,870	55,824	-	-	-	-	-	-	-	-	-	161,694
N1	Recognition of cost of share-based payment service	-	-	-	-	-	-	-	-	-	-	15,703	15,703	-	15,703
Z1	Balance as of December 31, 2021	$ 4,284,777	$ 58	$ 4,284,835	$ 1,859,666	$ 501,353	$ -	$ 710,633	$ 1,211,986	($ 84,179)	$ 178,883	($ 2,477)	$ 92,227	$ -	$ 7,448,714

The accompanying notes are an integral part of the parent company only financial reports.

Chairman: Yuan-Pin Chang Manager: Pi-Cheng Chen Accounting executive: An-Tsang Liu

Fulltech Fiber Glass Corp.

Individual Statements of Cash Flow

January 1 to December 31, 2021 and 2020

(In thousand New Taiwan dollars)

Code		2021	2020
	Cash flows from operating activities		
A10000	Current year net profit (loss) before taxation	$ 654,437	($ 600,736)
A20010	Revenue, expense and loss		
A20100	Depreciation and depletion	692,673	726,106
A20200	Amortization expenses	610	635
A29900	Amortization of prepayments	27,292	49,793
A20400	Net gain of financial instruments measured at fair value through profit or loss	(42,548)	(95,291)
A20900	Financial costs	106,156	120,827
A21200	Interest revenue	(8,916)	(8,854)
A21300	Dividend income	(6,115)	(6,294)
A21900	Cost of share-based payment service	15,703	34,402
A22400	Share of profit/loss of subsidiaries and associates for using equity method	(384,058)	8,388
A22500	Loss (gain) in disposal of property, plant, and equipment	(292)	3,225
A23700	Inventory devaluation and obsolescence, and gains on market price recovery	(4,480)	(6,202)
A24000	Unrealized gain on the subsidiary	1,500	4,160
A24100	Net foreign exchange loss	2,525	16,961
A29900	Gains on rent concessions	-	(1,271)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily at fair value through profit or loss	(417)	543
A31150	Accounts receivable	7,505	233,183
A31160	Accounts receivable – related parties	(457,226)	(67,635)
A31190	Other receivables – related parties	(109)	(929)
A31200	Inventory	251,841	269,343
A31240	Other current assets	(41,816)	(29,437)
A32130	Notes payable	(277)	(3,751)
A32150	Accounts payable	99,786	(100,772)
A32180	Other payables	174,835	(32,181)
A32230	Other current liabilities	(63,037)	11,953
A32240	Net determined benefit liability	(401)	(1,947)
A33000	Cash inflow from operating activities	1,025,171	524,219
A33100	Interest received	4,666	4,576
A33300	Interest paid	(89,016)	(98,926)

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Code		2021	2020
A33500	Income tax refunded (paid)	$ 72,307	($ 122)
AAAA	Net cash inflow from operating activities	1,013,128	429,747
	Cash flows from investing activities		
B00020	Sale of financial assets measured at fair value through other comprehensive income	-	26,926
B00040	Purchase of financial assets at amortized cost	(85,500)	-
B00050	Disposal of financial assets at amortized cost	131,663	49,515
B00100	Acquisition of financial assets at fair value through profit or loss	(310,830)	(285,857)
B00200	Sale of financial assets at fair value through profit or loss	243,629	357,678
B01800	Acquisition of investment under the equity method	(113,520)	(210,165)
B02700	Purchase of property, plant, and equipment	(206,997)	(374,487)
B02800	Proceeds from disposal of property, plant and equipment	20,238	410
B03700	Increase of refundable deposits	(24,496)	(746)
B04500	Purchase of computer software	(13)	(320)
B06700	Increase of other noncurrent assets	(1,162)	(447)
B07100	Increase of prepayments for equipment	(396)	(14,996)
B07600	Dividend received	6,115	6,294
BBBB	Net cash used in investing activities	(341,269)	(446,195)
	Cash flows from financing activities		
C00100	Net increase (decrease) in short-term loans	(293,533)	288,125
C00500	Net decrease in short-term notes payable	(50,000)	(49,946)
C01200	Issuance of convertible corporate bonds	394,580	-
C01600	Proceeds from long-term borrowings	2,290,000	3,540,000
C01700	Repayments of long-term borrowings	(2,949,484)	(3,795,013)
C04020	Lease principal repayment	(16,047)	(22,542)
C04900	Purchase of treasury stock	-	(90,913)
CCCC	Net cash used in financing activities	(624,484)	(130,289)
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(3,897)	(17,362)
EEEE	Net increase (decrease) of cash and cash equivalents	43,478	(164,099)
E00100	Cash and cash equivalents balance – beginning of year	898,737	1,062,836
E00200	Cash and cash equivalents balance – end of year	$ 942,215	$ 898,737

The accompanying notes are an integral part of the parent company only financial reports.

Chairman: Yuan-Pin Chang Manager: Pi-Cheng Chen Accounting executive: An-Tsang Liu

Fulltech Fiber Glass Corp.

Individual notes to financial statements

January 1 to December 31, 2021 and 2020

(In thousand New Taiwan dollars, unless otherwise specified)

1. Company History

Fulltech Fiber Glass Corp. (hereinafter referred to as “the Company”) was established in January 1999. Its principal business is producing and selling fiberglass yarn and fiberglass fabric, which are the main upstream materials for PCBs. The Company has been a TPEx listed company since January 2006.

This parent company only financial statement is denominated in NT dollar, the functional currency of the Company.

2. Financial Reporting Date and Procedures

The parent company only financial reports were approved for publication by the board of directors on March 21, 2022.

3. Application of New and Revised Standards and Interpretation

(1) The first adoption of the IFRS, IAS, IFRIC, and SIC (hereinafter collectively known as “IFRSs”) endorsed and entered into force by the Financial Supervisory Commission (“FSC”)

Apart from the following descriptions, the application of IFRSs that have been approved and proclaimed and entered into effect by the FSC will not cause material changes to the accounting policy of the Company:

Amendments to IFRS 16 “COVID-19-Related Rent Concessions Rent Concessions beyond 30 June 2021”

The Company chose to apply the amendment, and for the practical expedient of applicable conditions, payments are extended to before June 30, 2022. Please refer to Note 4 for further information on accounting principles.

(2) Applicable in 2022 and the IFRSs recognized by the Financial Supervisory Commission

The new/amended/revised standards or interpretation	IASB publication effective date
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022 (Note 1)
Amendment 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 apply 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” apply 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 Adoption of IFRSs” apply retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments apply to business combinations with the acquisition date in the annual reporting periods beginning on or after January 1, 2022.

Note 3: Property, plant, and equipment that reach the necessary locations and conditions for the management's intended use on or after January 1, 2021 are subject to the amendments.

Note 4: The amendments apply to contracts, in which all obligations have not bee fulfilled, beginning on or after January 1, 2022.

As of the publication date of the individual financial statements, the Company has assessed that the application of relevant standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

(3) The IFRSs released by the IASB but not yet approved and announced effective by the Financial Supervisory Commission

The new/amended/revised standards or interpretation	IASB publication effective date (Note 1)
Amendment to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates.”	Undefined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 - “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Noncurrent”	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)
Amendment to IAS 12 - "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective in the years after the respective date.

Note 2: The amendments are with prospective application for the annual reporting periods starting on or after January 1, 2023.

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

Note 4: The amendments apply to transactions that occurred after January 1, 2022, except for temporary differences in recognizing deferred tax on leases and decommissioning obligations on January 1, 2022.

Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"

The amendment aims to clarify whether a liability is classified as noncurrent; the Company should assess whether it has the right to defer settlement at the end of the reporting period for at least 12 months after the reporting period. If the Company has such a right as of the end of the reporting period, the liability is classified as noncurrent whether or not the Company exercises its right to defer settlement of a liability. The amendment aims to clarify if the Company is required to comply with certain conditions in order to have the right to defer settlement of a liability. The Company must have complied with specific conditions as of the end of the reporting period, even if the lender tests whether the company has complied with those conditions at a later date.

The amendment provides the purpose to clarify that settlement refers to the transfer to the counterparty of cash, other economic resources or equity instruments of the Company that results in the extinguishment of the liability. However, if the terms of the liability may result in transferring the Company's equity instruments at the option of the counterparty, and if the option is separately recognized in equity in accordance with IAS 32, "Financial Instruments: Presentation," the abovementioned provisions do not affect the classification of the liability.

In addition to the impact above, the Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Company to the date this parent company only financial statement is approved and released, and will make appropriate disclosure after the evaluation.

4. Summary of Significant Accounting Policies

(1) Compliance Statement

The parent company only financial reports were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

This individual financial report has been prepared under the historical cost convention, except for financial instruments measured at fair value and net determined benefit liabilities calculated by deducting the fair value of plan assets from the present value of the defined benefit obligations.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

The Company when preparing the parent company only financial reports has the investment in subsidiaries and associates processed under the equity method. In order to make the same the current profit or loss, other comprehensive income and equity in the individual financial statements as the current year's profit or loss, other comprehensive income or loss and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the individual basis and consolidated basis are adjusted for "investments accounted for using the equity method," "profit or loss share of subsidiaries accounted for using the equity method" and related equity items.

(3) Standards in differentiating current and noncurrent assets and liabilities

Current assets:

1. Hold the asset primarily for the purpose of trading;
2. Expect to realize the asset within 12 months after the balance sheet date; and
3. Cash (unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities:

1. Hold the liability primarily for the purpose of trading;
2. Expect to settle the liability when due within 12 months after the balance sheet date (even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue); and
3. Do not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(4) Foreign currency

In the process of compiling the financial reports, all transactions conducted other than the functional currency (foreign currency) of the Company shall be converted into the functional currency for bookkeeping at the exchange rate effective on the transaction date.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as current profit or loss. However, for the changes in fair value recognized in the other comprehensive income, the exchange difference is recognized in the other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the individual financial statements, the assets and liabilities of the Company's and overseas operating institutions (including the subsidiaries and associates in the countries of business operation or those using currencies different from the Company's) were converted to New Taiwan dollars based on the exchange rate quoted on every balance sheet date. Income and expense items are translated in accordance with the current average exchange rates and the exchange differences are booked in the other comprehensive profit or loss.

(5) Inventory

Inventories include raw materials, supplies, finished goods, semi-finished goods and work-in-process goods. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. The cost of inventory is calculated using the weighted average method.

(6) Investment in subsidiaries

The Company has the investment in subsidiaries handled in accordance with the equity method.

Subsidiaries are the entities controlled by the Company.

Under the equity method, investments were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive income. In addition, for the changes in the associate's equity, the Company is entitled to have it recognized proportionately to the shareholding.

The Company assesses impairment based on the cash-generating units as a whole in the financial statements and compares their recoverable amounts with their book values. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

The unrealized concurrent trade between the Company and the subsidiaries stated in the financial statement of individual entities shall be removed. The profit or loss resulting from the countercurrent, and side-stream transactions between the Company and the subsidiary are recognized in the individual financial statement within the range irrelevant with the Company's interest in the subsidiary.

(7) Investments in associates

The Company has a significant influence on an associate that is not a subsidiary or joint venture.

The Company adopts the equity method for investment in associates.

Under the equity method, investments in the associates were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the associate and other comprehensive income. Additionally, the change in the interests the Company holds in the associate was recognized pro rata to the shareholding percentages.

The excess of the Company's share of the net fair value of the identifiable assets and liabilities of the associate over the cost of acquisition on the acquisition date is recognized in profit or loss for the period.

Acquisitions of the associate in batches are remeasured on the acquisition-date fair value of the Company's previously held equity interest in the acquiree and any gain or loss is recognized in other comprehensive income.

When an associate issues new shares, if the Company does not subscribe for the shares in proportion to its ownership causing the shareholding ratio to change, the equity method shall discontinue being applied on the date. If the investment is a financial asset in the future, the retained interest should be measured at fair value. The fair value of retained interests should be initially regarded as the fair value of financial assets initially recognized as required by IFRS 9. The difference between the fair value of the retained interest and the carrying amount of the investment on the date the equity method is discontinued is recognized in profit or loss. When the equity method is discontinued, the accounting treatment for all amounts that were previously recognized by the Company in other comprehensive income related to the investment is the same as the accounting treatment for the investee if the investee directly disposes of the assets or liabilities. For example, the gain or loss is reclassified from equity to profit or loss.

When assessing impairment, the Company has the overall book value of the investment deemed as a single asset when comparing the recoverable amount and the book amount in order to conduct impairment testing. The recognized impairment loss is an integral part of the book amount of the investment. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

The profit or loss resulting from the countercurrent, downstream and side-stream transactions between the Company and the associate is recognized in the individual financial statement within the range that is irrelevant to the Company's interest in the associate.

(8) Property, plant, and equipment

Property, plant, and equipment shall be recognized based on cost. Subsequent costing shall be measured on the cost net of accumulated depreciations and accumulated impairments. However, the platinum boxes (listed as machinery and equipment) are valued at cost less depletion.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Cost includes professional service fees and loan costs that qualify for capitalization. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

Proprietary land is not depreciated.

The Company depreciates each significant component separately over its useful life using the straight-line basis. If the lease period is shorter than the durable period of an asset, the depreciation should be appropriated according to the lease period. The Company reviews the methods for assessment of life span, residual value and depreciation method on the ending day of each fiscal year. And the impact of changes in accounting estimates should be delayed.

In removing property, plant, and equipment, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(9) Impairment of property, plant and equipment, right-of-use assets thereof, and intangible assets

The Company at each balance sheet date is to assess whether there is any indication of impairment occurring to the property, plant and equipment, right-of-use assets thereof, and intangible assets. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. The common asset is amortized to each cash-generating unit in accordance with a consistent and reasonable sharing basis.

At least one impairment test is performed annually to intangible assets with indefinite useful lives showing impairment.

The recoverable amount is the fair value net of cost or the value in use, whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When the impairment loss was subsequently reversed, the book amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased book amount may not exceed the book amount of the asset or cash-generating unit without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(10) Financial instruments

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the individual balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1) Classification of measurement

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss refers to financial assets mandatorily measured at fair value through profit and/or loss. Financial assets mandatory at fair value through profit or loss include equity instrument investments not designated at fair value through other comprehensive income, and liability instrument investments not qualified for classifying as measured at amortized cost or at fair value through other comprehensive income.

Financial assets carried at fair value through profit or loss are measured at fair value, while dividends and interest recognized in other income, and gains or losses arising from remeasurement are recognized in other gains and losses. Please refer to Note 27 for the determination of fair value.

B. Financial assets based on cost after amortization

If the financial assets of the Company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contact terms, and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Financial assets at amortized cost (including cash and cash equivalent, accounts receivable, notes receivable, other receivables, preferred stock that qualify as cash flow operations and refundable deposits) are measured at their total carrying amount determined using the effective interest method less any impairment loss after amortized cost; any foreign currency exchange gains and losses are recognized in profit and loss.

Interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for short-term accounts receivable for which interest recognition is not material.

C. Investment of equity instruments at fair value through other comprehensive income

The Company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets

The Company shall, on each balance sheet day, evaluate the financial assets on the basis of cost after amortization on the basis of expected credit loss (including accounts receivable).

Accounts receivable are recognized as an allowance for loss based on lifetime expected credit loss. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

For internal credit risk management purposes, the Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

A. There is internal or external information indicating that the debtor is no longer able to pay their debts.

B. Payments are overdue for more than 180 days, unless there is reasonable and supporting information showing that the delayed default benchmark is more appropriate.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account.

(3) The derecognition of financial assets

The Company's financial assets are derecognized only when the contractual rights from the cash flows of a financial asset becomes invalid, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured on the basis of cost after amortization is removed, the difference between its book value and consideration shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely removed, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as income.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

An equity instrument issued by the Company is recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company’s equity retrieved is debited or credited to the equity. The Company’s equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Except for financial liabilities held for trading at fair value through profit or loss measured at fair value, all financial liabilities are measured at amortized cost using the effective interest method.

The holding of financial liabilities for disposal is evaluated based on fair value and the profit or loss thereof shall be recognized as income (loss). Please refer to Note 27 for the determination of fair value.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Convertible corporate bonds

The compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity respectively in the original recognition according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments. The conversion rights to exchange a fixed amount of cash or other financial assets for a fixed number of the Company’s own equity instruments are classified as equity instruments.

In the original recognition, the fair value of the liability is estimated according to the prevailing market interest rate of a similar non-convertible instrument; also, it is measured at the amortized cost that is calculated according to the effective interest method before the conversion or maturity date. The liability of an embedded non-equity derivative is measured at fair value.

The conversion rights classified as equity are equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined equity component, which is recognized directly in equity and is not subsequently measured. When the conversion rights are exercised, the amount of the liability component and equity is transferred to equity and capital surplus – issue premium. If the conversion rights of the convertible corporate bonds have not been executed on the due date, the amount recognized in the equity will be transferred to the additional paid-in capital – issuance premium.

The relevant transaction costs of the issuance of convertible corporate bonds are amortized to the liabilities of the instrument (included in the book value of the liability) and the equity (included in the equity) in proportion to the total amortization amount.

The relevant transaction costs of the issuance of convertible bonds are allocated to the non-derivative financial liability portion of the instrument (included in the carrying amount of the liability) and the derivative financial liability portion (included in the profit or loss) in proportion to their relative fair values.

5. Derivatives

Upon the signing of a derivative contract, the derivative is recognized initially at fair value and subsequently remeasured at fair value at the balance sheet date, with any gain or loss arising from subsequent measurement directly recognized in profit and loss. When the fair value of the derivatives is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

Derivatives embedded in asset host contracts within the scope of IFRS 9, "Financial Instruments," are used to determine the classification of financial assets using the overall contract. If the derivatives are not embedded in the master contract of the assets within the scope of IFRS 9 (such as embedded in financial liabilities master contracts), and the embedded derivatives meet the definition of derivatives and the risks and characteristics of which are not closely associated with the risks and characteristics of the master contract and the omnibus contracts are not measured at fair value through income statement, such derivatives shall be construed as a unitary derivative.

(11) Recognition of revenue

The Company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

Commodity sales revenue

Commodity sales revenue is derived from sales of fiberglass yarn and fiberglass fabric products. Revenue from fiber yarn and fiberglass fabric products is recognized based on the transaction terms agreed with customers (such as meeting the obligations at the time of delivery to the customer's designated location, at the time of shipment or at the port of destination).

(12) Leases

The Company assesses whether the contract is (or includes) a lease on the effective contract date.

The Company is the lessor

If the lease terms are to transfer almost all risks and remunerations attached to the ownership of the asset, the lease will be classified as a financing lease, and other leases classified as business leases.

For an operating lease, the net lease payments of the lease incentives are recognized as income on a straight-line basis over the relevant lease periods.

The Company is the lessee

Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease term, the right-of-use assets and lease liabilities of other leases are recognized starting from the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measured amount of lease liability, the lease payment paid before the lease commencement date net of the lease incentives collected, the original direct costs, and the estimated cost of the recovered underlying assets), and then subsequently measured at the net cost of the accumulated depreciation and accumulated impairment loss; also, the remeasured amount of the lease liability is adjusted. The right-of-use assets are expressed separately in the individual balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease term, whichever is sooner.

The lease liability is initially calculated as the present value of the lease payments over the lease term (mainly fixed payments). If the lease implied interest rate is easy to determine, the lease payment is discounted at the said implied interest rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease term. If the change in lease term or the index or rate that is used to determine the lease payment results in a change in the future lease payments, the Company remeasures the lease liability and adjusts the right-of-use assets, but if the book value of the right-of-use assets have been reduced to zero, the remaining remeasured amount is recognized in profit or loss. Lease liabilities are expressed separately in the individual balance sheet.

The Company and the lessors conducted negotiations over rents directly related to COVID-19, and adjusted the rents due before June 30, 2022, resulting in a decrease in rents. Said negotiations did not change other lease terms materially. The Company chose to adopt practical expedients to deal with the land rental negotiations that met the aforementioned conditions, and did not evaluate whether said negotiations were a lease modification and recognized the reduction of the lease payment in the profit or loss when the concession or the situation occurred (debited to rents), and reduced the leasehold liabilities accordingly.

(13) Loan costs

Borrowing costs directly attributable to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities have brought their intended use or sale condition.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

Apart from the aforementioned borrowing costs, other borrowing costs are recognized as income in the year of occurrence.

(14) Government subsidies

Government subsidies are only recognized when it can be reasonably assured that the Company shall comply with the conditions imposed by government subsidies and that such subsidies can be received.

Government subsidies related to income are recognized in profit or loss on a systematic basis during the period in which the costs it intends to compensate are recognized in expenses by the Company.

If a government subsidy is used to compensate fees or losses that have occurred, or is given to the Company for the purpose of immediate financial support without relevant future costs, it will be recognized in profit or loss in the period, during which it can receive said subsidy.

(15) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Retirement benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The determined cost of benefit for the determined benefit retirement plan (including the cost of service, net interest, and reevaluation) is based on the actuary of projected unit method. The cost of service (including current cost of service and prior cost of service) and net interest on net defined benefit obligation are recognized as an employee benefit expense as incurred. Reevaluation (including actuarial profit and loss and projected ROA net of applicable interest) shall be recognized as other comprehensive income and stated as retained earnings at the time of realization, and will not be reclassified as income in subsequent periods.

Net determined benefit liability is the amount short in appropriation of the determined benefit retirement plan. Net determined benefit assets shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

(16) Share-based Payment Agreement

The "Limited Employee Rights Shares" are recognized as an expense in the vested period according to the fair value of the equity instrument on the grant date, the expected vested optimal shares, and a straight-line method; also, the other equities are adjusted (the unearned remuneration of employees).

When the Company issues "limited employee rights shares," the other equity (the unearned remuneration of employees) is recognized on the grant day and the additional paid-in capital – limited employee rights shares are adjusted at the same time. If an employee leaves employment during the vesting period and does not return share dividends received, these share dividends will be recognized as an expense when declared. An adjustment is made to retained earnings/capital surplus – restricted employee stock at the same time.

The Company revises the expected vested limited employee rights shares at each balance sheet date. The effect of the changes in the original estimate shares should be recognized as profit or loss in order to reflect the amended shares with the cumulative expense and to have the additional paid-in capital – limited employee rights shares adjusted relatively.

(17) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholders' resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred tax

Deferred income tax is calculated based on temporary differences between the carrying amounts of assets and liabilities contained in individual financial statements and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that future taxable income can be used to deduct temporary differences or investment tax credits.

All taxable provisional differences relevant to the investment in subsidiaries and associates were recognized as deferred income tax liabilities, except an event while the Company could control the time point of recovery of the control over the provisional difference and while the said provisional difference would be very likely not recoverable in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with investments and interests only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that reversal is expected in the foreseeable future.

The book amount of deferred tax assets must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of their assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date of the Company.

3. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity are recognized in the other comprehensive income or directly included in the equity.

5. Main Source of Significant Accounting Judgment, Estimates and Assumptions Uncertainty

When the Company adopts accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources Actual results may differ from the estimates.

The Company includes the economic impact of COVID-19 into the consideration for material accounting estimates, and the management will continue to review the estimates and basic assumptions. If the correction of estimates affects only the current period, it is recognized upon amendment. If the amendment of accounting estimates affects both current and future periods, it is recognized in the respective current and future periods.

6. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Cash on hand and working capital	$ 610	$ 610
Demand deposit in bank	720,165	898,127
Cash equivalents		
Time deposits in banks due within three (3) months in the date of initial maturity.	221,440	-
	$ 942,215	$ 898,737

7. Financial Assets Measured at Fair Value Through Profit and Loss

	December 31, 2021	December 31, 2020
Financial assets – current		
Measured at fair value through income under compulsion		
Derivatives (not designated for hedging purposes)		
– Forward exchange contracts (1)	$ -	$ 866
Derivatives		
– Corporate bond redemption rights (2)	2,591	578
Subtotal	2,591	1,444
Non-derivative financial assets		
– Domestic Listed (OTC) stocks	247,500	235,734
– Domestic Convertible corporate bonds	-	510
Subtotal	247,500	236,244
	$ 250,091	$ 237,688
Financial assets – noncurrent		
Measured at fair value through income under compulsion		
Non-derivative financial assets		
– Domestic unlisted (OTC) preferred shares	$ 8,117	$ 8,336
– Domestic unlisted (OTC) common shares	29,982	-
	$ 38,099	$ 8,336
Financial liabilities – current		
Held-for-sale		
Derivatives		
– Corporate bond sell-back rights (2)	$ 9,873	$ 14,049

(1) The undue forward foreign exchange contracts, to which hedging accounting was not applied, at the balance sheet date are as follows:

December 31, 2020

	Currency	Last due date	Contract amount (in thousands of NTD)
Forward foreign exchange contracts sold	USD: NTD	2021.1.8~2021.2.26	USD 3,930/NTD 111,286

The Company's purpose of engaging in forward foreign exchange contract transactions is mainly to avoid the risks arising from foreign currency assets due to fluctuations in the exchange rate. As the conditions for effective hedging are not met, hedging accounting is not applicable.

(2) The fair value of embedded derivatives is the fair value of various financial instruments (the investor's sell-back right and the issuer's redemption right) that will be issued by the Company's convertible bonds that are not closely related to the debt master contract issued by the Company to convert corporate bonds. Please refer to Note 16.

8. Financial assets measured at fair value through other comprehensive income

Equity investment

	December 31, 2021	December 31, 2020
Noncurrent		
Domestic Listed (OTC) stocks	$ 441,401	$ 391,619

According to its investment strategy, the Company has invested in the common stocks of Ideal Bike Corporation (Ideal Bike). Since said stocks are not held for trading purposes, the Company has chosen to designate said investments to be measured at fair value through other comprehensive income, and re-evaluated the investment strategy in September 2020. As the Company expects to hold the stocks on a long term in the future, said investments are reclassified to non-current assets.

As of December 31, 2021 and 2020, there were no pledges of financial assets measured at fair value through other comprehensive income.

9. Financial assets based on cost after amortization

	December 31, 2021	December 31, 2020
Noncurrent		
Preferred shares	$ 131,516	$ 178,040

In order to take part in the trademark bidding process for brands such as Fuji, SE, Phat, Nichibei and Tuesday owned by U.S. company Advanced Sports Enterprises, Inc., the Company made a joint investment in Pacific Glory Worldwide Ltd. in the Republic of Seychelles for the management of brand trademarks. The Company contributed USD7,500 thousand to acquire the preferred shares, and stipulated in the agreement that Pacific Glory Worldwide Ltd. shall redeem the preferred shares in one or more installments of 10% its investment amount within five years from the completion date of registration. The preferred shares do not have the right to vote or participate in the distribution of earnings. However, as the Company serves as a director, and for the purpose of securing the preferred shares, the agreement stipulates that all directors must be present and consent to the transfer or disposal of major businesses or assets, external investment activities, and endorsements and guarantees.

The Company's financial assets measured at amortized cost are not pledged or guaranteed.

10. Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable		
Measured on the basis of cost after amortization		
Total book value	$ 486,211	$ 487,792
Less: Allowance for losses	-	-
	$ 486,211	$ 487,792

The Company's average credit period for merchandise sales is 60 to 180 days. No interest is charged on accounts receivable, but a monthly penalty of 1% will be added for the unpaid balance of some customers. The Company adopts the policy of only trading with counterparties rated at or above the investment rating. The Company also obtains sufficient guarantees under necessary circumstances to reduce the risk of financial losses due to defaults. Credit rating information is provided by independent rating agencies. Where such information is not available, the Company uses other publicly available financial information and historical transaction records for the rating of customers. The Company continues to monitor the credit risks and credit ratings of the counterparty and spreads the total transaction amount among different customers with qualified credit ratings. Credit risks are also managed through annual reviewing and approving the credit limit of the counterparty with customers every year.

The Company recognized allowance for loss of the accounts receivable based on lifetime expected credit loss. The expected credit loss over the life of the contract is based on the customer's past default history and current financial situation, industrial economic situation as well as GDP forecast and industry outlook. As the Company's credit loss history indicates no significant difference in the loss patterns of different customer groups, the expected credit loss rate is determined only by the number of days past due on accounts receivable.

If any evidence shows that the counterparty is experiencing financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, the counterparty is undergoing liquidation or the debt is more than 180 days overdue, the Company will directly write off relevant accounts receivable; however, the claiming for payments will continue, and the amount recovered as a result of claiming is recognized in profit or loss.

As of December 31, 2021 and December 31, 2020, the allowance for credit loss in the aging analysis was NT$0.

The aging analysis of accounts receivables:

	December 31, 2021	December 31, 2020
Not overdue	$ 486,211	$ 487,792

11. Inventory

	December 31, 2021	December 31, 2020
Finished products	$ 416,454	$ 641,796
Work-in-process goods	72,467	93,091
Semi-finished products	42,203	64,501
Materials	52,037	46,797
Raw materials	101,616	76,751
Inventory in-transit	8,461	17,456
	$ 693,238	$ 940,392

The nature of the cost of goods sold is as follows:

	2021	2020
Cost of inventory sold	$ 3,303,735	$ 2,700,463
Inventory valuation gains on market price recovery	(4,480)	(6,202)
Unallocated manufacturing expenses	227,366	470,776
	$ 3,526,621	$ 3,165,037

The unamortized manufacturing expenses (under cost of goods sold) for 2021 and 2020 include relevant expenses incurred during the shutdown period due to the impact of COVID-19 and cold repair of the furnace at the 1st yarn plant in the first half of 2020.

The recovery of the net realizable value of inventories was a result of an increase in sales prices in the fiber glass yarn and fiber glass fabric markets.

The Company has no inventories expected to be recovered after more than 12 months on each balance sheet date.

12. Investment under the equity method

	December 31, 2021	December 31, 2020
Investment in subsidiaries	$ 2,185,507	$ 1,710,930
Investments in associates	9,152	9,343
	$ 2,194,659	$ 1,720,273

(1) Investment in subsidiaries

Investment in subsidiaries	December 31, 2021	December 31, 2020
Non-listed (OTC) company		
Fulltech Investment Holdings (BVI) Co., Ltd. （Fulltech BVI）	$ 2,185,507	$ 1,710,930

	Percentage of ownership holdings and voting rights	
Subsidiary name	December 31, 2021	December 31, 2020
Fulltech BVI	100%	100%

Fulltech BVI is the holding company established in the British Virgin Islands (BVI). The Company also invests in Shenzhou Fusheng Technology (Beijing) through Universal Technology Group (Hong Kong) Company Limited (Universal Technology HK, 50% ownership), which mainly produces and sells modified starch products.

Moreover, Fulltech BVI also invests in Fulltech (Dongguan) Glass Fiber Co. through Fulltech Industrial Holding (Hong Kong) Limited (Fulltech Industrial HK, 100% ownership), which produces and sells fiberglass fabric. For details and related information of the Company’s indirectly held investment subsidiaries, please refer to Note 33.

(2) Investments in associates

	December 31, 2021	December 31, 2020
Individual non-dominant associates		
Echelon Material Technologies Corp. (referred to as Echelon)	$ 9,152	$ 9,343

Company name	Percentage of ownership holdings and voting rights	
	December 31, 2021	December 31, 2020
Echelon	15.95%	15.95%

On May 6, 2019, the Company invested in Echelon with equipment worth NT$10,370 thousand, holding 15.95% of ownership. However, one of the Company's employee is Echelon's director and managerial officer; one of the Company's senior managers holds shares of said investee, and although the Company holds less than 20% of the voting shares of Echelon, after the assessment above, the Company has included Echelon as an associate over which the Company has significant influence.

For the nature of business of the above associates and their investee companies, information of their principal places of business and countries of registration, please refer to Attached Table 6 "Information on Investees."

Investments accounted for using the equity method and the Company's share of the profit or loss and other comprehensive income were recognized according to the audited financial statements of the associates for the same period.

13. Property, plant, and equipment

	Land	Land betterment	Buildings	Machinery equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
Costs							
Balance as of January 1, 2021	$ 625,354	$ 171,484	$ 3,093,471	$ 6,798,119	$ 4,331,092	$ 39,346	$ 15,058,866
Additions	-	-	5,919	40,741	37,994	121,794	206,448
Platinum box depletion	-	-	-	(75,041)	-	-	(75,041)
Disposition	-	-	-	(72,137)	(4,489)	-	(76,626)
Reclassification of categories	-	15,760	-	15,845	16,239	(48,051)	(207)
Balance as of December 31, 2021	$ 625,354	$ 187,244	$ 3,099,390	$ 6,707,527	$ 4,380,836	$ 113,089	$ 15,113,440
Accumulated depreciation							
Balance as of January 1, 2021	$ -	$ 140,560	$ 997,299	$ 3,372,498	$ 3,020,657	$ -	$ 7,531,014
Disposition	-	-	-	(56,384)	(4,469)	-	(60,853)
Depreciation expenses	-	7,858	82,093	284,420	224,526	-	598,897
Balance as of December 31, 2021	$ -	$ 148,418	$ 1,079,392	$ 3,600,534	$ 3,240,714	$ -	$ 8,069,058
Net at December 31, 2021	$ 625,354	$ 38,826	$ 2,019,998	$ 3,106,993	$ 1,140,122	$ 113,089	$ 7,044,382
Costs							
Balance as of January 1, 2020	$ 625,354	$ 171,484	$ 3,060,699	$ 6,677,930	$ 4,129,497	$ 494,791	$ 15,159,755
Additions	-	-	3,648	6,080	72,258	109,095	191,081
Platinum box depletion	-	-	-	(59,126)	-	-	(59,126)
Disposition	-	-	-	(169,248)	(65,853)	-	(235,101)
Reclassification of categories	-	-	29,124	342,483	195,190	(564,540)	2,257
Balance as of December 31, 2020	$ 625,354	$ 171,484	$ 3,093,471	$ 6,798,119	$ 4,331,092	$ 39,346	$ 15,058,866
Accumulated depreciation							
Balance as of January 1, 2020	$ -	$ 135,111	$ 915,666	$ 3,256,131	$ 2,806,405	$ -	$ 7,113,313
Disposition	-	-	-	(169,236)	(62,230)	-	(231,466)
Depreciation expenses	-	5,449	81,633	285,603	276,482	-	649,167
Balance as of December 31, 2020	$ -	$ 140,560	$ 997,299	$ 3,372,498	$ 3,020,657	$ -	$ 7,531,014
Net at December 31, 2020	$ 625,354	$ 30,924	$ 2,096,172	$ 3,425,621	$ 1,310,435	$ 39,346	$ 7,527,852

Depreciation expense is based on a straight-line method, primarily over the following useful lives:

Land betterment	2 to 21 years
Buildings	
Plant building	31 to 51 years
Oil tank and storage tank	21 to 25 years
Steel plates, platforms and other works	5 to 24 years
Machinery equipment	
Twisting machine and mixing tank	15 to 21 years
Furnace body and yarn splitter	10 to 13 years
Yarn reel set and filter	6 to 17 years
Office equipment	3 to 11 years
Leasehold improvement	Lease period
Other equipment	2 to 52 years

The platinum box in the machine and equipment is based on its actual depletion, and its actual depletion period can be used for at least 1 year after each repair.

For the Company's amount of property, plant and equipment pledged as collateral for loans, please refer to Note 29.

14. Lease Agreement

(1) Right-of-use assets

	December 31, 2021	December 31, 2020
Book amount of right-of-use assets		
Land	$ 314,004	$ 320,831
Buildings	38,871	2,039
Transportation equipment	345	2,415
Others	4,256	754
	$ 357,476	$ 326,039

	2021	2020
Additions of right-of-use assets	$ 50,173	$ 2,446
Depreciation expenses of right-of-use assets		
Land	$ 6,826	$ 6,826
Buildings	8,899	8,169
Transportation equipment	2,070	2,064
Others	940	754
	$ 18,735	$ 17,813

Except for the additions and the depreciation expenses listed recognized above, the Company's right-of-use assets did not undergo material sublease arrangements or impairment in 2021 and 2020.

(2) Leasehold liability

	December 31, 2021	December 31, 2020
Book amount of leasehold liability		
Current	$ 14,776	$ 8,709
Noncurrent	$ 385,343	$ 357,285

The discount rate range for lease liabilities is as follows:

	December 31, 2021	December 31, 2020
Land	2.33%	2.33%
Buildings	1.66%-1.67%	1.66%
Transportation equipment	1.30%	1.30%-1.66%
Others	1.66%-1.67%	1.66%

(3) Major tenancy activities and terms

The Company leases a number of pieces of land and buildings to use as plants and offices for a period of 5 to 20 years. Upon termination of the lease period, the Company has no preferential right to purchase the leased land and buildings. It was agreed that, without consent of the lessor, the Company may not sublet or transfer all or part of the subject matter of the lease.

(4) Other lease information

	2021	2020
Short-term rent expenses	$ 13,264	$ 19,136
Total cash (outflow) from the lease	($ 38,235)	($ 50,147)

The Company has opted to apply the recognition exemption for qualified short-term leases of houses and buildings, and does not recognize the related right-of-use assets and lease liabilities for these leases.

On December 31, 2021 and 2020, the short-term lease commitment amount in which recognition was exempted were NT$1,228 thousand and NT$8,052 thousand.

15. Borrowings

(1) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured loans		
Bank credit loans	$ 200,000	$ 500,000
Bank forward letter of credit (1)	33,723	27,256
	$ 233,723	$ 527,256
Interest rate of bank credit loans	1.20%	1.24%-1.38%
Last due date of bank credit loans	January 2022	March 2021
Repayment date of the bank's forward letters of credit	January to March, 2022	January to March, 2021

(1) The seller shall be responsible for interests of the bank's forward letter of credit loans.

(2) For information on utilized and unutilized bank financing lines, please refer to Note 27.

(2) Long-term borrowings

	December 31, 2021	December 31, 2020
Guaranteed loan (Note 29)		
Bank pledged loans (1)	$ 1,396,000	$ 1,500,000
Bank syndicated loans (2)	1,447,528	2,044,948
Subtotal	2,843,528	3,544,948
Unsecured loans		
Bank credit loans (3)	1,110,000	1,065,484
	3,953,528	4,610,432
Less: Amount due in one year	(1,872,997)	(606,481)
Long-term borrowings	$ 2,080,531	$ 4,003,951
Annual interest rate of long-term borrowings	1.35%-2.30%	1.35%-2.30%

(1) The bank pledged loans as of December 31, 2021 and 2020 were on an installment payment plan, and will be fully repaid between December 2021 and July 2024. Affected by COVID-19, the Company applied to the banks for an extension of the existing loan plans provided by the Ministry of Economic Affairs, and the amount of NT$1,150,000 thousand in the pledged loans has been extended to December 2023 to July 2026 for full repayment.

(2) The syndicated bank loans as of 2021 and December 31, 2020 were repaid in installments and will be cleared in December 2022. NT$300,000 thousand included in the syndicated bank loans as of December 31, 2020, can be utilized within the financing line before December 2022.

(3) As of December 31, 2021, NT$840,000 thousand of the bank credit loans was repaid in installments and will be fully repaid between October 2022 and August 2024. Because the Company was affected by the global pandemic of COVID-19, it applied to the banks for an extension of the existing loan plans provided by the Ministry of Economic Affairs, of which NT$200,000 thousand will be extended from May 2022 to May 2023, the other NT$200,000 thousand will be extended from August 2022 to August 2024, and another NT$200,000 thousand will be extended from September 2022 to September 2023 for full repayment. Meanwhile, the amount of NT$120,000 thousand and NT$150,000 thousand can be used as revolving credit within the credit line before August 2023 and prior to January 2024, respectively. As of December 31, 2020, NT$895,484 thousand of the bank credit loans was repaid in installments and will be fully repaid in October 2022. Because the Company was affected by the global pandemic of COVID-19, it applied to the banks for an extension of the existing loan plans provided by the Ministry of Economic Affairs, of which NT$200,000 thousand will be extended from August 2022 to August 2023 for full repayment; another amount of NT$170,000 thousand can be used as revolving credit within the credit line between September 2022 and May 2023.

(4) For information on utilized and unutilized bank financing lines, please refer to Note 27.

According to the terms of the syndicated loan agreement and some loan agreements, the Company is required to maintain certain contractual annual financial ratios. Without prior written consent of the lending bank, the Company is not permitted to merge with other companies, or sell, lease, or use other forms to transfer or dispose of all or part of its main property.

As of December 31, 2021, the Company’s financial ratios did not violate the financial obligations in the joint credit agreement. As of December 31, 2020, the financial ratio did not meet the financial commitments of the syndicated loan contract. The Company has obtained the consent of the banks in the syndicated loan for a waiver in March 2021.

16. Conversion of Bonds Payable

	December 31, 2021	December 31, 2020
The fifth public domestic unsecured convertible bonds raised in 2018 (1)	$ 510,024	$ 566,320
The sixth public domestic unsecured convertible bonds raised in 2021 (2)	277,065	-
	787,089	566,320
Less: Amount due in one year	(510,024)	(566,320)
	$ 277,065	$ -

(1) The fifth public domestic unsecured convertible bonds raised in 2018

On July 26, 2018, the Company issued the fifth 5-year domestic unsecured convertible bonds for NT$600,000 thousand at no-par value, with maturity date of July 26, 2023. Bondholders may make a request to the Company to covert the bonds into the Company's common stock at any time at a conversion price of NT$18.62 per share at issuance. The subsequent conversion price is adjusted in accordance with the formula provisions stipulated in the anti-dilution measures (the conversion price was adjusted to NT$17.12 per share on September 9, 2019). If the original closing price of the bonds exceeds the prevailing conversion price by 30% for 30 consecutive business days or if the outstanding bond balance is less than 10% of the original issuance total, the Company may redeem the bonds in cash at their face value. The bondholders may request to sell their bonds back to the Company at their face value plus interest compensation (103.18% and 105.10% of the face value of the bonds) within 30 days prior to the third and fourth year of the issuance of the bonds.

These convertible bonds consist of a liability and an equity component, which is presented under equity as capital surplus – stock options. The effective interest rate of liabilities components is initially recognized at 2.00%.

As of December 31, 2021, the holders of the aforementioned corporate bonds with face value of NT$70,300,000 have exercised their conversion rights.

The changes in the redemption rights and sell-back rights of debt master contracts and derivatives (financial instruments carried at fair value through profit or loss, see Note 7) in 2021 and 2020 are as follows:

	Debt instrument for master contracts	
	2021	2020
Balance, beginning of year	$ 566,320	$ 555,150
Amortization of discount this year	10,782	11,170
Conversion of corporate bonds to common stock this year	(67,078)	-
Balance, end of year	$ 510,024	$ 566,320

	Derivatives	
	Sell-back rights (financial liabilities)	Redemption rights (financial assets)
Balance as of January 1, 2020	($ 23,649)	$ 98
Fair value changes during the year	9,600	480
Balance as of December 31, 2020	($ 14,049)	$ 578
Balance as of January 1, 2021	($ 14,049)	$ 578
Fair value changes during the year	9,874	977
Conversion of corporate bonds to common stock this year	565	(303)
Balance as of December 31, 2021	($ 3,610)	$ 1,252

(2) The sixth public domestic unsecured convertible bonds raised in 2021

On March 16, 2021, the Company issued the sixth 5-year domestic unsecured convertible bonds for NT$400,000 thousand at no-par value, with maturity date of March 16, 2026. Bondholders may make a request to the Company to covert the bonds into the Company's common stock at any time at a conversion price of NT$15.60 per share at issuance. The subsequent conversion price is adjusted in accordance with the formula provisions stipulated in the anti-dilution measures. If the original closing price of the bonds exceeds the prevailing conversion price by 30% for 30 consecutive business days or if the outstanding bond balance is less than 10% of the original issuance total, the Company may redeem the bonds in cash at their face value. The bondholders may request to sell their bonds back to the Company at their face value plus interest compensation (103.03% and 105.09% of the face value of the bonds) within 30 days prior to the third and fourth year of the issuance of the bonds.

These convertible bonds consist of a liability and an equity component, which is presented under equity as capital surplus – stock options. The effective interest rate of liabilities components is initially recognized at 1.60%.

As of December 31, 2021, the holders of the aforementioned corporate bonds with face value of NT$101,100,000 have exercised their conversion rights.

The changes in the redemption rights and sell-back rights of debt master contracts and derivatives (financial instruments carried at fair value through profit or loss, see Note 7) from the date of issuance to December 31, 2021 are as follows:

	Debt instrument for master contracts
Issue price on March 16, 2021 (deducting transaction costs of NT$5,420 thousand)	$ 394,580
Equity components	(21,764)
Deferred tax assets	1,072
Financial assets	712
Financial liabilities	(9,101)
Liability components on the date of issue	365,499
Amortization of discount this year	4,540
Conversion of corporate bonds to common stock this year	(92,974)
Ending balance	$ 277,065

	Derivatives	
	Sell-back rights (financial liabilities)	Redemption rights (financial assets)
Initial recognition amount on March 16, 2021	($ 9,101)	$ 712
Fair value changes during the year	874	1,211
Conversion of corporate bonds to common stock this year	1,964	(584)
Balance as of December 31, 2021	($ 6,263)	$ 1,339

17. Accounts payable

The Company's accounts payable are all generated from operations, and the credit period is 30 to 120 days. The Company has a financial risk management policy ensuring that all accounts payable are repaid within the pre-agreed credit periods.

18. Other payables

	December 31, 2021	December 31, 2020
Freight and customs fee payables	$ 92,142	$ 48,804
Salary and bonus payables	83,885	49,318
Water, electricity and fuel payables	53,689	49,195
Remuneration to employees payable	43,629	-
Crop compensation payables	31,613	27,239
Compensation payable to directors	29,086	-
Equipment and construction payables	19,739	20,288
Unsettled pension payables	11,282	9,178
Rent payable	9,880	9,691
Interest payable	2,677	3,439
Others	67,762	54,708
	$ 445,384	$ 271,860

19. Retirement Benefits Plan

(1) Defined contribution pension plan

The pension system of the "Labor Pension Act" that is applicable to the Company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance.

(2) Defined benefit plan

The Company has a pension plan arranged in accordance with the "Labor Standards Act" of the Republic of China that is a defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The Company appropriates pension for an amount equivalent to 2% of the total monthly salary and said amount is deposited in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve with the Bank of Taiwan. Before the end of the year, if the account balance is expected to be insufficient to pay the estimated pension amount for the employees retiring in the following year, the amount of difference should be appropriated in a lump sum before the end of March of the following year. The special account has been commissioned to the Bureau of Labor Funds of the Ministry of Labor for management. The Company contained in the financial statements exercises no influence on the right of the bureau in its investment management strategy.

The amount of determined benefit plan recognized in the individual balance sheet is shown below:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 130,864	$ 128,413
The fair value of plan assets	(54,251)	(59,714)
Net determined benefit liability	$ 76,613	$ 68,699

Change in net determined benefit liability is shown below:

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
January 1, 2021	$ 128,413	($ 59,714)	$ 68,699
Service costs			
Current service cost	1,324	-	1,324
Interest expenses (revenues)	620	(281)	339
Recognized in the profit or loss	1,944	(281)	1,663
Reevaluation			
Planned ROE (except the amount of net interest)	-	(922)	(922)
Actuarial loss – change in the assumption of the census	3,727	-	3,727
Actuarial gain – change in financial assumptions	(1,725)	-	(1,725)
Actuarial loss – adjustment through experience	7,235	-	7,235
Recognized in the other comprehensive profit of loss	9,237	(922)	8,315
Employer appropriation	-	(2,064)	(2,064)
Benefits paid	(8,730)	8,730	-
December 31, 2021	$ 130,864	($ 54,251)	$ 76,613
January 1, 2020	$ 154,819	($ 74,203)	$ 80,616
Service costs			
Current service cost	1,889	-	1,889
Interest expenses (revenues)	1,161	(562)	599
Recognized in the profit or loss	3,050	(562)	2,488
Reevaluation			
Planned ROE (except the amount of net interest)	-	(2,354)	(2,354)
Actuarial loss – change in the assumption of the census	1,075	-	1,075
Actuarial loss – change in financial assumptions	3,368	-	3,368
Actuarial gain – adjustment through experience	(12,059)	-	(12,059)
Recognized in the other comprehensive profit of loss	(7,616)	(2,354)	(9,970)
Employer appropriation	-	(3,676)	(3,676)
Benefits paid	(21,840)	21,081	(759)
December 31, 2020	$ 128,413	($ 59,714)	$ 68,699

The recognized loss of determined benefit plans by function is summarized below:

	2021	2020
Sales cost	$ 1,285	$ 1,818
Operating expenses	378	670
Total	$ 1,663	$ 2,488

The pension fund system of the company contained in the financial statements is exposed to the following risks due to the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the planned asset of the Company shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.
2. Interest risk: The decline of the interest rate for government bonds will cause an increase in the present value of determined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net determined benefit liability is mutually offsetting.
3. Salary risk: The calculation of the present value of determined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of determined benefit obligation.

The determined benefit obligation of the company contained in the financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

	December 31, 2021	December 31, 2020
Discounted rate	0.625%	0.500%
The expected rate of increase in salaries	2.500%	2.500%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of determined benefit obligation will be:

	December 31, 2021	December 31, 2020
Discounted rate		
Increase by 0.25%	($ 3,437)	($ 3,378)
Decrease by 0.25%	$ 3,580	$ 3,522
The expected rate of increase in salaries		
Increase by 0.25%	$ 3,455	$ 3,395
Decrease by 0.25%	($ 3,336)	($ 3,275)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of determined benefit obligation.

	December 31, 2021	December 31, 2020
Amount projected for appropriation in 1 year	$ 2,106	$ 1,995
Average maturity of determined benefit obligation	10.5 years	10.5 years

20. Equity

(1) Ordinary shares

	December 31, 2021	December 31, 2020
Authorized number of shares (thousand shares)	600,000	600,000
Authorized capital	$ 6,000,000	$ 6,000,000
Number of shares issued with fully paid-in capital (thousand shares)	428,477	417,896
Outstanding capital	$ 4,284,777	$ 4,178,965
Changes in share capital	58	-
Total	$ 4,284,835	$ 4,178,965

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends.

	Ordinary share capital (including registered capital pending change) (thousand shares)
Balance as of January 1, 2020	427,946
Cancelled treasury shares on March 20, 2020	(5,000)
Cancelled new restricted shares for subscription by employees on May 20, 2020	(50)
Cancelled treasury shares on August 3, 2020	(5,000)
Balance as of December 31, 2020	417,896
Balance as of January 1, 2021	417,896
Conversion of corporate bonds to common stock	10,581
Conversion of corporate bonds to common stock (registered capital pending change)	6
Balance as of December 31, 2021	428,483

(2) Capital surplus

	December 31, 2021	December 31, 2020
For covering loss carried forward, payment in cash or capitalization as equity shares (Note)		
Premium on issuance of shares	$ 759,763	$ 734,453
Corporate bond conversion premium	982,224	915,776
Treasury stock trade	11,643	11,643
Lapsed stock options	31,972	31,972
May not be used for any purpose		
Subscription option for convertible bonds	54,865	43,725
New restricted employee shares	19,199	44,509
	$ 1,859,666	$ 1,782,078

	Premium on issuance of shares	Corporate bond conversion premium	Treasury stock trade	Lapsed stock options	Subscription option for convertible bonds	New restricted employee shares
Balance as of January 1, 2020	$ 726,180	$ 915,776	$ 3,909	$ 31,972	$ 43,725	$ 70,500
Deregistration of treasury shares	(17,248)	-	7,734	-	-	-
New restricted employee shares – Vested	25,521	-	-	-	-	(25,521)
New restricted employee shares – Cancelled	-	-	-	-	-	(470)
Balance as of December 31, 2020	734,453	915,776	11,643	31,972	43,725	44,509
Conversion of corporate bonds to common stock	-	66,448	-	-	(10,624)	-
Issuance of convertible corporate bonds recognized in the equity component	-	-	-	-	21,764	-
New restricted employee shares – Vested	25,310	-	-	-	-	(25,310)
Balance as of December 31, 2021	$ 759,763	$ 982,224	$ 11,643	$ 31,972	$ 54,865	$ 19,199

Note: Such additional paid-in capital can be used to make up for losses; also, when the company is without any loss, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(3) Retained Earnings and Dividend Policy

According to the Articles of Incorporation, the policy for the distribution of earnings stated that if there is a surplus after account settlement of the fiscal year, the company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate for special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividend under a proposal prepared by the board subject to the final approval of the General Meeting of Shareholders. For information on the policy of remuneration to employees, directors stipulated in the Company's Articles of Incorporation, refer to Note 21-(7).

As stipulated in the Company's Articles of Incorporation, in order to cope with the overall industrial environment and business expansion, while taking into account the Company's capital expenditure plan, cash flow and operating earnings, as well as the interests of shareholders, shareholders' dividends may be distributed in shares and cash. The principle is that cash dividends should account for at least 20% of the total dividends.

Legal reserve shall be allocated up to the amount equivalent to the paid-in capital of the company. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Company has a special reserve appropriated and reversed in accordance with Jin-Guan-Zheng-Fa-Zhi No. 1010012865 Letter and "Special reserve appropriation Q&A after the adoption of International Financial Reporting Standards (IFRSs)." If the amount debited to the other shareholders' equity is subsequently reversed, the reversed amount can be distributed. In addition, the Company's appropriation of special reserve shall be handled in accordance with the Jin-Guan-Zheng-Fa-Zhi No. 1090150022 Letter issued by the Financial Supervisory Commission in March 2021, followed by cancellation of the original Jin-Guan-Zheng-Fa-Zhi No. 1010012865 Letter on December 31, 2021.

The Company's Annual General Meeting (AGM) was held on July 23, 2021 and June 18, 2020 to resolve loss compensation for 2020 and 2019, respectively:

As it was a loss for 2019, there was no earnings distribution, and a special reserve of NT$150,939 thousand was reversed in accordance with the law.

As it was a loss for 2020, there was no earnings distribution, and a special reserve of NT$130,696 thousand was reversed in accordance with the law.

As of the publication date of the individual financial report, the board of directors has not yet proposed the motion of earnings distribution for 2021.

(4) Other equity

1. Exchange differences on the translation of financial statements of foreign operations

	2021	2020
Balance, beginning of year	($ 70,164)	($ 77,143)
Accrued in current year		
Exchange difference of foreign operating institutions	(14,015)	6,979
Other comprehensive income of the current year	(14,015)	6,979
Balance, end of year	($ 84,179)	($ 70,164)

2. Unrealized gain on financial assets measured at fair value through other comprehensive income

	2021	2020
Balance, beginning of year	$ 129,101	$ -
Accrued in current year		
Unrealized gain or loss – equity instrument	49,782	129,101
Other comprehensive income of the current year	49,782	129,101
Balance, end of year	$ 178,883	$ 129,101

3. The unearned remuneration of employees

On June 22, 2017, the Company's shareholders' meeting resolved to issue new restricted employee shares. For explanation, please refer to Note 24.

	2021	2020
Balance, beginning of year	($ 18,180)	($ 53,552)
Recognition of cost of share-based payment service	15,703	34,402
Deregistration of new restricted employee shares	-	970
Balance, end of year	($ 2,477)	($ 18,180)

(5) Treasury stock

	Repurchase for cancellation (1,000 shares)
Number of shares on January 1, 2020	1,440
Increase in current period	8,560
Decrease in current period	(10,000)
Number of shares on December 31, 2020	-

The company's treasury stock may not be pledged in accordance with the Securities and Exchange Act; moreover, it is without the privilege of dividend and voting right.

21. Net income (loss)

Net income (loss) for the period includes the following:

(1) Interest revenue

	2021	2020
Bank deposits	$ 563	$ 1,390
Financial assets measured at amortized cost – Preferred shares	8,353	7,464
	$ 8,916	$ 8,854

(2) Other income

	2021	2020
Dividend income	$ 6,115	$ 6,294
Other income	31,436	21,244
	$ 37,551	$ 27,538

(3) Other profits and loss

	2021	2020
Financial assets gain or loss		
Financial assets at fair value through profit or loss	$ 42,548	$ 95,291
Gain (loss) in disposal of property, plant, and equipment	292	(3,225)
Net foreign exchange loss	(35,611)	(62,787)
Miscellaneous income	(1,695)	(2,108)
	$ 5,534	$ 27,171

(4) Financial costs

	2021	2020
Interest from bank borrowings	$ 81,890	$ 92,697
Interest on the convertible bonds	15,322	11,170
Interest on lease liabilities	8,924	8,469
Other Interest expense	20	23
	$ 106,156	$ 112,359

(5) Depreciation, depletion and amortization

	2021	2020
Consolidation of depreciation and depletion expenses based on functions		
Sales cost	$ 661,573	$ 697,004
Operating expenses	31,100	29,102
	$ 692,673	$ 726,106
Consolidation of amortization expenses based on functions		
Sales cost	$ 208	$ 192
Operating expenses	402	443
	$ 610	$ 635

(6) Employee benefits

	2021	2020
Short-term employee benefits		
Salaries and wages	$ 765,249	$ 592,969
Labor insurance and national health insurance	67,405	65,485
Retirement benefits		
Defined contribution pension plan	26,781	27,229
Defined benefit plans (Note 19)	1,663	2,488
Equity settled share-based payment	15,703	34,402
Other employee benefits	29,367	27,353
Total employee benefits expenses	$ 906,168	$ 749,926
Consolidation based on functions		
Sales cost	$ 670,240	$ 603,483
Operating expenses	235,928	146,443
	$ 906,168	$ 749,926

(7) Remuneration to employees and directors

According to the provisions stipulated in the Company's Articles of Incorporation, 1% to 10% and no more than 5% of the pre-tax benefits of the current period before deducting the remuneration distribution of employees and directors is allocated for the remuneration to employees, directors. The remuneration distribution to employees and directors was resolved by the board meeting held on March 21, 2022 as follows:

	2021	
	Estimate on ratio	Amount
Remuneration to employees	6%	$ 43,629
Remuneration to directors	4%	$ 29,086

2020 had a net loss before tax; therefore, remuneration to employees and directors was not allocated.

If there are still changes in the amount specified in the parent company only financial reports after announcement, proceed to the accounting of change and adjust for booking in the next fiscal year.

For further information on the appropriation of remuneration to the employees and directors by the Board of directors, visit the "MOPS" website of Taiwan Stock Exchange Corporation.

(8) Foreign exchange gain and loss

	2021	2020
Total foreign exchange gains	$ 63,179	$ 66,851
Total foreign exchange loss	(98,790)	(129,638)
Net loss	($ 35,611)	($ 62,787)

22. Income tax

(1) The main components of income tax expense (gains) recognized in profit or loss are as follows:

	2021	2020
Income tax expenses in the current period		
Accrued in current year	$ 2,533	$ -
Prior years adjustment	44	1,855
	2,577	1,855
Deferred tax		
Accrued in current year	50,511	(123,517)
Income tax expense (gains) recognized in the profit or loss	$ 53,088	($121,662)

Adjustment of accounting income and income tax expense (gains) are as follows:

	2021	2020
Net income (loss) before taxes	$ 654,437	($ 600,736)
Income tax expense (gains) of net income (loss) before tax at the statutory tax rate	$ 130,887	($ 120,147)
Benefits not counted in tax	(9,732)	(18,177)
Non-deductible expenses and losses for tax purposes	6,853	13,089
Unrecognized loss deduction	1,958	-
Unrecognized temporary differences	(76,922)	1,718
Tax adjustment from prior year	44	1,855
Income tax expense (gains) recognized in the profit or loss	$ 53,088	($ 121,662)

(2) Income tax recognized in the other comprehensive profit or loss

	2021	2020
Deferred tax		
Accrued in current year		
– Exchange of foreign operating institutions	$ 3,504	($ 1,745)
– Number of remeasurement of the defined benefit plan	1,663	(1,994)
Income tax recognized in the other comprehensive profit or loss	$ 5,167	($ 3,739)

(3) Current income tax asset and liability

	December 31, 2021	December 31, 2020
Current tax assets		
Tax refund receivable	$ -	$ 76,940
Current tax liabilities		
Payable income tax	$ 2,499	$ 4,555

(4) Deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2021

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Others	Balance, end of year
Deferred tax assets					
Temporary difference					
Time variation for the recognition of revenue	$ 49,407	$ 13,530	$ -	$ -	$ 62,937
Defined benefit pension plans	13,740	(80)	1,663	-	15,323
Exchange of financial statements of foreign operating companies	18,827	-	3,504	-	22,331
Unrealized exchange loss	12,240	35	-	-	12,275
Loss deduction	121,652	(63,140)	-	-	58,512
Others	3,576	103	-	1,072	4,751
	$ 219,442	($ 49,552)	$ 5,167	$ 1,072	$ 176,129
Deferred tax liabilities					
Temporary difference					
Property, plant, and equipment	$ 4,597	$ 959	$ -	$ -	$ 5,556

2020

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Deferred tax assets				
Temporary difference				
Time variation for the recognition of revenue	$ 40,503	$ 8,904	$ -	$ 49,407
Defined benefit pension plans	16,123	(389)	(1,994)	13,740
Exchange of financial statements of foreign operating companies	20,572	-	(1,745)	18,827
Unrealized exchange loss	9,524	2,716	-	12,240
Loss deduction	10,501	111,151	-	121,652
Others	4,490	(914)	-	3,576
	$ 101,713	$ 121,468	($ 3,739)	$ 219,442
Deferred tax liabilities				
Temporary difference				
Property, plant, and equipment	$ 3,648	$ 949	$ -	$ 4,597
Others	2,998	(2,998)	-	-
	$ 6,646	($ 2,049)	$ -	$ 4,597

(5) Unused loss deduction

As of December 31, 2021 and 2020, information associated with unrecognized and unused loss deduction is as follows:

	December 31, 2021	December 31, 2020
Due in 2029	$ -	$ 52,506
Due in 2030	292,558	556,258
	$ 292,558	$ 608,764

(6) Income tax audit

The Company's income tax returns for 2019 have been examined by the tax authorities.

23. Earnings (Loss) per Share

The net income (loss) and weighted average common stock shares used for calculating earnings (losses) per share are as follows:

Net income (loss)

	2021	2020
The net income (loss) applied to calculate basic earnings (losses) per share	$ 601,349	($ 479,074)
Effect of dilutive potential common stock:		
Convertible corporate bonds	2,386	-
The net income (loss) applied to calculate diluted earnings (losses) per share	$ 603,735	($ 479,074)

Quantity

Unit: Thousand shares

	2021	2020
Calculating basic earnings (losses) per share with the weighted average common stock shares	420,063	409,737
Effect of dilutive potential common stock:		
Convertible corporate bonds	52,014	-
Remuneration to employees	2,515	-
Limited employee rights shares	2,482	-
Calculating diluted earnings (losses) per share with the weighted average common stock shares	477,074	409,737

If the Company may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect.

When diluted EPS is calculated in the next year before the Board of shareholders resolves the number of share distribution for employee compensation, the dilution effect is also considered for such potential common shares.

24. Share-based Payment Agreement

New restricted employee shares

On June 22, 2017, the Company resolved to issue new restricted employee shares that totaled NT$100,000 thousand with 10,000 thousand issued at NT$0 per share.

(1) The employee's restricted rights prior to meeting the vested conditions upon the allotment of new shares are as follows:

1. Employees shall not sell, pledge, transfer, give to others, create or use any other forms to dispose of such new restricted employee shares.
2. New restricted employee shares can participate in the right to dividend distribution and cash capital increase stock options. The dividend distribution employees receive is not restricted by the vested period, and dividends will be paid to employees' personal accounts from the trust account after the payment date.
3. The exercise of proposals, speeches, voting rights and other matters associated to shareholders' rights are entrusted under the custody of trust custodians.
4. The trust shall be delivered after issuance and shall not request a return from the trustee for any reason or in any form until the vested conditions have been met.

(2) Where an employee fails to meet the vested conditions, the Company will withdraw the new restricted employee shares given and cancel them in accordance with the law.

On March 14, 2018, by resolution of the Company's board of directors, 10,000,000 new restricted employee shares were issued, with record date on April 2, 2018. The remuneration cost recognized for 2021 and 2020 for the issuance of new restricted employee shares was NT$15,703 thousand and NT$34,402 thousand, respectively. As of December 31, 2021, the employee's unearned remuneration totaled NT$2,477 thousand and was recorded under other equity as a deduction.

The plan for new restricted employee shares is as follows:

New restricted employee shares	2021 Unit (Thousands)	2020 Unit (Thousands)
Outstanding stock options – beginning	4,735	7,500
Canceled in current period	-	(50)
Vested in current period	(2,693)	(2,715)
Outstanding stock options – ending	2,042	4,735

25. Cash Flow Information on Non-cash Transactions

The Company's investment activities through non-cash transactions for 2021 and 2020 are as follows:

At the end of 2021 and 2020, the Company disposed of financial assets measured at fair value through profit or loss for the amount of NT$57,077 thousand and NT$23,324 thousand, respectively, which were accounted for in other receivables at the end of the year due to the differences in delivery time.

26. Capital Risk Management

The Company carries out capital management to ensure managing its capital through cash capital increases and debt financing in order to optimize debt and equity balance for as long as the Company continues to operate. There were no major changes in the Company's overall strategy from prior years.

The Company's capital structure consists of debt and equity attributable to the owners of the Company (i.e. capital stock, capital surplus, undistributed earnings and other equity), of which debts are mainly bank loans and convertible bonds.

The Company's key management reviews the capital structure on a regular basis. The review involves taking into account costs of all capital and the associate risks. Based on the suggestions made by the key management, the Company issues new shares or conducts debt financing in a timely manner to balance its overall capital structure.

27. Financial instruments

(1) Fair value information – Financial instruments that are not measured at fair value

Except for those listed in the table below, the Company's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value on the individual balance sheet is close to their fair values.

December 31, 2021

		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities based on cost after amortization					
- Convertible corporate bonds	$787,089	$ -	$ -	$794,246	$794,246

December 31, 2020

		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities based on cost after amortization					
- Convertible corporate bonds	$566,320	$ -	$ -	$ 574,980	$ 574,980

There are significant unobservable inputs (Level 3 inputs) at fair value measurement, which are the discount rate that reflects the Company's credit risk.

(2) Fair value information – Financial instruments that are measured at fair value

1. Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives– Corporate bond redemption rights	$ -	$ -	$ 2,591	$ 2,591
Negotiable securities listed domestically through the Taiwan Stock Exchange or Over-the-Counter Securities Exchange	247,500	-	-	247,500
Domestic non-listed (OTC) stocks	-	-	38,099	38,099
Total	$ 247,500	$ -	$ 40,690	$ 288,190
Financial assets measured at fair value through other comprehensive income				
Equity investment – Domestic Listed (OTC) stocks	$ 441,401	$ -	$ -	$ 441,401
Financial liabilities at fair value through profit or loss				
Derivatives – Right to sell back corporate bonds	$ -	$ -	$ 9,873	$ 9,873

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives - Forward exchange contracts	$ -	$ 866	$ -	$ 866
Derivatives– Corporate bond redemption rights	-	-	578	578
Negotiable securities listed domestically through the Taiwan Stock Exchange or Over-the-Counter Securities Exchange	235,734	-	-	235,734
Domestic non-listed (OTC) stocks	-	-	8,336	8,336
Domestic Convertible corporate bonds	510	-	-	510
Total	$ 236,244	$ 866	$ 8,914	$ 246,024
Financial assets measured at fair value through other comprehensive income				
Equity investment – Domestic Listed (OTC) stocks	$ 391,619	$ -	$ -	$ 391,619
Financial liabilities at fair value through profit or loss				
Derivatives – Right to sell back corporate bonds	$ -	$ -	$ 14,049	$ 14,049

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

2. Reconciliation of Level 3 financial instruments in the fair value hierarchy

2021

	Financial assets at fair value through profit or loss		Financial liabilities at fair value through profit or loss
	Corporate bond redemption rights	Equity instruments	Corporate bond sell-back rights
Balance, beginning of year	$ 578	$ 8,336	($ 14,049)
Addition	712	30,000	(9,101)
Disposition	-	(3,000)	-
Recognized in the profit or loss	2,188	2,763	10,748
Conversion of corporate bonds to common stock this year	(887)	-	2,529
Balance, end of year	$ 2,591	$ 38,099	($ 9,873)

2020

	Financial assets at fair value through profit or loss		Financial liabilities at fair value through profit or loss
	Corporate bond redemption rights	Equity instruments	Corporate bond sell-back rights
Balance, beginning of year	$ 98	$ 7,055	($ 23,649)
Disposition	-	(1,125)	-
Recognized in the profit or loss	480	2,406	9,600
Balance, end of year	$ 578	$ 8,336	($ 14,049)

3. Evaluation techniques and an input value of Level 3 fair value measurement

(1) Derivatives – redemption rights and sell-back rights are estimated using the option pricing model, and the significant unobservable inputs used are the share volatility. When the share volatility increases, the fair value of these derivatives increases.

(2) Domestic and foreign unlisted stocks are measured at fair value using the market approach, and are valued based on their net book value per share in the financial statements, while evaluating the total market value of individual assets and liabilities covered by the appraisal to reflect the overall value of the company or business. The fair value of these investments increases when the value of significant unobservable inputs (non-controlling interest discount and liquidity discount) decreases.

(3) Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss	$ 288,190	$ 246,024
Financial assets based on cost after amortization (1)	2,268,424	1,804,020
The financial assets measured for the fair values through other comprehensive income – Investments accounted for using equity method	441,401	391,619
Financial liabilities		
The held-for-trade assets measured at fair value through profit or loss	9,873	14,049
Based on cost after amortization (2)	5,628,216	6,134,851

(1) The balance consists of financial assets measured at amortized cost, including cash, cash equivalents, accounts receivable, other receivables, preferred stock investments that qualify the cash flow operating model and refundable deposits.

(2) The balance includes financial liabilities measured at amortized cost, including short-term bank loans, short-term notes payable, notes payable, accounts payable, other payables, corporate bonds payable and long-term loans.

(4) Purpose and policy of financial risk management

The Company's primary financial instruments are cash, cash equivalents, investments using equity and debt instruments, accounts receivable, accounts payable, corporate bonds payable and bank loans. The Company's financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic and international financial markets, and to monitor and manage the Company's operation-related financial risks with the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company has hedged exposure through derivative financial instruments to mitigate the impact of these risks. The use of derivatives is governed by the policies approved by the Company's board of directors. Internal auditors continuously review the compliance of the policies and the exposure limits. The Company does not engage in financial instrument (including derivatives) transactions in speculation purposes.

1. Market Risk

The Company's operating activities are the reason for the Company's exposure to the main financial risks such as foreign currency exchange rates and the risk of changes in interest rates. There have been no recent changes in the Company's exposure to financial instrument market risks and its way to manage and measure such exposure.

(1) Exchange rate risk

The Company engages in foreign currency denominated sales and purchase transactions; therefore, the Company is exposed to exchange rate risks. Approximately 75% of the Company's sales were not denominated in functional currencies and approximately 33% of the cost amounts were not denominated in functional currencies. The Company's management of exchange rate risk is based on the principle of natural hedge and uses forward foreign exchange contracts to manage risks within the scope of the Company's policy.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date, please refer to Note 32.

Sensitivity analysis

The Company is mainly affected by the changes in the exchange rate of USD and RMB.

The following table explains the sensitivity analysis of the Company when the exchange rate of New Taiwan dollar (functional currency) increases and decreases by 2% against each relevant foreign currency. The 2% sensitivity rate is used for the Company's reporting exchange rate risk to management; also, it is management's reasonable estimation of the possible fluctuation in exchange rates. The sensitivity analysis includes only foreign currency monetary items in circulation, and the year-end translation is adjusted by 2% of the relevant exchange rate change.

The positive numbers in the following table represent the amount that decreases/increases net income before tax or increases/decreases net loss before tax when the functional currency depreciates by 2% against the foreign currency. When a functional currency appreciates by 2% against the foreign currency, its effect on the net income (loss) before tax will be negative of the same amount.

	Foreign currency effect	
	2021	2020
Profit and loss	$ 31,960	($ 21,889)

The above-stated effects were mainly due to the Company's bank deposits, accounts receivable and other payables denominated foreign currencies that were in circulation on the balance sheet date.

(2) Interest rate risk

The Company borrowed at fixed rate and floating rate, which generate interest rate risk exposure. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating rate. The Company regularly assesses hedging activities to align them with the interest rate perspective and the given risk appetite to ensure the adoption of the most cost-effective hedging strategy.

The carrying amount of financial assets and liabilities of the Company under interest rate exposure on balance sheet date is as follows:

	December 31, 2021	December 31, 2020
With fair value interest rate risk		
– Financial assets	$ 352,956	$ 178,040
– Financial liabilities	1,187,208	982,314
Contain cash flow interest rate risk		
– Financial assets	720,165	898,127
– Financial liabilities	4,153,528	5,110,432

The Company is exposed to the interest rate of cash flows due to its floating rate bank loans. The Company's cash flow interest rate risk is mainly due to the fluctuation of NTD interbank interest rates on NTD borrowings.

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For liabilities with floating rate, it is analyzed by assuming the liabilities on the balance sheet date are outstanding throughout the reporting period. The change in interest rate reported internally to management is the interest rate plus or minus 50 points, which represents management's assessment of the reasonable and possible changes in interest rates.

If the interest rate increased by 50 basis points and all the other variables remained unchanged this year, the Company's net income before tax for 2021 would have decreased/increased by NT$17,167 thousand, whereas net loss before tax for 2020 would have increased/decreased by NT$21,062 thousand.

(3) Other price-oriented risks.

The Company incurs price risk insurance due to its investment in listed and unlisted marketable securities.

Sensitivity analysis

The following sensitivity analysis was carried out based on the price risk of marketable securities on the balance sheet date.

If the price increased/decreased by 10%, the net income would have decreased/increased by NT$28,560 thousand in 2021, and decreased/increased by NT$24,407 thousand in 2020 due to the change in fair value of financial assets measured at fair value through profit or loss. Other comprehensive income would have increased/decreased by NT$44,140 thousand and NT$39,162 thousand in 2021 and 2020, respectively, due to the change in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit Risk

Credit risk is defined as the risk of financial loss from the counterparty's failure in fulfilling contractual obligations. As of the balance sheet date, the Company's maximum credit risk exposure of financial loss due to the counterparty's failure in fulfilling contractual obligations is mainly derived from the book value of the financial assets recognized on the individual balance sheet.

The policy the Company has adopted is carrying out transactions with companies with excellent reputation in order to reduce the risk of financial loss due to default. Prior to taking on new customers, the Company carries out transaction through cash or letters of credit in advance to measure the customer's financial and credit situation. For long-term customers, the Company evaluates the customer's credit quality through internal credit investigations and related sales management departments while setting a credit limit for the customer. The credit limits and ratings of customers are reviewed annually.

In an effort to mitigate credit risk, the Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure overdue accounts receivable are collected through appropriate approaches. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstances, the Company's management believes that the Company's credit risk is significantly reduced.

The Company's credit risk is mainly concentrated in the Company's top 5 customer groups. As of December 31, 2021 and 2020, the ratios of total accounts receivables from these customer groups accounted for 77% and 81%, respectively.

3. Liquidity Risk

The Company supports operations and mitigates the effects of fluctuations in cash flows by managing and maintaining sufficient cash. The Company's management monitors the use of banking facilities and ensures the compliance of loan agreement. Bank loans are a main source of liquidity to the company.

(1) Liquidity and interest rate risk table

The following is a detailed table to analyze the remaining contractual maturities of the Company's non-derivative financial liabilities during the agreed repayment period. It is based on the earliest date when the Company may be required to make repayment. The table is prepared using the undiscounted cash flows of the financial liabilities (interest recognition is not material).

The Company's bank loans that could be required for immediate repayment are illustrated in the earliest period of the table below, without considering the probability of the bank's exercising the said right immediately. The maturity analysis of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

December 31, 2021

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years
No interest-bearing liabilities	$ 569,879	$ 83,997	$ -	$ -
Leasehold liability	6,169	17,456	85,174	512,444
Floating rate instruments	233,333	1,839,664	2,080,531	-
Fixed interest rate	-	510,024	277,065	-
Forward letters of credit	33,723	-	-	-
	$ 843,104	$ 2,451,141	$ 2,442,770	$ 512,444

Further information about maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Leasehold liability	$ 23,625	$ 85,174	$ 63,526	$ 63,526	$ 63,526	$ 321,866

December 31, 2020

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years
No interest-bearing liabilities	$ 371,666	$ 9,177	$ -	$ -
Leasehold liability	5,946	11,104	51,171	525,149
Floating rate instruments	539,662	566,819	4,003,951	-
Fixed interest rate	50,000	566,320	-	-
Forward letters of credit	27,256	-	-	-
	$ 994,530	$ 1,153,420	$ 4,055,122	$ 525,149

Further information about maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Leasehold liability	$ 17,050	$ 51,171	$ 63,526	$ 63,526	$ 63,526	$ 334,571

(2) Financing amount

	December 31, 2021	December 31, 2020
Unsecured bank financing line		
The loan quota used	$ 1,343,723	$ 1,642,740
The loan quota not yet used	1,568,400	1,990,000
	$ 2,912,123	$ 3,632,740
Secured bank financing line		
The loan quota used	$ 2,843,528	$ 3,544,948
The loan quota not yet used	600,000	300,000
	$ 3,443,528	$ 3,844,948

28. Related Party Transactions

Except as disclosed in other notes, transactions between the Company and related parties are as follows.

(1) Name of related parties and the relations

Name	Affiliation
Fulltech (BVI)	Subsidiaries
Fulltech (Dongguan) Glass Fiber Co. (Fulltech (Dongguan))	Subsidiaries
Unitech Printed Circuit Board Corp. (Unitech)	Investors with significant influence
Tung Meng Transportation & Customs Broker Co. Ltd. (Tung Meng)	Substantial related party
Echelon	Associates
Taiwan Green Foods & Eco-agriculture Development Foundation	Substantial related party
Taiwan Federation of Commerce	Substantial related party
Fulltech Cultural & Art Foundation	Substantial related party

(2) Operating income

Account titles in book	Related party classification	2021	2020
Sales revenue	Subsidiaries	$ 953,482	$ 272,357
	Associates	29,398	10,266
		$ 982,880	$ 282,623

Sales to related parties are handled on normal trading terms (market price). The collection period for subsidiaries and associates is 120-210 days after the bill of lading date and 90 days after shipment, respectively.

(3) Accounts receivable from related party

Account titles in book	Type and name of related party	December 31, 2021	December 31, 2020
	Subsidiaries		
Accounts receivable – related parties	Fulltech (Dongguan)	$ 625,656	$ 181,806
	Associates	14,793	1,417
		$ 640,449	$ 183,223
Other receivables – related parties	Subsidiaries		
	Fulltech (Dongguan)	$ -	$ 410
	Associates		
	Echelon	1,038	519
		$ 1,038	$ 929

The outstanding receivables from the related party are without any guarantees collected. No allowance for losses is provided for accounts receivable from related parties in 2021 and 2020.

(4) Accounts payable to related parties

Account titles in book	Related party classification	December 31, 2021	December 31, 2020
Other payables	Substantial related party		
	Tung Meng	$ 75,935	$ 35,580
	Associates	469	-
	Investors with significant influence	160	160
		$ 76,564	$ 35,740

(5) Proceeds from disposal of property, plant and equipment

Type and name of related party	Disposal proceeds 2021	Disposal proceeds 2020	Gain (loss) on disposal 2021	Gain (loss) on disposal 2020
Subsidiaries				
Fulltech (Dongguan)	$ 20,238	$ -	$ 298	$ -

(6) Lease agreement

Operating leasing

Since March 2020, the Company leased factories to the associate Echelon for operating leasing, with the lease period of 3 years. The annual rent of NT$1,152 thousand was based on the local rent standards and a fixed lease payment is collected every six months according to the lease agreement.

(7) Endorsement and guarantee

Type and name of related party	December 31, 2021	December 31, 2020
Subsidiaries		
Fulltech (BVI)		
Amount guaranteed	$ 941,120	$ 1,310,080
The actual amounts disbursed	$ 941,120	$ 1,082,240

(8) Share expenses

Related party classification	2021	2020
Investors with significant influence	$ 1,927	$ 1,771

(9) Customs clearance fees

Related party classification	2021	2020
Substantial related party	$ 2,850	$ 2,361

(10) Donations

Related party classification	2021	2020
Substantial related party	$ 1,200	$ -

The Company made donations to related parties to achieve safe agriculture and friendly environment, developing diversified businesses in Taiwan, and enhancing the quality of cultural life and arts.

(11) Refundable deposits

Account titles in book	Type and name of related party	December 31, 2021	December 31, 2020
Refundable deposits	Substantial related party		
	Tung Meng	$ 60,000	$ 35,000

(12) Remuneration to key management

	2021	2020
Short-term employee benefits	$ 50,638	$ 51,626
Retirement benefits	1,411	1,414
Share-based payment	13,008	27,453
	$ 65,057	$ 80,493

Remuneration to directors and other key management is determined by the remuneration committee based on personal performance and market trends.

29. Pledged Assets

The following assets of the Company are mainly pledged as collateral for credit lines and deposits for the completion of the government subsidy project:

	December 31, 2021	December 31, 2020
Property, plant, and equipment	$ 3,578,610	$ 4,124,821
Restricted checking deposit (included in other current assets)	-	12,800
	$ 3,578,610	$ 4,137,621

The Company's application for the Ministry of Economic Affairs' research and development fund-protected project in December 2020 has been reviewed and approved by the Institute for Information Industry ("III"), and the Ministry of Economic Affairs will provide a subsidy of NT$12,800 thousand over a term of 12 months. The project stipulates that the Company shall issue a promissory note of the same amount to III. The project plan has been approved after review and case closed. In September 2021, NT$12,800 thousand was allocated, and the existing promissory note was returned to the bank for cancellation.

30. Significant Unrecognized Contract Commitments

The following is the Company's significant commitments and contingencies as of the balance sheet date:

(1) As of December 31, 2021 and 2020, the Company's opened but not yet used LCs totaled NT$90 million and NT$50 million, respectively.

(2) The Company's unrecognized contractual commitments are as follows (Unit: billion).

	December 31, 2021	December 31, 2020
Purchase of raw materials, property, plant, and equipment	$ 15.2	$ 11.4

31. Other information

The Company is affected by the COVID-19 pandemic around the world and its recent impact in Taiwan. Although the COVID-19 pandemic has slowed down, and the governments of various countries have eased restrictions one after another, while consumption patterns also changed around the world. The Company has taken the following response actions:

Fund-raising strategy

The Company has successively applied to the banks for the "existing loan extension" program launched by the Ministry of Economic Affairs. The amount of NT$1,750,000 thousand in loans that shall be repaid in installments can be extended by another year. Please refer to Note 15 for details.

32. Foreign currency assets and liabilities with significant influence as follows

The following information is expressed in foreign currencies other than the functional currencies of each entity within the Company; also, the exchange rate disclosed refers to the exchange rate used for having such foreign currency converted into the functional currency. Foreign currency assets and liabilities with significant influence as follows:

(Unit: NTD and foreign currency in thousands)

December 31, 2021

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 37,317	27.68 (USD: NTD)	$ 1,032,921
RMB	144,527	4.344 (RMB: NTD)	627,826
			$ 1,660,747
Non-currency			
USD	83,708	27.68 (USD: NTD)	$ 2,317,023
Foreign currency liabilities			
Monetary items			
USD	2,267	27.68 (USD: NTD)	$ 62,738

December 31, 2020

Foreign currency assets	Foreign currency	Exchange rate	Book value
Monetary items			
USD	$ 32,840	28.480 (USD: NTD)	$ 935,272
RMB	45,573	4.377 (RMB: NTD)	199,474
			$ 1,134,746
Non-currency			
USD	66,326	28.480 (USD: NTD)	$ 1,888,969
Foreign currency liabilities			
Monetary items			
USD	693	28.480 (USD: NTD)	$ 19,738
EUR	438	35.020 (EUR: NTD)	15,339
JPY	18,852	0.276 (JPY: NTD)	5,209
			$ 40,286

On 2021 and 2020, the Company's realized net foreign currency exchanged gains (losses) accounted for NT$25,764 thousand and (NT$1,227) thousand, respectively; unrealized net foreign currency exchange losses accounted for NT$61,375 thousand and NT$61,560 thousand, respectively. Given a variety of foreign currency transactions, the Company could not possibly disclose exchange gains or losses in each currency other than the ones with significant influence.

33. Notes of Disclosure

(1) Material transactions and (2) transfer investment information:

1. Loaning Funds to Others – Attached Table 1.
2. Endorsements and guarantees made for others – Attached Table 2.
3. Holding of marketable securities at the end of the period – Attached Table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital – None.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more – None.
6. Disposal of real estate reaching $300 million or 20% of paid-in capital or more – None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more – Attached Table 4.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more – Attached Table 5.
9. Engaged in derivatives trading – Please refer to Notes 7 and 27.
10. Information on investees – Attached Table 6.

(3) Information on Investments in Mainland China

1. Information on investments in mainland China – Attached Table 7.

2. Significant transactions with investees in mainland China – Attached Table 8.

(4) Information on major shareholders: Names of shareholders with more than 5% of ownership, quantity, and shareholding ratio: Attached Table 9.

Fulltech Fiber Glass Corp.

The Loaning of Funds

January 1 to December 31, 2021

Attached table 1

Unit: NTD and foreign currency in thousands

No. (Note 1)	The lender of fund	The borrower of fund	Accounting title	Are they related parties	Maximum balance of the year	Balance, end of year	The actual amounts disbursed	Interest rate collars	Nature of financing (Note 2)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of provision for bad debts	Collateral		Limit of financing particular beneficiary (Note 3)	Total limit of financing (Note 4)
													Name	Value		
1	Fulltech (BVI)	Fulltech (Dongguan)	Other receivables	Yes	$ 1,605,440 (USD58,000 thousand)	$ 1,605,440 (USD58,000 thousand)	$ 1,134,880 (USD41,000 thousand)	2.00%~ 2.24%	2	$ -	Construction of plant and purchase of equipment	$ -	—	$ -	$ 4,381,444	$ 4,381,444

Note 1: Fill in “1” for Fulltech (BVI).

Note 2: The nature of loaning of funds is filled in as follows:

(1) Fill in “1” for a company with which it does business.

(2) Fill in “2” for those in need of short-term financing.

Note 3: Loaning funds to a single borrower and the limits are filled in as follows:

(1) The amount loaned to a single borrower who the Company does business with shall not exceed the amount of business relations between the two parties.

(2) The short-term financing loaned to a single borrower is limited to 10% of the net worth of Fulltech (BVI), which is calculated as NT$219,072 thousand (net on the financial statements on December 31, 2021 was NT$2,190,722 thousand x10%).

(3) Between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, the limit shall not exceed 200% of the net worth of Fulltech (BVI), which is calculated as NT$4,381,444 thousand (net on the financial statements on December 31, 2021 was NT$2,190,722 thousand x200%).

Note 4: Total limit of the loaning of funds is filled in as follows:

(1) For those with which the Company does business, the aggregate amount is limited to 20% of the net worth of Fulltech (BVI), which is calculated as NT$438,144 thousand (net on the financial statements on December 31, 2021 was NT$2,190,722 thousand x20%).

(2) For short-term financing, the aggregate amount is limited to 20% of the net worth of Fulltech (BVI), which is calculated as NT$438,144 thousand (net on the financial statements on December 31, 2021 was NT$2,190,722 thousand x20%).

(3) Between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, the aggregate limit shall not exceed 200% of the net worth of Fulltech (BVI), which is calculated as NT$4,381,444 thousand (net on the financial statements on December 31, 2021 was NT$2,190,722 thousand x200%).

Fulltech Fiber Glass Corp.

Endorsements and guarantees made for others

January 1 to December 31, 2021

Attached table 2

Unit: in NTD and foreign thousand unless otherwise specified

No. (Note 1)	The company providing the endorsement and/or guarantee	The party receiving the endorsement and/or guarantee		Aggregate limit for providing endorsement/guarantee to a single business (Note 3)	Maximum endorsement and guarantee balance of the year	Endorsement and guarantee balance by the end of the year	The actual amounts disbursed	The endorsements and/or guarantees secured with property	Total endorsements and guarantees as a percentage of equity in the most recent financial statement	The upper limit of an endorsement and/or guarantee (Note 3)	Guarantee and endorsement of parent company to subsidiary	Guarantee and endorsement by subsidiary to parent company	Guarantee and endorsement in mainland China	Remarks
		Company name	Relation (Note 2)											
0	Fulltech Fiber Glass Corp.	Fulltech (BVI)	(2)	$ 2,234,614	$ 1,273,280 ((USD46,000 thousand))	$ 941,120 (USD34,000 thousand)	$ 941,120 (USD34,000 thousand)	$ -	12.63%	$ 3,724,357	Y	—	—	

Note 1: Fill in "0" for Fulltech Fiber Glass Corp.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories as follows; fill in the number of the category each case belongs to:

(1) Having business relationship.

(2) A company in which the company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the company.

(4) Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) Where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding ratios.

(7) Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The aggregate amount of providing an endorsement/guarantee is limited to 50% of the net worth of the Company, which is calculated as NT$3,724,357 thousand (net on the financial statements on December 31, 2021 was NT$7,448,714 thousand x50%). Providing an endorsement/guarantee to a single business is limited to 30% of the net worth of the Company, which is calculated as NT$2,234,614 thousand (net on the financial statements on December 31, 2021 was NT$7,448,714 仟 thousand x30%).

Fulltech Fiber Glass Corp.

Statement of marketable securities held at the end of the period

December 31, 2021

Attached Table 3

(In thousand New Taiwan dollars)

Holding company	Types and names of securities	Relationship with the securities issuer	Account titles in book	At ending				Remarks
				Unit (thousand)	Book value	Ratio of Shareholding	Fair value	
Fulltech Fiber Glass Corp.	Stock							
	Unitech Printed Circuit Board Corp.	Investors with significant influence	Financial assets at fair value through profit or loss – current	2	$ 48		$ 48	
	Taiwan Semiconductor Manufacturing Company Limited	—	Financial assets at fair value through profit or loss – current	255	156,825		156,825	
	King’s Town Bank Co., Ltd.	—	Financial assets at fair value through profit or loss – current	893	36,211		36,211	
	APAQ TECHNOLOGY CO., LTD.	—	Financial assets at fair value through profit or loss – current	131	7,952		7,952	
	First Financial Holding Co., Ltd.	—	Financial assets at fair value through profit or loss – current	450	11,023		11,023	
	Formosa Plastics Corp.	—	Financial assets at fair value through profit or loss – current	55	5,720		5,720	
	Celxpert Energy Corporation	—	Financial assets at fair value through profit or loss – current	108	4,617		4,617	
	Hiroca Holdings Ltd.	—	Financial assets at fair value through profit or loss – current	123	6,950		6,950	
	Formosa Chemicals & Fibre Corporation	—	Financial assets at fair value through profit or loss – current	65	5,252		5,252	
	Wan Hai Lines Ltd.	—	Financial assets at fair value through profit or loss – current	65	12,902		12,902	
	Element II Venture Capital Co., Ltd.	—	Financial assets that are measured at fair value through profit or loss – noncurrent	440	8,117		8,117	
	Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	—	Financial assets that are measured at fair value through profit or loss – noncurrent	2,500	29,982		29,982	
	IDEAL	Substantial related party	The financial assets measured for the fair values through other comprehensive income – noncurrent	33,188	441,401		441,401	
	Pacific Glory Worldwide Ltd.	Substantial related party	Financial assets measured at amortized cost – noncurrent	7,500	131,516		131,516	

Note: For information associated with investment subsidiaries and associates, please refer to Attached Tables 6 and 7.

Fulltech Fiber Glass Corp.

January 1 to December 31, 2021

Purchase from or sale to related parties for an amount exceeding NT$100 million or 20% of paid-in capital

Attached Table 4

(In thousand New Taiwan dollars)

Purchase (sale) company	Counterparties	Relation	Transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	The ratio of total purchase (sale) (%)	The credit period	Unit price	The credit period	Balance	Percentage of total notes receivable (payable) and accounts payable (%)	
Fulltech Fiber Glass Corp.	Fulltech (Dongguan)	Subsidiaries	Sale	($ 953,482)	(21)	120-210 days after the bill of lading date	$ -	—	$ 625,656	56	
Fulltech (Dongguan)	Fulltech Fiber Glass Corp.	Subsidiaries	Purchase	953,482	91	120-210 days after the bill of lading date	-	—	(625,656)	(98)	

Fulltech Fiber Glass Corp.

Related party receivables amounting to more than NT$100 million or 20% of paid-up capital

December 31, 2021

Attached Table 5

Unit: in NTD and foreign thousand unless otherwise specified

The company booked in the receivables	Counterparties	Relation	Receivables from related party		Turnover rate (time/year)	Overdue receivables from related parties		Receivables amount collected from related parties subsequently (Note)	Provision for loss allowance
						Amount	Process		
Fulltech (BVI)	Fulltech (Dongguan)	Subsidiaries	Other receivables	$ 1,134,880 (USD41,000 thousand)	(Note 2)	$ -	—	$ -	$ -
			Interest receivable	7,039	(Note 2)	-	—	5,128	-
				$ 1,141,919					
Fulltech Fiber Glass Corp.	Fulltech (Dongguan)	Subsidiaries	Accounts receivable	$ 625,656	2.36	-	—	206,545	-

Note 1: The amount recovered as of March 21, 2022.

Note 2: Refers to financing capital.

Fulltech Fiber Glass Corp.

The information of the invested company, the location, and so on

January 1 to December 31, 2021

Attached Table 6

(In thousand New Taiwan dollars)

Investor	Name of investee	Location	Principal business	Sum of initial investment		Held at year end			Income (loss) of the investee of the year	Investment income (loss) recognized of the year	Remarks
				End of current year	The end of last year	Quantity	Ratio (%)	Book value			
Fulltech Fiber Glass Corp.	Fulltech (BVI)	BVI	General investment	$ 2,495,124	$ 2,381,604	50,000	100	$ 2,185,507	$ 384,249	$ 382,749	Subsidiaries
	Echelon	Taiwan	Glass and glass products manufacturing industry	10,370	10,370	1,037,000	15.95	9,152	(238)	(191)	Associates
Fulltech (BVI)	Universal Technology HK	Hong Kong	General investment	109,548	109,548	3,600,000	50	8,323	885	-	Investment companies evaluated by the Company's subsidiaries using the equity method
	Fulltech Industrial HK	Hong Kong	General investment	2,010,378	2,010,378	65,600,000	100	1,834,090	381,022	-	Sub-subsidiary

Note: For information associated with investment companies in China, please refer to Attached Table 7.

Fulltech Fiber Glass Corp.

Information regarding investment in the territory of mainland China

January 1 to December 31, 2021

Attached Table 7

Unit: NTD and foreign currency in thousands

Names of investees in China	Principal business	Paid-in shares capital	Mode of investments (Note 1)	Opening cumulative balance of investment capital invested from Taiwan	Investment capital transferred or recovered during the current period		Closing cumulative balance of investment capital invested from Taiwan	Invested Company's profit and loss	The Company's directly or indirectly invested shareholding	Investment (loss) recognized during the year (Note 2)	Investment carrying value at the end of the year	Investment income remitted as of the end of the year	Remarks
					Outward remittance	Recover							
Shenzhou Fusheng Technology (Beijing)	Production and sales of etherified and esterified starches and soluble or baked starches	$ 98,112	(2)	$ 47,821 (USD1,500 thousand)	$ -	$ -	$ 47,821 (USD1,500 thousand)	$ 934	50%	$ 467 (Note 3)	$ 7,970	$ -	
Fulltech (Dongguan)	R&D and production and sales of fiberglass fabric	2,007,455	(2)	2,007,455 (USD65,500 thousand)	-	-	2,007,455 (USD65,500 thousand)	381,070	100%	381,070 (Note 3)	1,832,074	-	

Cumulative amount of investment remitted from Taiwan to China at the end of the year	Amount of investment approved by the Investment Commission of MOEAIC	Investment amount approved by the Investment Commission MOEAIC
$ 2,055,276 (USD67,000 thousand)	$ 2,064,201 (USD67,000 thousand)	$ 4,469,228 (Note 4)

Note 1: Investment methods are classified into the following three categories; fill in the number of the category each case belongs to:

(1) Direct investment in China.

(2) Invested in China through a company in a third region (invested in Shenzhou Fusheng Technology (Beijing) through Universal Technology Group HK; Fulltech Industrial HK invested in Fulltech (Dongguan)).)

(3) Other methods.

Note 2: Investment profit and loss during the year:

(1) It should be noted if it is in preparation and there are no investment gains and losses.

(2) The basis to recognize the investment gain and loss have the following three types and should be noted.

1. Financial statements audited by an international accounting firm that has collaboration relationships with the CPA in Taiwan.
2. Financial statements audited by the accounting firm of the parent company in Taiwan.
3. Others.

Note 3: The basis to recognize the investment gain and loss is Note 2(2)2, which is based on the investee's audited financial statements for the same period.

Note 4: 80 million or 60% of the net worth, whichever is higher.

Fulltech Fiber Glass Corp.

Statement of significant transactions with Chinese investment companies

January 1 to December 31, 2021

Attached table 8 (In thousand New Taiwan dollars)

1. Sale

Name of investee	Business in a third region	Pricing and collection terms	Sale		Unrealized sales gross profit	Accounts receivable at the end of the period		Remarks
			Amount	Ratio (%)	(Note)	Balance	Ratio (%)	
Fulltech (Dongguan)	-	Equivalent to non-related parties	$ 953,482	21%	$ 1,042	$ 625,656	56%	

2. Property transactions

Names of investees in China	Pricing and collection terms	Property transactions		Unrealized losses and gains on disposal of property	Other receivables at the end of the period		Remarks
		Amount	Ratio (%)		Balance	Ratio (%)	
Fulltech (Dongguan)	Equivalent to non-related parties	$ 20,238	-	$ 4,173	$ -	-	Note

3. For the loaning of funds, please refer to Attached Table 1.

Note: Written off in the preparation of the consolidated financial statements.

Fulltech Fiber Glass Corp.

Major Shareholder Information

December 31, 2021

Attached table 9 Unit: Share

Name of Major Shareholder	Shares	
	Quantity	Ratio of Shareholding
Datai Investment Co., Ltd.	57,733,620	13.47%

Note 1: The major shareholder information in this table is based on the information on the shareholders who hold more than 5% of the Company's ordinary shares and preferred shares that have been delivered with the non-physical registration completed (including treasury shares) on last business day of the quarter, calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's standalone financial statements and the actual number of shares delivered with the non-physical registration completed may be different due to different calculation bases.

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Summary of employee benefits, depreciation, depletion and amortization expenses incurred during the period	Statement 9

Fulltech Fiber Glass Corp.

Statement of cash

December 31, 2021

Statement 1

Unit: in NTD thousand unless otherwise specified

Item	Summary	Amount
Cash on hand and working capital		$ 610
Bank deposits		
NTD current deposits		386,998
Foreign currency demand deposit	Mainly included USD11,958 thousand at an exchange rate of 27.680; RMB499 thousand at an exchange rate of 4.344.	333,167
		720,165
Cash equivalents		
Foreign currency time deposits in banks due within three (3) months in the date of initial maturity.	Mainly included USD$8,000 thousand at an exchange rate of 27.680.	221,440
		$ 942,215

Fulltech Fiber Glass Corp.

Statement of accounts receivable

December 31, 2021

Statement 2 (In thousand New Taiwan dollars)

Name of customer	Amount
US002	$ 138,328
2DEMCTW01	114,203
2DASTTW01	59,670
EU001	45,594
2EDOOKR01	36,696
Others (Note)	91,720
Total	$ 486,211

Note: The balance of each account does not exceed 5% of the amount in the account.

Fulltech Fiber Glass Corp.

Statement of inventories

December 31, 2021

Statement 3 (In thousand New Taiwan dollars)

Item	Amount	
	Costs	Net realizable value
Finished products	$ 416,959	$ 618,066
Work-in-process goods	72,467	107,549
Semi-finished products	42,228	56,625
Materials	54,978	77,229
Raw materials	102,362	150,810
Inventory in-transit	8,461	8,461
	697,455	$ 1,018,740
Less: Allowance for inventory valuation losses	(4,217)	
	$ 693,238	

Fulltech Fiber Glass Corp.

Statement of long-term investment under the equity method change

January 1 to December 31, 2021

Statement 4

(In thousand New Taiwan dollars)

	Balance, beginning of year		Increase in current period (Note 3)		Decrease in current period (Note 4)		Balance, end of year			Market price or net equity (Note 2)		
Name	Quantity	Amount	Quantity	Amount	Quantity	Amount	Number of shares (Note 1)	Ratio of Shareholding	Amount	Unit price	Total amount	Provision of guarantees or pledges
Fulltech (BVI)	50,000	$ 1,710,930	-	$ 497,769	-	($ 23,192)	50,000	100	$ 2,185,507	$ 43,711	$ 2,185,507	None
Echelon	1,037,000	9,343	-	-	-	(191)	1,037,000	15.95	9,152	9.39	9,736	None
Total		$ 1,720,273		$ 497,769		($ 23,383)			$ 2,194,659			

Note 1: Par value per share – Fulltech (BVI) USD1,635, and Echelon NT$10.

Note 2: Market price refers to the net equity value as of December 31, 2021.

Note 3: Increase in current period:

(1) Due to NT$113,520 thousand capital increase in cash and NT$384,249 thousand investment interests recognized by the equity method.

Note 4: Decrease in the year:

(1) Fulltech (BVI): Unrealized flow-through transactions totaled (NT$5,673) thousand; and foreign currency translation adjustments totaled (NT$17,519) thousand.

(2) Echelon: (NT$191) thousand was recognized as investment loss under the equity method.

Fulltech Fiber Glass Corp.

Statement of accounts payable

December 31, 2021

Statement 5 (In thousand New Taiwan dollars)

Name of manufacturers	Amount
Nittobo Asia Glass Fiber Co., Ltd.	$ 31,462
SAN HO STARCH INDUSTRIAL CO., LTD.	20,707
SIBELCO ASIA PTE. LTD., BAO LIN BRANCH (SINGAPORE)	19,973
Kong-Chang Corp.	18,607
Cheng Yuan Paper Business Co.	13,623
TRUST RIVER TRADING CO., LTD.	13,213
Others (Note)	89,731
Total	$ 207,316

Note: The balance of each account does not exceed 5% of the amount in the account.

Fulltech Fiber Glass Corp.

Statement of sales revenue

January 1 to December 31, 2021

Statement 6 (In thousand New Taiwan dollars)

Name	Amount	Amount
Fiberglass yarn – cops	49,452 tons	$ 2,953,451
Fiberglass fabric	71,768 thousand square feet	1,551,733
Chopped strand	281 tons	5,643
Total sales income		4,510,827
Less: Sales return and discount		(12,872)
Net sales revenue		$ 4,497,955

Fulltech Fiber Glass Corp.

Statement of cost of goods

January 1 to December 31, 2021

Statement 7 (In thousand New Taiwan dollars)

Item	Amount
Raw materials	
Opening raw materials	$ 78,108
Purchases for the current year	713,646
Closing raw materials	(102,362)
Raw material consumption	689,392
Direct labor	466,356
Manufacturing overheads	1,826,639
Manufacturing cost	2,982,387
In-process and semi-finished products at the beginning of the year	157,905
Semi-finished products purchased during the year	67,564
Finished product transfer	555,408
In-process and semi-finished products at the end of the year	(114,696)
Cost for finished goods	3,648,568
Opening finished products	646,295
Closing finished products	(416,959)
Transfer of semi-finished products	(555,408)
Transfer of sample fee	(1,616)
Inventory valuation gains on market price recovery	(4,480)
Revenue from scraps	(25,250)
Others	8,105
Unallocated manufacturing expenses	227,366
Sales cost	$ 3,526,621

Fulltech Fiber Glass Corp.

Statement of operating expenses

January 1 to December 31, 2021

Statement 8 (In thousand New Taiwan dollars)

Item	Selling expenses	Administrative expenses	R&D expenses	Total
Expenses associated to exporting products (including sea freight, export commission and customs clearance miscellaneous expenses)	$ 233,276	$ -	$ -	$ 233,276
Salary (including bonuses) and pension	19,983	182,653	18,539	221,175
Depreciation	1,923	26,054	3,123	31,100
Others	31,516	100,037	28,196	159,749
	$ 286,698	$ 308,744	$ 49,858	$ 645,300

Fulltech Fiber Glass Corp.

Statement of employee benefits, depreciation and amortization expenses incurred during the period

January 1 to December 31, 2021 and 2020

Statement 9

(In thousand New Taiwan dollars)

Item	2021 Cost of goods sold	2021 Allocated as operating expenses	2021 Total	2020 Cost of goods sold	2020 Allocated as operating expenses	2020 Total
Salaries and wages	$ 555,577	$ 175,237	$ 730,814	$ 481,937	$ 105,261	$ 587,198
Labor insurance and national health insurance	57,644	9,761	67,405	56,271	9,214	65,485
Pension expenses	23,356	5,088	28,444	24,600	5,117	29,717
Remuneration to directors	-	34,435	34,435	-	5,771	5,771
Equity settled share-based payment	9,288	6,415	15,703	17,990	16,412	34,402
Other employee benefits	24,375	4,992	29,367	22,685	4,668	27,353
Employee benefits	$ 670,240	$ 235,928	$ 906,168	$ 603,483	$ 146,443	$ 749,926
Depreciation and depletion expenses	$ 661,573	$ 31,100	$ 692,673	$ 697,004	$ 29,102	$ 726,106
Amortization expenses	$ 208	$ 402	$ 610	$ 192	$ 443	$ 635

Note 1: As of December 31, 2021 and 2020, the Company had a total of 965and 1,048 employees, respectively. Among them, 8 directors did not serve as employees.

Note 2: (1) The Company's average employee benefit expenses for 2021 and 2020 was NT$911 thousand and NT$716 thousand, respectively.

(2) The Company's average salary expenses for 2021 and 2020 was NT$764 thousand and 565 thousand, respectively.

(3) The average employee salary expense increased by 35.22%.

Note 3: The Company has established an Audit Committee to replace supervisors in accordance with the provisions of the Securities and Exchange Act.

Note 4: Please specify the Company's salary and remuneration policy (including directors, managers, and employees).

(1) Directors: The Company's remuneration to the directors is in accordance with the provisions of Article 28-1 of the Company's Articles of Association: The board of directors is authorized to determine the remuneration to the chairman and directors (including independent directors) according to the degree of their participation in and the value of their contribution to the operation of the Company based on the general standards in the industry. The Company has formulated the Board Performance Evaluation Regulations to regularly evaluate directors' performance, such as the achievement rate of financial indicators, as the basis for evaluation. All payments to directors have been reviewed and approved by the Remuneration Committee and the Board of Directors.

(2) Managers: The salary of the Company's managers is determined by the Remuneration Committee with reference to the standards in the same industry and by considering the time invested by the managers, their responsibilities, as well as the accomplishment of work and business goals. The Remuneration Committee also regularly evaluates the achievement of managers' annual and long-term performance goals, reviews the content and amount of individual salaries and compensation, and submits it to the board of directors for review and approval.

(3) Employees: The Company conducts industry salary surveys regularly, adjusts salary, and grants various bonuses based on changes in the external environment, the Company's annual operating conditions, and personal performance, to ensure that the salaries and benefits provided meet the market standards and achieve internal/external fairness. Internally, the Company has established Work Rules and the Performance Management Regulations as the basis for linkage with the reward system. The Company's employee salary standards are set based on the level of skills, professionalism, etc., while with reference to the standards in the industry. The Company has also established various regulations and methods for the issuance of employee rewards, such as industrial engineering improvement operational regulations. The Company adjusts salaries and distributes employee bonuses based on annual operating profitability and employee performance.