I-CHIUN PRECISION INDUSTRY CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the years ended December 31, 2021 and 2020

(Stock Code: 2486)

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I-CHIUN PRECISION INDUSTRY CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR YEARS ENDED DECEMBER 31, 2021 AND 2020

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Independent Auditor's Audit Report

(2022) Cai-Shen-Bao No. 21004599

To the Board of Directors and Shareholders of I-CHIUN PRECISION INDUSTRY CO., LTD.

Audit Opinion

We have reviewed the accompanying parent company only balance sheets of I-CHIUN PRECISION INDUSTRY CO., LTD. (the "Company") for the years ended December 31, 2021 and 2020 and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies "(collectively referred to as the parent company only financial statements)."

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

Basis for Opinion

The CPA engaged to audit and attest financial statements shall do so in accordance with the Republic of China Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Company's parent company only financial statements for 2021 is stated as follows:

Assessment of allowance for inventory valuation losses

Description

For accounting policies for inventories, please refer to Note 4(11) of the parent company only financial statements; for the uncertainty of accounting estimates and assumptions in evaluation of inventories, please refer to Note 5(2) of the parent company only financial statements; for the description of allowance for inventory valuation losses, please refer to Note 6(5) of the parent company only financial statements. The Company's inventories and allowance for inventory valuation losses on December 31, 2021 were NT$1,028,322,000 and NT$43,562,000, respectively.

The Company's evaluation of inventories is based on the cost or net realizable value, whichever is lower. Considering the rapid changes in the technological environment, its measurement is based on the judgment and estimation that there is a higher risk in inventories due to obsolete products or no market value. The Company's inventories are measured at cost or net realizable value, whichever is lower; for inventories exceeding a certain period of age and individually identified obsolete and outdated inventories, the net realizable value is calculated based on historical information on the selling rate of inventories and the extent of discount.

Because the Company's inventories and its allowance for inventory valuation losses has a significant impact on the financial statements, and the net realizable value adopted in the evaluation of outdated and obsolete inventories often involves subjective judgments of whether there is still market sales value in the future, there is a high degree of estimation uncertainty. Therefore, we have listed the assessment of allowance for inventory valuation losses as a key audit matter.

Corresponding audit procedures

Our audit procedures performed in respect of the key audit matter above included the following:

1. Assess the reasonableness of the policies and procedures used in the allowance for inventory valuation losses based on our understanding of the Company and the nature of the industry, including the inventory classification used to determine the net realizable value and the judgment of obsolete inventory items.
2. Understand the Company's inventory management process, review its annual inventory plan, and participate in the annual inventory taking to evaluate the effectiveness of distinguishing and controlling obsolete and outdated inventories by the management.
3. The methods for verifying the accounting estimates are appropriate and adopted consistently, including the Company's procedures, methods, and assumptions regarding

the identification of net realizable value, obsolete inventories, and outdated or damaged items, which are consistent with the previous period.

4. Randomly check the source information on selling prices used for the serial number of individual inventory items, compare the allowance for valuation losses in the previous period, and consider events taking place after the balance sheet, to assess the reasonableness of the allowance for valuation loss provided by the Company.

Other matters – reference to the audit or review of other accountants

Since the Company’s investments accounted for under equity method are included in the parent company only financial statements, the financial statements were audited by another auditor. Therefore, for the auditor’s opinion on the above-mentioned parent company only financial statement, the financial statement amounts are based on the reports of other auditors. As of December 31, 2021, the investments accounted for under equity method was NT$86,333,000, representing 1% of the total assets. The comprehensive income recognized for the aforementioned investments in 2021 was (NT$4,652,000), accounting for (1%) of the Company’s total comprehensive income.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance (including audit committee) are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

   However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence (including relevant protective measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's parent company only financial statements 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 communication.

PRICEWATERHOUSECOOPERS TAIWAN

FENG,MIN-CHUAN

Certified Public Accountant

LIN,YA-HUI

Securities and Futures Bureau, Former Financial Supervisory Commission, Executive Yuan

Approval Document No.: Jin-Guan-Zheng-Six No. 0960038033

Financial Supervisory Commission

Approval Document No.: Jin-Guan-Zheng-Shen No. 1070323061

March 25, 2022

I-CHIUN PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

	Asset	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 343,281	5	$ 599,197	12
1110	Financial assets at fair value through profit and loss - current	6(2)	5,520	-	5,850	-
1136	Financial assets at amortized cost - current	6(3) & 8	-	-	32,000	1
1150	Notes receivable, net	6(4) & 12(2)	-	-	22	-
1170	Accounts receivable, net	6(4) & 12(2)	1,166,754	17	588,003	11
1180	Accounts receivable - related parties, net	6(4), 7 & 12(2)	77,084	1	14,383	-
1200	Other receivables		41,755	1	40,775	1
1210	Other receivables - related parties	7	78,897	1	82,447	2
1220	Current income tax assets		254	-	202	-
130X	Inventories	6(5)	984,760	14	476,709	9
1479	Other current assets - others		58,616	1	20,237	-
11XX	**Total current assets**		2,756,921	40	1,859,825	36
	Non-current assets					
1510	Financial assets at fair value through profit and loss - Non-current	6(2)	-	-	-	-
1535	Financial assets at amortized cost - non-current	6(3) & 8	24,000	-	-	-
1550	Investments accounted for under equity method	6(6)	2,554,910	37	2,164,164	42
1600	Property, plant and equipment	6(7) & 8	873,614	13	914,039	18
1755	Right-of-use assets	6(8)	363,809	5	70,145	1
1780	Intangible assets		14,170	-	6,985	-
1840	Deferred income tax assets	6(22)	107,228	2	101,685	2
1900	Other non-current assets		214,955	3	25,966	1
15XX	**Total non-current assets**	6(6)(24)	4,152,686	60	3,282,984	64
1XXX	**Total assets**		$ 6,909,607	100	$ 5,142,809	100

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

	Liabilities and shareholders' equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 130,000	2	$ -	-
2130	Contract liabilities - current	6(17)	28,804	-	31,884	1
2170	Accounts payable	7	402,995	6	275,272	5
2200	Other payables	6(10)	296,207	4	125,258	3
2280	Lease liabilities - current		36,926	1	31,006	1
2320	Long-term borrowings (including due within one year or one operating cycle)	6(11) & 8	-	-	583,200	11
2399	Other current liabilities - others		5,160	-	4,461	-
21XX	**Total current liabilities**		900,092	13	1,051,081	21
	Non-current liabilities					
2540	Long-term borrowings	6(11) & 8	1,200,000	17	858,796	16
2570	Deferred income tax liabilities	6(7)(22)	308,086	5	244,987	5
2580	Lease liabilities - non-current		338,406	5	40,486	1
2600	Other non-current liabilities	6(12)	90,797	1	102,332	2
25XX	**Total non-current liabilities**		1,937,289	28	1,246,601	24
2XXX	**Total liabilities**		2,837,381	41	2,297,682	45
	Equity					
	Share capital	6(14)				
3110	Share capital - common stock		2,219,586	32	2,019,586	39
	Capital surplus	6(15)				
3200	Capital surplus		1,847,718	27	1,156,598	22
	Retained earnings	6(16)				
3350	Undistributed earnings (deficit to be compensated)		222,670	3	(154,040)	(3)
	Other equity					
3400	Other equity		(217,748)	(3)	(177,017)	(3)
3500	Treasury stock	6(13)(14)	-	-	-	-
3XXX	**Total equity**		4,072,226	59	2,845,127	55
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 6,909,607	100	$ 5,142,809	100

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU,WAN-SHUN Manager: CHOU,WAN-SHUN Accounting Officer: YANG,PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand
(except for earnings (losses) per share which is in NTD)

	Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue	6(17) & 7	$ 3,009,589	100	$ 2,184,469	100
5000	Operating costs	6(5)(21) & 7	(2,514,844)	(84)	(1,982,200)	(91)
5900	Gross profit		494,745	16	202,269	9
5910	Unrealized profit from sales		(2,656)	-	(1,294)	-
5950	Net operating margin		492,089	16	200,975	9
	Operating expense	6(21) & 7				
6100	Selling expenses		(78,002)	(2)	(67,305)	(3)
6200	Administrative expenses		(201,037)	(7)	(115,003)	(5)
6300	Research and development expenses		(48,607)	(2)	(30,093)	(2)
6450	Expected credit impairment loss	12(2)	(14,978)	-	(113,668)	(5)
6000	Total operating expenses		(342,624)	(11)	(326,069)	(15)
6900	Operating profit (loss)		149,465	5	(125,094)	(6)
	Non-operating revenues and expenses					
7100	Interest revenue		685	-	3,680	-
7010	Other revenue	6(18)	7,161	-	12,957	1
7020	Other gains and losses	6(19)	(28,833)	(1)	(42,377)	(2)
7050	Finance costs	6(20)	(27,041)	(1)	(30,854)	(1)
7070	Share of profit or loss on associates and joint ventures accounted for under equity method	6(6)	341,729	11	56,421	2
7000	Total non-operating revenues and expenses		293,701	9	(173)	-
7900	**Net profit (loss) before tax**		443,166	14	(125,267)	(6)
7950	Income tax expense	6(22)	(67,399)	(2)	(22,780)	(1)
8200	**Net profit (loss) in the current period**		$ 375,767	12	($ 148,047)	(7)
	Other comprehensive income (net)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(12)	$ 1,693	-	($ 5,666)	-
8349	Income tax related to items that will not be reclassified to profit or loss	6(22)	(339)	-	1,133	-
8310	Total of items that will not be reclassified to profit or loss		1,354	-	(4,533)	-
	Items that may be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(50,914)	(2)	31,427	1
8399	Income tax relating to the items that may be reclassified to profit or loss	6(22)	10,183	1	(6,285)	-
8360	Sum of items that may be reclassified to profit or loss		(40,731)	(1)	25,142	1
8300	**Other comprehensive income (net)**		($ 39,377)	(1)	$ 20,609	1
8500	**Total comprehensive income for current period**		$ 336,390	11	($ 127,438)	(6)
	Earnings (losses) per share (NTD)	6(23)				
9750	Basic earnings (losses) per share (NTD)		$	1.79	($	0.75)
9850	Diluted earnings (losses) per share (NTD)		$	1.79	($	0.75)

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU,WAN-SHUN Manager: CHOU,WAN-SHUN Accounting Officer: YANG,PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

	Notes	Share capital - common stock	Capital surplus	Retained earnings (Deficit to be compensated)	Other equity: Financial statements translation differences of foreign operations	Treasury stock	Total equity
2020							
Balance at January 1, 2020		$ 2,019,586	$ 1,418,636	($ 284,213)	($ 202,159)	($ 42,732)	$ 2,909,118
Net profit or loss for current period		-	-	(148,047)	-	-	(148,047)
Other comprehensive income for current period		-	-	(4,533)	25,142	-	20,609
Total comprehensive income for current period		-	-	(152,580)	25,142	-	(127,438)
Deficit compensated through capital surplus	6(15)(16)	-	(284,213)	284,213	-	-	-
Cost of share-based payment	6(13)(15)	-	22,284	-	-	-	22,284
Treasury shares subscribed for by employees	6(14)(15)	-	(109)	-	-	42,732	42,623
Changes in ownership interests in subsidiaries		-	-	(1,460)	-	-	(1,460)
Balance at December 31, 2020		$ 2,019,586	$ 1,156,598	($ 154,040)	($ 177,017)	$ -	$ 2,845,127
2021							
Balance at January 1, 2021		$ 2,019,586	$ 1,156,598	($ 154,040)	($ 177,017)	$ -	$ 2,845,127
Current net profit		-	-	375,767	-	-	375,767
Other comprehensive income for current period		-	-	1,354	(40,731)	-	(39,377)
Total comprehensive income for current period		-	-	377,121	(40,731)	-	336,390
Capital increase in cash	6(14)(15)	200,000	660,000	-	-	-	860,000
Cost of share-based payment	6(13)(15)	-	31,120	-	-	-	31,120
Changes in ownership interests in subsidiaries		-	-	(411)	-	-	(411)
Balance at December 31, 2021		$ 2,219,586	$ 1,847,718	$ 222,670	($ 217,748)	$ -	$ 4,072,226

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU,WAN-SHUN Manager: CHOU,WAN-SHUN Accounting Officer: YANG,PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

	Notes	January 1 to December 31, 2021	January 1 to December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss) before tax in the current period		$ 443,166	($ 125,267)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(7)(8)(21)	217,072	236,792
Amortization expenses	6(21)	2,998	2,497
Expected credit impairment loss	12(2)	14,978	113,668
Net losses on financial assets at fair value through profit and loss	6(19)	330	9,403
Interest expenses	6(20)	27,041	30,854
Interest revenue		(685)	(3,680)
Dividend revenue	6(18)	(180)	(1,539)
Cost of share-based payment	6(13)	31,120	22,284
Share of profit or loss on subsidiaries using equity method	6(6)	(341,729)	(56,421)
Gains on disposal of property, plant and equipment	6(19)	(4,815)	(6,457)
Impairment loss	6(6)(19)	34,015	-
Gains arising from lease changes	6(19)	(1,257)	-
Unrealized gains with associates		(12,013)	2,663
Unrealized profit from sales		2,656	1,294
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit and loss		-	48,793
Notes receivable		22	(22)
Accounts receivable (including related parties)		(656,464)	112,532
Other receivables (including related parties)		2,552	(96,322)
Inventories		(508,051)	(65,069)
Other current assets		(38,379)	10,942
Other non-current assets		(1,239)	-
Net changes in operating liabilities			
Contract liabilities - current		(3,080)	(4,230)
Accounts payable		127,723	47,529
Other payables		139,814	971
Other current liabilities		698	564
Other non-current liabilities		(6,652)	(767)
Cash inflow (outflow) generated from operations		(530,359)	281,012
Interest received		685	3,680
Dividends received		180	1,539
Interest paid	6(24)	(27,229)	(30,715)
Net cash inflow (outflow) from operating activities		(556,723)	255,516

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I-CHIUN PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

	Notes	January 1 to December 31, 2021	January 1 to December 31, 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortized cost		$ -	($ 6,000)
Decrease in financial assets at amortized cost		8,000	-
Price of acquisition of investments accounted for under equity method	6(6)	(125,000)	(3,972)
Refund from capital reduction related to investments accounted for under equity method		-	119,200
Price of purchase of property, plant and equipment	6(24)	(204,094)	(252,240)
Proceeds from disposal of property, plant and equipment		23,422	148,376
Price of acquisition of intangible assets		(10,183)	(2,719)
Other receivables – decrease in related parties		-	83,944
Increase in prepayments for investments	6(6)	(97,249)	-
Increase in other non-current assets		(7,200)	(1,383)
Net cash inflow (outflow) from investing activities		(412,304)	85,206
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Short-term borrowings	6(25)	130,000	-
Decrease in short-term borrowings	6(25)	-	(240,000)
New long-term borrowings	6(25)	1,200,000	300,000
Repayment of long-term borrowings	6(25)	(1,441,996)	(16,004)
Treasury shares transferred to employees		-	42,623
Repayment of lease principal	6(25)	(34,893)	(30,201)
Capital increase in cash	6(14)	860,000	-
Decrease in other non-current liabilities		-	(899)
Net cash inflow from financing activities		713,111	55,519
Net increase (decrease) in cash and cash equivalents of the current period		(255,916)	396,241
Balance of cash and cash equivalents, beginning of period		599,197	202,956
Balance of cash and cash equivalents, end of period		$ 343,281	$ 599,197

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU,WAN-SHUN Manager: CHOU,WAN-SHUN Accounting Officer: YANG,PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

Unit: NTD thousand

(EXCEPT AS OTHERWISE INDICATED)

I. Company Profile

I-CHIUN PRECISION INDUSTRY CO., LTD. (hereinafter referred to as the “Company”) was incorporated in August 1977. The Company merged with Yi-Chiun Industrial Co., Ltd., I-Zhan Industrial Co., Ltd., and I-Che Technology Co., Ltd. in July, 1990, November 1993, September 2001, and September 2004, with the Company as the surviving company. The Company is mainly engaged in the manufacturing, processing, and trading of machinery and parts, electronic parts, parts for appliances, semiconductor LED lead frames, precision molds, etc., as well as relevant import and export trade.

The Company’s stock had been listed on the Taipei Exchange since March 21, 2000 for trading, and then has been listed and traded on the Taiwan Stock Exchange since September 19, 2001.

II. Date and Procedures for Approval of the Financial Report

The parent company only financial statements were authorized for issuance by the Board of Directors on March 8, 2022.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) Effect of adopting the newly issued or amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed by the FSC

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and Phase II amendments to IFRS 16 “Interest Rate Benchmark Reform”	January 1, 2021
Amendments to IFRS 16 “COVID-19-Related Rent Concessions beyond June 30, 2021”	April 1, 2021 (Note)

Note: The FSC allows the amendments to be applied in advance starting from January 1, 2021.

The standards and interpretations above have no significant impact on the Company’s financial position and financial performance based on the Company's assessment.

(II) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, plant and equipment: Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018–2020 Cycle	January 1, 2022

The standards and interpretations above have no significant impact on the Company's financial position and financial performance based on the Company's assessment.

(III) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, "Sale of contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The standards and interpretations above have no significant impact on the Company's financial position and financial performance based on the Company's assessment.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance Statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers,

(II) Basis of preparation

1. Except for the following important items, the parent company only financial statements have been prepared at historical cost:
   (1) Financial assets at fair value through profit and loss.
   (2) Defined benefit liabilities recognized at the net amount of pension fund assets less the present value of defined benefit obligations.
2. The preparation of the financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(III) Translation of foreign currency

Items included in the parent company only financial statements is measured and presented using the currency of the primary economic environment in which the Company operates (the "functional currency"), which is New Taiwan dollars.

1. Foreign currency transactions and balances
   (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
   (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
   (3) The balance of non-monetary assets and liabilities in foreign currencies that are not measured at fair value shall be measured at the historical exchange rate at the initial transaction date.
   (4) All foreign exchange gains and losses are recognized in "other gains and losses" in the statement of comprehensive income.
2. Translation of foreign operations
   (1) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the

presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the balance sheet date;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

(2) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income is re-attributed to the foreign operation's non-controlling interests on a pro rata basis. However, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such a transaction shall be accounted for as disposal of all interests in the foreign operation.

(IV) Classification of current and non-current items of assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(3) Liabilities arising mainly from trading activities;

(4) Assets that are expected to be realized within twelve months from the balance sheet date;

(5) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Company has classified all assets that do not meet the criteria above as non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve 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.

The Company has classified all liabilities that do not meet the criteria above as non-current.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial assets at fair value through profit and loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Company's financial assets measured at fair value through profit and loss in accordance with trading conventions are accounted for on the trade date.
3. The Company's initial recognition is on a fair value basis, with relevant transaction costs recognized in profit or loss, and subsequently at fair value, and gains or losses thereof are recognized in profit or loss.
4. When the right to receive dividends is established, the future economic benefits related to dividends may flow to the Company, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(VII) Financial assets at amortized cost

1. Those that meet all of the following criteria:
   (1) The financial asset is held under a business model for the purpose of collecting contractual cash flows.
   (2) The contract terms of the financial asset generate cash flow on a specific date, which is entirely to pay for the interest on the principal and the amount of principal outstanding.
2. The Company's financial assets measured at amortized cost in accordance with trading conventions are accounted for on the trade date.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs, and subsequently adopts the effective interest method to recognize said assets in interest revenue and in impairment loss during the outstanding period according to the amortization procedure. During derecognition, the gains or losses thereof are recognized in profit or loss.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. For the Company, the short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

The Company, at each balance sheet date, considers all reasonable and corroborative information (including forward-looking one) based on the accounts receivable that contains significant financial components. For those with no significant increase in credit risk since initial recognition, the loss allowance is measured at 12-month expected credit losses; for those with a significant increase in credit risk since initial recognition, the loss allowance is measured at the lifetime expected credit losses. For accounts receivable that does not contain significant financial components, the loss allowance is measured at the lifetime expected credit losses.

(X) <u>Derecognition of financial assets</u>

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XI) <u>Inventories</u>

Inventories are measured at the lower of cost and net realizable value, and cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. When cost and the net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the cost of completion and relevant variable sale expenses.

(XII) <u>Investments accounted for using equity method - subsidiaries</u>

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or entitled, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. The Company's share of profit or loss on subsidiaries after acquisition is recognized in profit or loss, whereas its share of other comprehensive income on subsidiaries after acquisition is recognized in other comprehensive income. When the share of loss from a subsidiary exceeds the Company's interests in that subsidiary, the Company continues to recognize the loss in proportion to its ownership percentage.
3. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
4. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted as necessary and are consistent with the ones adopted by the Company.
5. Where a subsidiary issues new shares and the Company fails to subscribe for or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the subsidiary but still maintains significant influence on the subsidiary, the "capital surplus" or "retained earnings (deficit to be compensated)" and "investments accounted for using the equity method" shall be adjusted for the increase or decrease in the net value of the equity.
6. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the parent company only financial statements shall be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements shall be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(XIII) Property, plant and equipment

1. Property, plant and equipment are accounted for on the basis of acquisition cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the components of property, plant and equipment are significant, they shall be separately depreciated.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors," from the date of the change. The estimated useful lives of assets are as follows:

Buildings and structures	5 ~ 52 years
Machinery and equipment	1 ~ 15 years
Mold equipment	2 years
Other equipment	1 ~ 10 years

(XIV) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the Company's incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

   The subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. Right-of-use asset is recognized at cost at the commencement date of the lease; the cost includes the original measurement amount of the lease liability.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

4. For lease modifications with the scope of a lease reduced, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and the difference between said carrying amount and the remeasured amount of the lease liability is recognized in profit or loss.

(XV) Intangible assets

Intangible assets refer to computer software recognized at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

(XVI) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XVII) Borrowings

Borrowings comprise long-term and short-term borrowings from banks. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XVIII) Accounts and notes payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. For the Company, the short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XIX) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

2. Pension

   (1) Defined contribution plans

   For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

   (2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is based on the market yields on high quality corporate bonds of which the currency and duration are consistent with those of the defined benefit plan, or the market yields on government bonds (at the balance sheet date) in countries where there is no deep market for such corporate bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are presented in retained earnings.

3. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(XX) Employee share-based payments

In the share-based payment agreement for equity delivery, the employees' services obtained are measured at fair value of the equity given on the grant day, and it is recognized as a remuneration cost, and the equity is adjusted relatively during the vesting period. The fair value of the equity instruments granted shall reflect the effect of market vesting conditions and non-market vesting conditions. Remuneration cost recognized is subject to adjustment based on the service conditions that are expected to be satisfied and the amount of rewards under non-market vesting conditions. The amount of remuneration cost ultimately recognized is based on the number of equity instruments that are eventually vested at the vesting date.

(XXI) Income Taxes

1. The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the income tax is recognized in other comprehensive income or directly in equity.
2. The Company calculates current income tax at the rates enacted or substantively enacted at the balance sheet date in countries where the Company operates and taxable income are generated. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. A surtax is imposed on the undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the income tax expense on the undistributed earnings will be recognized based on the earnings actually

distributed.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rate that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset in the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXII) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are listed in equity as a deduction, net tax, from the proceeds.
2. Where the Company repurchases the Company's shares that has been issued, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's shareholders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental costs and the relevant income tax effects, is recognized as adjustment to equity attributable to the shareholders.

(XXIII) Dividend distribution

Dividends distributed to the Company's shareholders by resolution of the shareholders' meeting will be recognized in the financial statements, with cash dividends recorded as liabilities.

(XXIV) Revenue Recognition

Sales revenue is recognized when the control of products is transferred to the customer. When goods are shipped to a designated location, the risk of obsolescence and lost has been transferred to the customer, and the customer is required to accept the goods in accordance with the sales contract, or when there is objective evidence that all acceptance criteria have been met, the goods are delivered. The amount of sales revenue recognized is limited to the part where it is highly likely that there will not be a major reversal in the future. Because the time interval between the transfer of the promised goods or services to the customer and the customer's payment did not exceed one year, the Company did not adjust the transaction price to reflect the time value of money.

Sales revenue is recognized as the net amount of contract prices less estimated sales discounts. The sales discount granted is usually calculated on the basis of accumulated sales volume over twelve months. The Company estimates the sales discount based on historical experience. The amount of sales revenue recognized is limited to the part where it is highly likely that there will not be a major reversal in the future, and the estimate is updated at each balance sheet date.

Accounts receivable is recognized when goods are delivered to customers because at which time the Company's right to the consideration for contracts from customers is unconditional, except for the passage of time.

Although the increase in costs incurred by the Company to obtain customer contracts is expected to be recoverable, the relevant contract periods are shorter than one year, so such costs are recognized in expenses when incurred.

(XXV) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In the preparation of these parent company only financial statements, the management has exercised its judgement in deciding the Company's accounting policies to be applied. The management makes critical assumptions and estimates concerning future events based on the information on the balance sheet date. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; The Company has taken the economic impact of the COVID-19 pandemic into consideration for critical accounting estimates, and will continue to assess its influence on the Company's financial position and performance. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Important judgments for accounting policies applied

None.

(II) Important accounting estimates and assumptions

Evaluation of inventories

Since inventory must be calculated at the lower of cost or net realizable value, the Company must exercise judgment and make estimation to determine the net realizable value of inventory at the balance sheet date. Due to the rapid changes in technology, the Company assesses the value of inventory due to normal wear and tear, obsolescence, or market sales value at the balance sheet date, and adopts demand as the basis for estimation, which may cause major changes.

As of December 31, 2021, the carrying amount of the Company's inventories was NT$984,760.

VI. Description of Significant Accounting Titles

(I) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and working capital	$ 327	$ 414
Checking account deposits and demand deposits	342,954	555,013
Time deposit	-	43,770
	$ 343,281	$ 599,197

1. The Company transacts with a variety of financial institutions all with high credit quality to diversify credit risk, so it expects that the probability of counterparty default is very low.
2. The Company's restricted cash due to the regulations of syndicated loan contracts is recognized in "financial assets at amortized cost – current" and "financial assets at amortized cost – non-current," please refer to Notes 6 (3) and 8 for details.

(II) Financial assets at fair value through profit and loss

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily at fair value through profit and loss		
Listed stocks	$ 2,944	$ 2,944
Unlisted stocks	4,505	4,505
Valuation adjustment	(1,929)	(1,599)
	$ 5,520	$ 5,850
Non-current items:		
Financial assets mandatorily at fair value through profit and loss		
Listed stocks	$ -	$ 29,992
Unlisted stocks	79,992	50,000
Valuation adjustment	(79,992)	(79,992)
	$ -	$ -

1. The Company's financial assets measured at fair value through profit and loss were recognized in net losses on financial assets for 2021 and 2010 were NT$330 and NT$9,403, respectively.
2. The Company did not pledge financial assets at fair value through profit and loss as collateral.

(III) Financial assets at amortized cost

Items	December 31, 2021	December 31, 2020
Current: pledged deposit	$ -	$ 32,000
Non-current: pledged deposit	24,000	-
	$ 24,000	$ 32,000

1. The interest income from the Company's financial assets measured at amortized cost for 2021 and 2020 were NT$6 and NT$11, respectively.
2. As of December 31, 2021 and 2020, regardless of the collateral held and other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Company's financial assets at amortized cost was in the amount of NT$24,000 and NT$32,000, respectively.
3. The situation in which the Company pledges financial assets measured at amortized cost as collateral, please refer to Note 8 for details.
4. The credit quality of the financial institutions that the Company deals with is good, and the probability of their default is expected to be very low. Therefore, the twelve month expected credit loss is adopted to measure the loss allowance. The Company did not provide allowance for losses in 2021 and 2020.

(IV) Notes and accounts receivable

	December 31, 2021		
	Total	Loss allowance	Net amount
Accounts receivable	$ 1,372,779	($ 206,025)	$ 1,166,754
Accounts receivable - related parties	77,107	(23)	77,084
	$ 1,449,886	($ 206,048)	$ 1,243,838

	December 31, 2020		
	Total	Loss allowance	Net amount
Notes receivable	$ 22	$ -	$ 22
Accounts receivable	$ 779,035	($ 191,032)	$ 588,003
Accounts receivable - related parties	14,387	(4)	14,383
	$ 793,422	($ 191,036)	$ 602,386

1. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 1,204,756	$ -	$ 596,180	$ 22
Less than 60 days	28,416	-	15,414	-
61 to 180 days	14,522	-	45,357	-
Over 181 days	202,192	-	136,471	-
	$ 1,449,886	$ -	$ 793,422	$ 22

The above ageing analysis was based on the number of overdue days.

2. The balances of the Company's accounts receivable and notes receivable are generated from customer contracts. The balance of accounts receivable (including notes receivable) from customer contracts as of December 31, 2021, December 31, 2020, and January 1, 2020 was NT$1,449,886, NT$793,444, and NT$905,954, respectively.
3. The Company did not pledge notes and accounts receivable as collateral.
4. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were NT$0 and NT$22, and accounts receivable were NT$1,243,838 and NT$602,386, respectively.
5. Information on credit risk of notes and accounts receivable is provided in Note 12(2).

(V) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 574,399	($ 21,814)	$ 552,585
Materials	12,436	-	12,436
Semi-finished goods	85,397	(4,911)	80,486
Finished good	269,342	(16,201)	253,141
Merchandise inventory	86,748	(636)	86,112
	$ 1,028,322	($ 43,562)	$ 984,760

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 171,981	($ 11,640)	$ 160,341
Materials	6,353	-	6,353
Semi-finished goods	56,254	(4,840)	51,414
Finished good	226,926	(22,821)	204,105
Merchandise inventory	54,646	(150)	54,496
	$ 516,160	($ 39,451)	$ 476,709

The cost of inventories recognized in expenses for the year:

	2021	2020
Cost of inventories sold	$2,470,208	$1,912,364
Unamortized fixed production overheads	70,416	90,335
Inventory valuation losses	4,111	1,783
Inventory scrap loss	21,448	15,267
Sale of scraps income	(51,339)	(37,549)
	$2,514,844	$1,982,200

(VI) Investments accounted for using equity method - subsidiaries

	December 31, 2021		December 31, 2020	
	Amount recognized	Shareholding percentage (%)	Amount recognized	Shareholding percentage (%)
Subsidiary:				
More Fortune Profits Limited	$ 2,284,304	100.000	$ 2,010,369	100.000
Ecocera Optronics Co., Ltd.	184,273	72.036	153,795	73.454
Advance Venture Corporation	86,333	55.556	-	-
	$ 2,554,910		$ 2,164,164	

1. Subsidiary

(1) Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2021 consolidated financial statements.

(2) Ecocera Optronics Co., Ltd. increased its capital because of the execution of stock options by its employees. With the Company's purchase of stocks from the market in 2020, the percentage of equity held by the Company was adjusted from 72.630% to 73.454%.

(3) Ecocera Optronics Co., Ltd. increased its capital because of the execution of stock options by its employees. Since the Company did not subscribe to its proportionate share in 2021, the percentage of equity held by the Company was adjusted from 73.454% to 72.036%.

(4) On December 3, 2021, the Company participated in Advance Venture Corporation's capital increase in cash of NT$125,000, which were fully subscribed by the Company. As a result, the Company acquired control of Advance Venture Corporation with ownership of 55.556%.

(5) In the fourth quarter of 2021, the Company subscribed NT$97,247 in the capital increase in cash of Ecocera Optronics Co., Ltd. However, as of December 31, 2021, since relevant procedures have not been completed, it shall be recognized as

prepayments for investments (presented as “other non-current assets”).

2. The Company’s subsidiaries accounted for under the equity method are evaluated based on the financial statements audited by CPAs during the same period. The details of the investment gains (losses) recognized are as follows:

	2021	2020
More Fortune Profits Limited	$ 315,492	$ 79,415
Ecocera Optronics Co., Ltd.	30,889	(22,994)
Advance Venture Corporation	(4,652)	-
	$ 341,729	$ 56,421

3. When there is any indication that an investment using the equity method may be impaired, and that the carrying amount cannot be recovered, the Company shall immediately assess the amount of impairment loss from the investment. The Company’s impairment loss of NT$34,015 was recognized as profit or loss in 2021.

(VII) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
January 1, 2021						
Cost	$ 15,538	$ 444,255	$ 1,070,173	$ 112,783	$ 341,919	$ 1,984,668
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(182,619)	(787,356)	(54,458)	(140,648)	(1,165,081)
Accumulated impairment	-	-	(3,769)	-	-	(3,769)
	$ 113,759	$ 261,636	$ 279,048	$ 58,325	$ 201,271	$ 914,039
2021						
Opening balance	$ 113,759	$ 261,636	$ 279,048	$ 58,325	$ 201,271	$ 914,039
Additions	-	90	52,769	-	96,067	148,926
Disposals	-	-	(2,532)	(16,075)	-	(18,607)
Reclassification	-	-	-	56,575	(56,575)	-
Depreciation expenses	-	(9,844)	(72,946)	(50,220)	(37,734)	(170,744)
Closing balance	$ 113,759	$ 251,882	$ 256,339	$ 48,605	$ 203,029	$ 873,614
December 31, 2021						
Cost	$ 15,538	$ 444,345	$ 554,573	$ 96,710	$ 279,149	$ 1,390,315
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(192,463)	(295,910)	(48,105)	(76,120)	(612,598)
Accumulated impairment	-	-	(2,324)	-	-	(2,324)
	$ 113,759	$ 251,882	$ 256,339	$ 48,605	$ 203,029	$ 873,614

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
January 1, 2020						
Cost	$ 15,538	$ 458,640	$1,165,302	$ 101,983	$ 324,636	$2,066,099
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(186,777)	(837,313)	(39,342)	(119,119)	(1,182,551)
Accumulated impairment	-	-	(10,443)	-	-	(10,443)
	$ 113,759	$ 271,863	$ 317,546	$ 62,641	$ 205,517	$ 971,326
2020						
Opening balance	$ 113,759	$ 271,863	$ 317,546	$ 62,641	$ 205,517	$ 971,326
Additions	-	-	36,276	7,790	246,138	290,204
Disposals	-	-	(11,330)	(130,567)	(22)	(141,919)
Reclassification	-	-	41,480	165,430	(206,910)	-
Depreciation expenses	-	(10,227)	(104,924)	(46,969)	(43,452)	(205,572)
Closing balance	$ 113,759	$ 261,636	$ 279,048	$ 58,325	$ 201,271	$ 914,039
December 31, 2020						
Cost	$ 15,538	$ 444,255	$1,070,173	$ 112,783	$ 341,919	$1,984,668
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(182,619)	(787,356)	(54,458)	(140,648)	(1,165,081)
Accumulated impairment	-	-	(3,769)	-	-	(3,769)
	$ 113,759	$ 261,636	$ 279,048	$ 58,325	$ 201,271	$ 914,039

1. The Company's total land revaluation surplus over the years is NT$98,221, and a provision for land value increment tax of NT$41,193 has been made. As of December 31, 2021 and 2020, the amount of the Company's provision for land value increment tax (recognized in "deferred income tax liabilities") was both NT$41,193.
2. For information on collateral provided by the Company for property, plant and equipment, please refer to Note 8 for details.

(VIII) Leasing arrangements－lessee

1. The assets leased by the Company include factory buildings and company vehicles. The lease contract terms range from 3 to 10 years. The lease contract are negotiated separately and contain various terms and conditions without other restrictions imposed.
2. The low-value assets leased by the Company are photocopiers and fax machines.
3. The book value of right-of-use assets and the depreciation expenses are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Buildings and structures	$ 363,359	$ 69,279
Transportation equipment (company vehicles)	450	866
	$ 363,809	$ 70,145

	2021	2020
	Depreciation expenses	Depreciation expenses
Buildings and structures	$ 45,912	$ 30,800
Transportation equipment (company vehicles)	416	420
	$ 46,328	$ 31,220

4. In 2021 and 2020, the Company's additions of the right-of-use assets were NT$367,460 and NT$71,045, respectively.
5. The information on profit and loss accounts relating to lease contracts is as follows:

	2021	2020
Items affecting profit or loss		
Interest expense of lease liabilities	$6,590	$1,570
Expense on short-term lease contracts	281	-
Expense on leases of low-value assets	233	227
Gains arising from lease changes	1,257	-

6. In 2021 and 2020, the Company's total lease cash outflow was NT$41,997 and NT$31,998, respectively.

(IX) Short-term borrowings

Type of borrowings	2021	2020
Borrowings from banks		
Credit loan	$ 130,000	$ -
Interest rate range	1.30%~1.50%	-

(X) Other payables

	December 31, 2021	December 31, 2020
Salary and bonus payable	$ 126,111	$ 52,348
Payable on equipment	61,851	30,527
Employees' compensation and directors' remuneration payable	47,442	4,239
Payable on labor and health insurance premiums	8,784	7,582
Pension payable	5,821	5,388
Others	46,198	25,174
	$ 296,207	$ 125,258

(XI) Long-term borrowings

Lender	Type of borrowings	Borrowing period	December 31, 2021
Syndicated loan led by First Commercial Bank	Secured loan	2021.11.19~2024.11.19	$ 1,200,000
Less: Current portion of long-term borrowings			-
			$ 1,200,000
Borrowing facility			$ 1,200,000
Interest rate range			1.7895%

Lender	Type of borrowings	Borrowing period	December 31, 2020	
Syndicated loan led by First Commercial Bank	Secured loan	2019.1.21~2022.1.21	$	1,441,996
Less: Current portion of long-term borrowings			(	583,200)
			$	858,796
Borrowing facility			$	1,441,996
Interest rate range				1.9787%

1. Please refer to Note 8 for details of collateral for long-term borrowings above.
2. Syndicated loan led by First Commercial Bank:
   (1) In order to replenish the medium-term working capital and obtain the funds needed to repay the borrowings due, the Company, as the borrower, signed a syndicated loan contract with the First Commercial Bank in a total amount of NT$1,500,000 in October 2018. The contract period is 3 years from the first drawdown date (January 21, 2019), and the first installment of the principal shall be repaid within 2 years after the drawdown date. The Company shall make an installment payment every six months thereafter, and there are three installments in total without revolving credit.

   The Company signed a syndicated loan contract with the First Commercial Bank in a total amount of NT$1,200,000 in August 2021. The contract period is 3 years from the first drawdown date (November 19, 2021), and the first installment of the principal shall be repaid within 2 years after the drawdown date. The Company shall make an installment payment every six months thereafter, and there are three installments in total without revolving credit. The amount of revolving credit shall first settle the 2018 outstanding loan balance mentioned in the preceding paragraph.

   (2) The Company promises to maintain the following financial ratios in the second quarter and annual consolidated financial statements during the duration of the contract period:

   A. The current ratio shall not be less than 100%.

   B. The debt ratio shall not be higher than 150%.

   C. The interest coverage ratio must not be less than 500%.

   D. The net worth of tangible assets (total shareholder equity less intangible assets) shall be maintained at NT$2,500,000 (inclusive) or more, and starting from 2023, it shall be maintained at NT$3,000,000 (inclusive) or more.

   The financial ratios above are reviewed once every six months as agreed in the contract.

   (3) In the syndicated loan contract between the Company and the First Commercial Bank, the Company originally promised annual consolidated financial statements to maintain the net worth of tangible assets (total shareholder equity less intangible assets) at NT$3,000,000 (inclusive) or more. As of December 31, 2019, the Company failed to meet said financial commitment. According to the contract, the Bank had the right to request early repayment of the outstanding amount. However, the Company obtained a majority of approval in the group of lenders for the loan in

March 2020 to exempt the Company from this unfulfilled financial commitment; thus, it was not considered a default. Therefore, the Company reclassified the outstanding amount to "current portion of long-term borrowings" on December 31, 2019 and March 31, 2020. The Company signed a supplementary agreement with the group of lenders in June 2020, and said commitment has been changed to "maintaining the net worth at NT$2,500,000 (inclusive) or more" since 2020. The Company has met the financial commitment required on December 31, 2020; therefore, the "current portion of long-term borrowings" was re-adjusted in accordance with the agreement between both parties.

(XII) Pension

1. (1) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Employees who are qualified for retirement, under the defined benefit pension plan, pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company contributes 2% of the total salaries every month as a pension fund and deposit it at the Bank of Taiwan. Also, the Company and its domestic subsidiaries assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by March 31 of the following year.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 87,250	$ 97,137
Fair value of plan assets	(34,060)	(35,602)
Net defined benefit liability (recognized as other non-current liabilities)	$ 53,190	$ 61,535

(3) Movements in net defined benefit liabilities are as follows:

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 97,137	($ 35,602)	$ 61,535
Current service cost	178	-	178
Interest expense (income)	281	(103)	178
	97,596	(35,705)	61,891
Remeasurements:			
Return on plan assets (excluding the amount included in interest income or expenses)			
Effect of change in demographic assumptions	694	-	694
Effect of change in financial assumptions	(2,935)	-	(2,935)
Experience adjustments	1,091	(543)	548
	(1,150)	(543)	(1,693)
Pension fund contribution	-	(7,008)	(7,008)
Benefit payments	(9,196)	9,196	-
Balance at December 31	$ 87,250	($ 34,060)	$ 53,190

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 90,140	($ 33,504)	$ 56,636
Current service cost	164	-	164
Interest expense (income)	667	(248)	419
	90,971	(33,752)	57,219
Remeasurements:			
Return on plan assets (excluding the amount included in interest income or expenses)			
Effect of change in demographic assumptions	(216)	-	(216)
Effect of change in financial assumptions	3,681	-	3,681
Experience adjustments	3,337	(1,136)	2,201
	6,802	(1,136)	5,666
Pension fund contribution	-	(1,350)	(1,350)
Benefit payments	(636)	636	-
Balance at December 31	$ 97,137	($ 35,602)	$ 61,535

The details of expenses above recognized in various costs and expenses in the statement of comprehensive income are as follows:

	2021	2020
Cost of sales	$ -	$ 505
Selling expenses	-	21
Management expenses	356	35
R&D expenses	-	22
	$ 356	$ 583

(4) The Bank of Taiwan was commissioned to manage the fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall compensate the deficit after being authorized by the competent authorities. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142, IAS 19. The composition of fair value of plan assets as of December 31, 2021 and 2020 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The actuarial assumptions related to pension were as follows:

	2021	2020
Discount rate	0.69%	0.29%
Future salary increases rate	0.50%	0.50%

The assumptions for the future mortality rate are based on the Taiwan Life Insurance Life Table No. 5.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increases rate	
December 31, 2021	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Effect on present value of defined benefit obligation	($ 3,401)	$ 3,767	$ 3,755	($ 2,764)
	Discount rate		Future salary increases rate	
December 31, 2020	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Effect on present value of defined benefit obligation	($ 4,052)	$ 4,808	$ 4,759	($ 3,282)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(6) The Company's expected contributions to the defined benefit pension plans for 2022 amount to NT$1,200.

(7) As of December 31, 2021, the weighted average duration of the pension plan is 8 years. An analysis of the maturity of pension payments is as follows:

Less than 2 years	$ 66,793
3 ~ 5 years	12,006
6 ~ 10 years	12,160
Over 10 years	1,031
	$ 91,990

2. Effective on July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, covering all regular employees with R.O.C. Nationality. Under the Labor Pension Act, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Company's pension costs under the defined contribution pension plan for 2021 and 2020 were NT$22,236 and NT$20,620, respectively.

3. The Company has made additional contributions to the pension reserve for some employees who concurrently serve as directors, supervisors, and managers in accordance with the relevant provisions of the Labor Standards Act during the concurrent employment period. As of December 31, 2021 and 2020, the accrued pension liabilities recognized were NT$31,429 and NT$37,237, respectively.

(XIII) Share-based payment

2021

1. The Company's share-based payment arrangement is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Cash capital increase reserved for employee subscription	2021.07.21	2,000,000 shares	2021.08.10-2021.08.16	Vested immediately

The above-mentioned share-based payment arrangement was settled in equity.

2. The details of the share-based payment arrangement above are as follows:

	2021	
	Quantity (thousand shares)	Strike price (NTD)
Outstanding stock options, beginning of period	-	-
Stock options granted for the current period	2,000,000	$ 43
Stock options executed for the current period	(2,000,000)	$ 43
Outstanding stock options, end of period	-	-
Stock options executed, end of period	-	-

3. The Company uses the Black-Scholes options model to estimate the fair value of the stock options for its share-based payment transactions on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Strike price (NTD)	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit (NTD)
Cash capital increase reserved for employee subscription	2021.07.21	$58.56	$43.00	70.21%	0.02	-	0.1192%	$15.56

4. The cost incurred in the share-based payment transaction and equity delivery in 2021 was NT$31,120.

2020

1. The Company's share-based payment arrangement is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Treasury shares transferred to employees	2020.11.05	4,622,000 shares	-	Vested immediately

The above-mentioned share-based payment arrangement was settled in equity.

2. The details of the share-based payment arrangement above are as follows:

	2020	
	Quantity (thousand shares)	Strike price (NTD)
Outstanding stock options, beginning of period	-	$ -
Stock options granted for the current period	4,662,000	$ 9.17
Stock options executed for the current period	(4,662,000)	$ 9.17
Outstanding stock options, end of period	-	-
Stock options executed, end of period	-	-

3. The stock price of the stock options executed in 2020 was NT$13.95 at the execution date.

4. The Company uses the Black-Scholes options model to estimate the fair value of the stock options for its share-based payment transactions on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Strike price (NTD)	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit (NTD)
Employee stock option plan	2020.11.05	$13.95	$9.17	63.81%	0.011	-	0.1616%	$4.78

5. The cost incurred in the share-based payment transaction and equity delivery in 2020 was NT$22,284.

(XIV) Share capital

1. As of December 31, 2021, the Company's registered capital was NT$3,000,000,000 (including 50,000,000 shares of convertible corporate bonds and 5,000,000 shares of employee stock options), and the paid-in capital was NT$2,219,586,000, with a par value of NT$10 per share, and the number of outstanding shares at the end of period was 221,959,000.

   The Company issued 20,000,000 new shares for capital increase in cash on the record date August 19, 2021. The subscription price was NT$43 per share, with paid-in capital of NT$860,000,000, and the change of registration has already been completed.

   The number of Company's outstanding ordinary shares (thousand shares) at the beginning and end of period is reconciled as follows:

	2021	2020
January 1	201,959	197,297
Cash capital increase (including employee subscription)	20,000	-
Treasury shares transferred to employees	-	4,662
December 31	221,959	201,959

2. Treasury shares

   (1) Reasons for shares repurchase and changes in the number (thousand shares): (2021: None)

		2020			
Reason for repurchase		January 1	Increase in the current period	Decrease in the current period	December 31
Shares transferable to employees	Shares	4,662	-	(4,662)	-
	Carrying amount	$ 42,732	$ -	($42,732)	$ -

Note: 4,662,000 treasury shares previously bought back by the Company were transferred to employees on November 5, 2020 at NT$9.7 per share.

(2) The Company has repurchased its outstanding shares and transferred them to its employees as resolved by the board of directors. According to the Securities and Exchange Act, the Company's proportion of the number of outstanding shares repurchased shall not exceed 10% of the its total issued shares, and that the total amount of shares repurchased shall not exceed the amount retained earnings plus the share premium and the realized capital surplus.

(3) Treasury shares held by the Company shall not be pledged in accordance with the provisions of the Securities and Exchange Act, and shall be entitled to shareholder rights before being transferred.

(4) In accordance with the provisions of the Securities and Exchange Act, the shares repurchased for shares transferable to employees shall be transferred within five years from the date of the repurchase. If the transfer is not made within the time limit, the Company shall be deemed to have not issued the shares, and the shares shall be cancelled through change registration. For the shares repurchased to maintain the Company's credit and shareholders' rights, the change registration and share cancellation shall be conducted within six months after the repurchase.

(XV) Capital surplus

1. Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above may not exceed 10% of the paid-in capital each year. However, capital surplus shall not be used to compensate accumulated deficit unless the legal reserve is insufficient.

2. Changes in capital surplus are as follows:

2021	Opening balance	Cost of share-based payment	Cash capital increase (including employee stock options)	Closing balance
Share premium	$1,134,423	$ -	$ 691,120	$1,825,543
Treasury stock transaction	22,175	-	-	22,175
Employee stock option	-	31,120	(31,120)	-
	$1,156,598	$ 31,120	$ 660,000	$1,847,718

2020	Opening balance	Cost of share-based payment	Treasury shares subscribed for by employees	Deficit to be compensated	Closing balance
Share premium	$1,259,379	$ -	$ -	($ 124,956)	$ 1,134,423
Employee stock option	-	22,284	(22,284)	-	-
Treasury stock transaction	139,990	-	22,175	(139,990)	22,175
Consolidation excess	11,892	-	-	(11,892)	-
Others	7,375	-	-	(7,375)	-
	$ 1,418,636	$ 22,284	($ 109)	($ 284,213)	$ 1,156,598

(XVI) Retained earnings

1. According to the Company's Articles of Incorporation, if there are earnings in the annual final accounts, the Company shall pay income taxes first and compensate the accumulated deficits; appropriate 10% of the balance for legal reserve. For the remaining amount, a special reserve shall be set aside or reversed according to the laws or regulations of the competent authorities. Subsequently, if there is still a remaining amount, together with the undistributed earnings at the beginning of the same period, as accumulated distributable earnings to shareholders, the board of directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting for resolution before distribution.

   The Company is in the technology industry and the industrial environment change is rapid. With the consideration of the future capital demand and sound financial planning for the sustainable development of the Company, it is preferable to adopt a stable dividend policy. The dividend rate is expected to be above 20%, and cash dividend accounts for more than 20% of the total shareholders' bonus. Nevertheless, when the price per share for the cash dividend is lower than NT$0.1 (inclusive), no cash dividends are to be issued, but stock dividends are issued instead.

2. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

3. (1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

   (2) Upon first-time adoption of IFRSs, the special reserve was set aside per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed.

4. The Company's losses for 2019 were still to be compensated. Therefore, on June 10, 2020, the shareholders' meeting resolved to compensate the previous year's losses in the amount of NT$284,213 from the capital surplus.
5. The Company's losses for 2020 were still to be compensated. Therefore, the shareholders' meeting resolved no distribution of dividends on August 6, 2021.
6. On March 8, 2022, the Board of Directors made the following proposal for the distribution of surplus in 2021:

	2021
	Amount
Legal reserve	$ 37,671
Special reserve	184,999
	$ 222,670

7. On March 8, 2022, the Board of Directors proposed a capital reserve of NT$110,979 from the excess of shares issued in excess of the par value to be distributed in cash, and the shares held by the shareholders recorded in the shareholder register on the distribution base date will be allocated NT$0.5 per share.
8. For the above-mentioned information regarding the proposal approved by the board of directors and the resolution of the shareholders' meeting for the distribution of earnings, please visit the Market Observatory Post System (MOPS) for details.

(XVII) <u>Operating revenue</u>

1. The Company's revenue is all from customer contracts, which are for goods transferred at a certain point in time. Please refer to the Operating Revenue Statement for the breakdown of its revenue.
2. The contract liabilities related to revenue from customer contracts recognized by the Company are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities			
- Advance sales receipts	$ 28,804	$ 31,884	$ 36,114

3. The opening balance of contract liabilities is recognized in income in the current period

	2021	2020
The opening balance of contract liabilities was recognized as income in the current period	$ 22,347	$ 36,114

(XVIII) Other revenue

	2021	2020
Dividend revenue	$ 180	$ 1,539
Other revenue	6,981	11,418
	$ 7,161	$ 12,957

(XIX) Other gains and losses

	2021	2020
Impairment loss – investment using the equity method	($ 34,015)	$ -
Net foreign currency exchange gains (losses)	4,663	(38,027)
Net losses on financial assets at fair value through profit and loss	(330)	(9,403)
Gains on disposal of property, plant and equipment	4,815	6,457
Gains arising from lease changes	1,257	-
Other expenditures	(5,223)	(1,404)
	($ 28,833)	($ 42,377)

(XX) Finance costs

	2021	2020
Interest expenses:		
Borrowings from banks	$20,451	$29,284
Lease liabilities	6,590	1,570
	$27,041	$30,854

(XXI) Expenses by nature

By function / By nature	2021			2020		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expenses						
Wages and salaries	$ 445,055	$ 192,891	$ 637,946	$ 371,885	$ 106,648	$ 478,533
Labor and health insurance expenses	41,766	9,284	51,050	36,292	7,952	44,244
Pension expenses	17,691	4,901	22,592	17,012	4,191	21,203
Remuneration to Directors	-	10,770	10,770	-	750	750
Other personnel expenses	21,839	3,431	25,270	20,634	3,166	23,800
Depreciation expenses	198,441	18,631	217,072	226,344	10,448	236,792
Amortization expenses	1,142	1,856	2,998	1,096	1,401	2,497

Note: (1) The average number of employees per month for 2021 and 2020 were 816 and 745, respectively; among them, the number of directors who were not serving as employees concurrently was both five, respectively.

(2) Information on average employee benefit expenses and salaries and wages:

	2021	2020
Average employee benefit expenses	$ 909	$ 767
Average salaries and wages	$ 787	$ 647

A. The average employee benefits expense is calculated as: "Total employee benefit expenses - Total remuneration of directors" / "Number of employees for this year - Number of directors who did not serve as employees concurrently".

B. The average employee salaries and wages are calculated as: Total employee salary expenses / "Number of employees for this year - Number of directors who did not serve as employees concurrently".

(3) The average salaries and wages of employees for 2021 increased by 22% compared with the adjustment in 2020.

(4) The Company has set up an audit committee rather than engaging supervisors. Therefore, the remuneration of supervisors for 2021 and 2020 was both NT$0.

(5) The Company's salary and remuneration policy: When the directors of the Company perform their duties, regardless of its operating profit or loss, the Company has to pay remuneration to directors. The board of directors is authorized to determine the remuneration does not exceed the amount of the highest job level as in the Company's management regulations based on their degree of participation in the Company's operations and the value of their contribution, while with reference to the usual standards of the industry. In addition, the appointment, dismissal, and remuneration of the President and Vice Presidents of the Company shall be handled in accordance with the provisions of the Company Act. If the Company has a surplus, it shall be allocated for employee remuneration in accordance with Article 17 of the Company's Articles of Incorporation.

1. According to the Company's Articles of Incorporation, the Company shall deduct the distribution of the remuneration of employees and the remuneration of directors from the income before tax of the current fiscal year first, followed by compensating the accumulated loss amount. Where there is any remaining amount after such deduction, no less than 10% of such amount shall be appropriated as the remuneration of employees and no more than 3% of such amount shall be appropriated as the remuneration of Directors. Where the distribution of the employee remuneration is executed in stock or cash, it shall be passed with the consents of a majority of the attending Directors through a resolution at the Board of Directors' Meeting attended by more than two thirds of the directors. In addition, report to the shareholders' meeting shall also be made. Where the distribution of the employee remuneration is executed in stock, the employees of the Company's subsidiaries who meet certain specific requirements may be included.

2. The estimated employees' compensation and directors' remuneration amounted to

NT$33,233 and NT$9,470, respectively in 2021, with employees' compensation recorded as wages and salaries, which were recognized according to company profitability within the range stipulated in the Company's Articles of Incorporation. The actual distributed amount for employee compensation and remunerations for directors were NT$33,233 and NT$9,470, respectively by resolution of the board of directors, of which employee compensation was distributed in cash. In 2020, since deficits have not yet been compensated, the financial statements and resolution of the board of directors did not allocate employee compensation and remuneration for directors.

3. The relevant information on employee remuneration and remuneration of directors approved by the board of directors of the Company is available on MOPS.

(XXII) Income Taxes

1. Income tax expense

(1) Income tax expense components:

	2021	2020
Deferred income tax:		
Initial recognition and reversal of temporary differences	67,399	22,780
Income tax expense	$ 67,399	$ 22,780

(2) Income tax relating to components of other comprehensive income is as follows:

	2021	2020
Differences on translation of foreign operations	$ 10,183	($ 6,285)
Remeasurement of defined benefit obligations	(339)	1,133
	$ 9,844	($ 5,152)

2. Reconciliation between income tax expense and accounting profit

	2021	2020
Income tax calculated based on net profit (loss) before tax and statutory tax rate	$ 88,633	($ 25,053)
Effect of income tax adjusted according to tax law	7,437	11,195
Changes in the assessment of realizability of deferred income tax	(28,671)	36,638
Income tax expense	$ 67,399	$ 22,780

3. Amounts of deferred income tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
Remeasurement of pension	$ 10,368	$ -	($ 339)	$ 10,029
Differences on translation of foreign operations	17,489	-	10,183	27,672
Inventory valuation losses	7,890	822	-	8,712
Unrealized exchange loss	2,038	(1,880)	-	158
Others	18,391	(3,667)	-	14,724
Tax losses	45,509	424	-	45,933
	101,685	(4,301)	9,844	107,228
Deferred income tax liabilities:				
Gains on investment in foreign long-term equity	(203,794)	(63,099)	-	(266,893)
Provision for land value increment tax	(41,193)	-	-	(41,193)
	(244,987)	(63,099)	-	(308,086)
	($ 143,302)	($ 67,400)	$ 9,844	($ 200,858)

	2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
Remeasurement of pension	$ 9,235	$ -	$ 1,133	$ 10,368
Differences on translation of foreign operations	23,774	-	(6,285)	17,489
Over-limit of allowance for bad debt	14,077	(14,077)	-	-
Inventory valuation losses	7,534	356	-	7,890
Unrealized exchange loss	4,061	(2,023)	-	2,038
Others	19,313	(922)	-	18,391
Tax losses	35,740	9,769	-	45,509
	113,734	(6,897)	(5,152)	101,685
Deferred income tax liabilities:				
Gains on investment in foreign long-term equity	(187,911)	(15,883)	-	(203,794)
Provision for land value increment tax	(41,193)	-	-	(41,193)
	(229,104)	(15,883)	-	(244,987)
	($ 115,370)	($ 22,780)	($ 5,152)	($ 143,302)

4. Maturity of unused tax loss carryforwards and amounts of unrecognized deferred income tax assets are as follows:

December 31, 2021

Year incurred	Declared/ Approved amount	Unused amount	Unrecognized deferred income tax assets amount	Maturity year
2017	$ 206,267	$ 104,811	$ -	2027
2018	49,436	49,436	-	2028
2019	27,075	27,075	-	2029
2020	48,343	48,343	-	2030
	$ 331,121	$ 229,665	$ -	

December 31, 2020

Year incurred	Declared/ Approved amount	Unused amount	Unrecognized deferred income tax assets amount	Maturity year
2015	$ 69,522	$ 48,995	$ -	2025
2017	206,267	206,267	154,700	2027
2018	49,436	49,436	-	2028
2019	28,007	28,007	-	2029
2020	49,540	49,540	-	2030
	$ 402,772	$ 382,245	$ 154,700	

5. Deductible temporary differences not recognized as deferred income tax assets

	December 31, 2021	December 31, 2020
Deductible temporary difference	$ -	$ 183,102

6. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(XXIII) Earnings (losses) per share (NTD)

	2021		
	After-tax amount	Weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net profit attributable to ordinary shareholders for current period	$ 375,767	209,356	$ 1.79
Diluted earnings per share			
Net profit attributable to ordinary shareholders for current period	$ 375,767	209,356	
Effect of dilutive potential ordinary shares			
Employees' compensation	-	645	
Net profit attributable to ordinary shareholders for current period plus the effect of potential ordinary shares	$ 375,767	210,001	$ 1.79

	2020		
	After-tax amount	Weighted average number of ordinary shares outstanding (thousand shares)	Loss per share (NTD)
Basic loss per share			
Net loss attributable to ordinary shareholders for current period	($148,047)	197,602	($ 0.75)
Diluted loss per share			
Net loss attributable to ordinary shareholders for current period	($148,047)	197,602	($ 0.75)

(XXIV) Additional information on cash flow

1. Operating activities only with partial cash payments:

	2021	2020
Interest expenses	$ 27,041	$ 30,854
Add: Interest payable, beginning of period	860	721
Less: Interest payable, end of period	(672)	(860)
Cash paid during the current period	$ 27,229	$ 30,715

2. Investing activities only with partial cash payments:

Cash paid for purchase of property, plant and equipment

	2021	2020
Purchase of property, plant and equipment	$ 148,926	$ 290,204
Add: Opening balance of payable on equipment	33,983	14,373
Add: Ending balance of prepayments for equipment	101,642	18,340
Less: Opening balance of prepayments for equipment	(18,340)	(36,694)
Less: Ending balance of payable on equipment	(62,117)	(33,983)
Cash paid during the current period	$ 204,094	$ 252,240

(XXV) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2021	$ -	$ 1,441,996	$ 71,492	$ 1,513,488
Changes in cash flow from financing activities	130,000	(241,996)	(34,893)	(146,889)
Non-cash changes				
- Lease changes	-	-	338,733	338,733
December 31, 2021	$ 130,000	$ 1,200,000	$ 375,332	$ 1,705,332

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2020	$ 240,000	$ 1,158,000	$ 30,648	$ 1,428,648
Changes in cash flow from financing activities	(240,000)	283,996	(30,201)	13,795
Non-cash changes				
- Lease changes	-	-	71,045	71,045
December 31, 2020	$ -	$ 1,441,996	$ 71,492	$ 1,513,488

VII. Related Party Transactions

(I) Names of related parties and relationship

Names of related parties	Relationship with the Company
More Fortune Profits Limited	Subsidiary of the Company
Ecocera Optronics Co., Ltd.	Subsidiary of the Company
Advance Venture Corporation	Subsidiary of the Company (Note)
I-CHIUN (CAYMAN) PRECISION INDUSTRY CO., LIMITED	Sub-subsidiary of the Company
I-CHIUN TECHNOLOGY CO., LID	Sub-subsidiary of the Company
I-Chiun Precision Electric industry (China) Co., Ltd.	Third-tier subsidiary of the Company
I-Chiun Precision Electric (Nanjing) Co., Ltd.	Third-tier subsidiary of the Company
I-Chiun Technology (China) Co., Ltd.	Third-tier subsidiary of the Company
Jiangmen Guoquan Semiconductor Technology Co., Ltd.	Fourth-tier subsidiary of the Company
I-Zou Hi-Tech (SZN) Co., Ltd.	Fourth-tier subsidiary of the Company
Mylight Technology Co., Ltd.	The person in charge is a relative within second degree of kinship of a director of the Company
F-mylight Technology Co., Ltd.	The person in charge is a relative within second degree of kinship of a director of the Company
Zhuo Chuan Enterprise Co., Ltd.	The person in charge is a relative within second degree of kinship of a director of the Company
LEATEC Fine Ceramics Co., Ltd.	The Company is the juridical person director of a subsidiary

Note: On December 3, 2021, the Company participated in Advance Venture Corporation's capital increase in cash, and Advance Venture Corporation became a related party starting from December 3, 2021 given that the Company acquired control of Advance Venture Corporation with ownership of 55.556%.

(II) Significant related-party transactions are as follows

1. Operating revenue

	2021	2020
Sales of finished goods:		
- I-Chiun Technology (China) Co., Ltd.	$ 35,005	$ 23,283
- I-Chiun Precision Electric industry (China) Co., Ltd.	1,327	6,407
- Subsidiary	451	231
- Other related parties	-	297
	36,783	30,218
Sales of modules:	51,266	-
- Jiangmen Guoquan Semiconductor Technology Co., Ltd.	14,667	-
- Subsidiary	65,933	-
	$ 102,716	$ 30,218

There is no significant difference in the transaction price of the Company's sales between related parties and non-related parties. The payment terms vary from O/A with net 90 days to 150 days every month depending on transaction counterparties.

2. Purchases

	2021	2020
Purchases of goods:		
- I-Chiun Technology (China) Co., Ltd.	$ 522,799	$ 318,592
- I-Chiun Precision Electric industry (China) Co., Ltd.	2,258	15,979
- Subsidiary	109	278
- Other related parties	5,388	5,839
	$ 530,554	$ 340,688

The transaction price and payment terms in the Company's purchase of goods from related parties are not significantly different from those of general suppliers.

3. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
- Jiangmen Guoquan Semiconductor Technology Co., Ltd.	$ 53,972	$ 566
- I-Chiun Technology (China) Co., Ltd.	23,104	12,623
- Subsidiary	31	1,198
	$ 77,107	$ 14,387
Other receivables:		
Sales of property, plant and equipment		
- Jiangmen Guoquan Semiconductor Technology Co., Ltd.	$ 38,740	$ 82,193
- I-Chiun Technology (China) Co., Ltd.	-	233
Others		
- Subsidiary	21	21
	$ 38,761	$ 82,447

Receivables from related parties mainly come from sales transactions. The terms of sales transaction vary from O/A with net 90 days to 120 days every month depending on transaction counterparties. The receivables are unsecured in nature and bear no interest. As of December 31, 2021 and 2020, the allowance for losses was NT$23 and NT$4, respectively.

4. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable:		
- I-Chiun Technology (China) Co., Ltd.	$ 53,198	$ 41,644
- Subsidiary	33	288
- Other related parties	1,875	1,767
	$ 55,106	$ 43,699

Amounts payable to related parties mainly come from purchase transactions and acquisition of property, plant and equipment, and payment is made within 30–90 days every month after acceptance. The payable does not bear interest.

5. Asset transactions

Proceeds from sales of assets and gains on disposal:

	2021		2020	
	Proceeds from sales	Gains (losses) on disposal	Proceeds from sales	Gains (losses) on disposal
Sales of property, plant and equipment:				
- Jiangmen Guoquan Semiconductor Technology Co., Ltd.	$ 331	$ 280	$ 77,772	$ 10,895
- I-Chiun Technology (China) Co., Ltd.	672	(3,091)	3,857	66
- Ecocera Optronics Co., Ltd.	-	-	650	(555)
	$ 1,003	($ 2,811)	$ 82,279	$ 10,406

6. Loans to related parties

(1) Closing balance (recognized in “Other receivables - related parties”)

	December 31, 2021	December 31, 2020
Jiangmen Guoquan Semiconductor Technology Co., Ltd.	$ 40,136	$ -

(2) Interest revenue

	2021	2020
I-Chiun Technology (China) Co., Ltd.	$ -	$ 1,918
Ecocera Optronics Co., Ltd.	-	179
Jiangmen Guoquan Semiconductor Technology Co., Ltd.	-	-
	$ -	$ 2,097

The loan condition for both I-Chiun Technology (China) Co., Ltd. and Ecocera Optronics Co., Ltd. is repayment of principal in a lump sum upon maturity, with interest accrued at an annual rate of 2% and 4.75%, respectively. Uncollected interest from Jiangmen Guoquan Semiconductor Technology Co., Ltd.

7. For the endorsements/guarantees provided by the Company to related parties, please refer to Note 9(2) for details.

(III) Information on key management compensation

	2021	2020
Short-term employee benefits	$ 45,377	$ 12,715
Post-employment benefits	459	538
Share-based payment	6,344	-
	$ 52,180	$ 13,253

VIII. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2021	December 31, 2020	Purpose of collateral
Land	$ 113,759	$ 113,759	Collateral for long-term borrowings (including current portion)
Buildings and structures	246,905	255,444	Collateral for long-term borrowings (including current portion)
Machinery and equipment	118,134	148,141	Collateral for long-term borrowings (including current portion)
Other equipment	55,916	11,302	Collateral for long-term borrowings (including current portion)
Financial assets at amortized cost - current	-	32,000	Collateral for long-term borrowings (including current portion)
Financial assets at amortized cost - non-current	24,000	-	Collateral for long-term borrowings (including current portion)
	$ 558,714	$ 560,646	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

1. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows

	December 31, 2021	December 31, 2020
Property, plant and equipment	$ 41,961	$ 10,406

2. For subsidiaries to obtain borrowing facilities from banks, the amount of the endorsements/guarantees provided by the Company is detailed in the Note 13 to Table 2.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

On March 8, 2022, the Company's 2021 earnings distribution plan was approved by the board of directors. Please refer to Note 6 (16) for details.

XII. Others

(I) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

According to the loan contracts signed by the Company with financial institutions, the consolidated financial statements are required to meet the key performance indicators, please see details in Note 6(11).

(II) Financial Instruments

1. Categories of financial instruments

   For the information on the Company's financial assets (financial assets at fair value through profit and loss, cash and cash equivalents, notes and accounts receivable, financial assets at amortized cost, other receivables, and other financial assets) and financial liabilities (short-term borrowings, accounts payable, other payables, lease liabilities, long-term loans (including current portion), and other non-current liabilities), please refer to Note 6 and the balance sheet.

2. Risk management policy

   (1) The Company's activities have exposed it to a variety of financial risks: market risk

(including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk.

(2) Risk management is carried out by the Company's finance department in line with the policies approved by the board of directors. The finance department identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and remaining circulating capital investment.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Exchange rate risk

A. The Company operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and RMB) used by the Company. The exchange rate risk arises from future business transactions and assets and liabilities recognized.

B. The management of the Company has established policies to regulate the exchange rate risk of each company within the Group in relation to its functional currency. The companies shall hedge against the overall exchange rate risk through the Group's finance department. The exchange rate risk is measured by expected transactions with USD and RMB expenditures that are highly likely to occur. The Company achieves natural hedging through the positions of foreign currency assets and liabilities held and the arrangement of the recovery period.

C. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (in thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD:NTD	$ 33,080	27.680	$ 915,654
RMB:NTD	40,370	4.344	175,367
Financial liabilities			
Monetary items			
USD:NTD	$ 3,633	27.680	$ 100,561

	December 31, 2020		
	Foreign currency amount (in thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD:NTD	$ 22,113	28.480	$ 629,778
RMB:NTD	42,071	4.377	184,145
Financial liabilities			
Monetary items			
USD:NTD	$ 3,696	28.480	$ 105,262

D. As exchange rate fluctuations have a significant influence on the Company's monetary items. The aggregate amount of all exchange gains (losses) (including realized and unrealized) were NT$4,663 and (NT$38,027) in 2021 and 2020, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

	2021		
	Sensitivity analysis		
	Exchange rate band	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD:NTD	1%	$ 9,157	$ -
RMB:NTD	1%	1,754	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 1,006	$ -

	2020		
	Sensitivity analysis		

	Exchange rate band	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD:NTD	1%	$ 6,298	$ -
RMB:NTD	1%	1,841	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 1,053	$ -

Price risk

A. The Company's equity instruments exposed to price risk are financial assets held at fair value through profit and loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company mainly invests in equity instruments issued by domestic companies. The prices of such equity instruments would change due to the change of the future value of the targets in the investments. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, the net profit after tax for 2021 and 2020 would have increased or decreased by NT$55 and NT$59, respectively, due to the gains or losses on equity instruments at fair value through profit and loss.

Cash flow and fair value interest rate risk

A. The Company's interest rate risk mainly comes from short- and long-term borrowings issued at floating interest rates, exposing the Company to the interest rate risk of cash flow. In the 2021 and 2020, the Company's loans taken out at floating interest rates were mainly in New Taiwan dollars.

B. The Company's loans are measured at amortized cost and the annual interest rate will be repriced every year according to the contracts. Therefore, the Company is exposed to the risk of future market interest rate changes.

C. When the NTD borrowing interest rate rose or fell by 1%, with all other factors held constant, the net profit after tax would have decreased or increased by NT$10,640 and NT$11,536 in 2021 and 2020, respectively, as the interest expenses would change with the floating interest rates for the borrowings.

(2) Credit risk

A. The credit risk of the Company is the risk of financial loss suffered by the Company arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle the accounts receivable paid in accordance with the payment terms and the contractual cash flow of financial assets at amortized cost.

B. The Company has established a management mechanism for credit risk. For banks and financial institutions with whom it is dealing, only those with independent credit ratings at the level of at least “A” can be accepted as transaction counterparties. In accordance with the internal credit policy, the Company must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.

C. When a contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed to have been in default by the Company.

D. The Company adopts the following conditions and assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since initial recognition:

(A) When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.

(B) Actual or expected significant changes in the external credit ratings of financial instruments occur.

E. The indicators adopted by the Company to judge whether there are signs of credit impairment for debt instrument investment are as follows:

(A) The issuer has encountered major financial difficulties, or has the increasing possibility of going into bankruptcy or other financial restructuring;

(B) The active market for the financial asset disappears due to the issuer’s financial difficulties;

(C) The issuer’s delay or non-payment of interest or principal;

(D) Unfavorable changes in national or regional economic conditions related to the issuer’s breach of contract.

F. After the recourse procedures, the Company writes off the amount of financial assets that cannot be reasonably expected to be recovered. However, the Company will continue to carry out the legal recourse procedures to preserve the creditor’s rights. The Company’s claims that had been written off with recourse activities still underway were NT$0 and NT$2,078 on December 31, 2021 and 2020.

G. The Company conducts individual assessments on notes and accounts receivable that have been in default, and recognizes allowance for 100% of losses. For the rest, the notes and accounts receivable according to the Company’ credit conditions and historical loss rate, and adopts a simplified approach to estimate expected credit losses based on loss rates. The Company includes the forward-looking information of the Taiwan Institute of Economic Research’s business observation report and adjusts the loss rates established based on historical and current information for a specific period to estimate the loss allowance for notes and accounts receivable. According to the individual and loss rate methods as of December 31, 2021 and 2020, the estimated loss allowance for notes and accounts receivable is as follows:

	Individuals	Group A	Group B	Group C	Total
December 31, 2021					
Expected loss rate	100%	0.10%	0.03%-59.50%	0.03%	$1,449,886
Total book value	$ 200,518	$ 910,636	$ 261,625	$ 77,107	$ 206,048
Loss allowance	$ 200,518	$ 911	$ 4,596	$ 23	
December 31, 2020					
Expected loss rate	100%	0.10%	0.03%-50.03%	0.03%	$ 793,444
Total book value	$ 189,916	$ 377,205	$ 211,936	$ 14,387	$ 191,036
Loss allowance	$ 189,916	$ 377	$ 739	$ 4	

Group A: High-quality customers rated by the Company.

Group B: Other customers.

Group C: Related parties

H. The Company's table of changes in simplified loss allowance for notes and account receivable are as follows:

	2021	2020
January 1	$ 191,036	$ 79,446
Impairment loss recognized	14,978	113,668
Amounts written off due to being uncollectible	-	(2,078)
Others	34	-
December 31	$206,048	$ 191,036

(3) Liquidity risk

A. Cash flow forecasting is performed by the Company's general management office and compiled by the finance department. The finance department monitors forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

B. When the remaining cash held by the Company exceeds the working capital required, the Company's finance department invests the remaining funds in time deposits, money market deposits, and securities. The instruments selected are with an appropriate maturity date or sufficient liquidity to respond to the forecast above and provide adequate liquidity.

C. The Company's non-derivative financial liabilities are analyzed into relevant maturity groupings in the table below; the non-derivative financial liabilities are based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted.

Non-derivative financial liabilities:

	December 31, 2021		December 31, 2020	
	Less than 1 year	Over 1 years	Less than 1 year	Over 1 years
Short-term borrowings	$ 130,404	$ -	$ -	$ -
Accounts payable	402,995	-	275,272	-
Other payables	296,207	-	125,258	-
Long-term borrowings (including current portion)	-	1,255,679	603,766	859,820
Lease liabilities	49,427	392,405	32,184	40,998
Guarantee deposits received (recognized as other non-current liabilities)	-	104	-	104
Long-term payable on equipment (recognized as other non-current liabilities)	-	266	-	3,456

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the listed stocks invested by the Company belongs to this level.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the unlisted stocks and the privately offered stocks by listed companies invested by the Company belong to this level.

2. Financial instruments not measured at fair value include cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortized cost, short-term borrowings, notes payable, accounts payable, other payables, and long-term borrowings (including current portion), which are based on the reasonable approximation of the fair value.

3. Financial and non-financial instruments at fair value, the Company are classified according to the nature, characteristics, and risks of assets and the basis of fair value levels. The relevant information is as follows:

   (1) The Company has classified assets according to their nature, and the relevant information is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Asset				
Fair value on a recurring basis				
Financial assets at fair value through profit and loss				
Equity securities	$ 5,520	$ -	$ -	$ 5,520

December 31, 2020	Level 1	Level 2	Level 3	Total
Asset				
Fair value on a recurring basis				
Financial assets at fair value through profit and loss				
Equity securities	$ 5,850	$ -	$ -	$ 5,850

   (2) The methods and assumptions used by the Company to measure fair value are explained as follows:

      A. The closing price of the listed stocks is used by the Company as the fair value input (i.e., Level 1).

      B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or by referring to the quoted prices offered by counterparties.

4. The Company did not have any transfers between the Level 1 and Level 2 fair value in 2021 and 2020.

5. The table below shows the changes in Level 3 fair value in 2021 and 2020:

	2021	2020
January 1	$ -	$ 19,384
Recognized in loss	-	(19,384)
December 31	$ -	$ -

6. There was no transfer into or out of Level 3 fair value in 2021 and 2020:

7. The Company conducts independent fair value verification for financial instruments with their fair value classified as Level 3, through which data from independent sources is used to make the evaluation results close to the market level, to as to confirm that the data sources are independent, reliable, consistent with other resources, and representative of executable prices. The Company also regularly calibrates the valuation model, conducts back-testing, updates inputs, data, and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

8. The quantitative information about the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement items and the sensitivity analysis of the significant unobservable input changes are described below:

	December 31, 2021 Fair value	Valuation technique	Significant unobservable input	Relationship between input and fair value
Non-derivative equity instruments:				
Privately offered stocks (publicly listed companies)	$ -	Market method	Discount for lack of market liquidity	The higher the discount for market liquidity, the lower the fair value

	December 31, 2020 Fair value	Valuation technique	Significant unobservable input	Relationship between input and fair value
Non-derivative equity instruments:				
Privately offered stocks (publicly listed companies)	$ -	Market method	Discount for lack of market liquidity	The higher the discount for market liquidity, the lower the fair value

9. The valuation model and valuation parameters are selected by the Company after prudent evaluation, but the use of different valuation models or valuation parameters may result in different valuation results. For financial assets classified as Level 3 fair value, in the case of a change in valuation parameters, the effect on the current profit and loss will be as follows:

	input	Change	December 31, 2021	
			Recognized in profit or loss	
			Favorable change	Unfavorable change
Financial asset				
Equity instrument	Discount for lack of market liquidity	±1%	$ -	$ -

	input	Change	December 31, 2020	
			Recognized in profit or loss	
			Favorable change	Unfavorable change
Financial asset				
Equity instrument	Discount for lack of market liquidity	±1%	$ -	$ -

XIII. Supplementary Disclosures

(I) Information on significant transactions

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Marketable securities held at the end of period (not including subsidiaries, associates, and joint ventures): Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate reaching at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate reaching at least NT$300 million or 20% of the paid-in capital: None.
7. Purchases or sales of goods from or to related parties reaching at least NT$100 million or 20% of the paid-in capital: Please refer to Table 4.
8. Receivables from related parties reaching at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.
9. Trading in derivative instruments: None.
10. Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Table 6.

(II) Information related to reinvested enterprises

Information on investees (name, location, etc.) (not including investees in mainland China): Please refer to Table 7.

(III) Information on Investments in Mainland China

1. Basic information: Please refer to Table 8.
2. Significant transactions with investees in mainland China, either directly or indirectly, through third-region businesses: Please refer to Note 13(1).

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 9.

XIV. Segment Information

Not applicable.

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Cash and Cash Equivalents
December 31, 2021

Statement 1 Unit: NTD thousand

Items	Summary				Amount
Cash on hand and petty cash					$ 327
Checking account deposits					46
Demand deposits					
- NTD currency deposits					272,493
- Foreign currency deposits	USD	1,666,000	Exchange rate	27.680	46,120
	RMB	5,593,000	Exchange rate	4.344	24,295
					$ 343,281

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Accounts Receivable (including related parties)
December 31, 2021

Statement 2 Unit: NTD thousand

Name of Customer	Summary	Amount	Remarks
Non-related party:			
LITE-ON OPTO TECHNOLOGY (CHANGZHOU)		$ 340,409	
Unity Opto Technology co., Ltd.		186,611	
LITE-ON ELECTRONICS (THAILAND) CO. LTD.		172,056	
LITE-ON SINGAPORE PTE. LTD.		86,125	
Amkor Technology Taiwan Ltd.		74,984	
Others		512,594	Each customer's balance did not exceed 5% of the general ledger amount
		1,372,779	
Less: Allowance for bad debt		(206,025)	
		1,166,754	
Related party:			
Jiangmen Guoquan Semiconductor Technology Co., Ltd.		53,972	
I-Chiun Technology (China) Co., Ltd.		23,104	
Others		31	
		77,107	
Less: Allowance for bad debt		(23)	
		77,084	
		$ 1,243,838	

I-CHIUN PRECISION INDUSTRY CO., LTD.
Inventory Statement
December 31, 2021

Statement 3 Unit: NTD thousand

Items	Amount: Cost	Amount: Net realizable value	Remarks
Raw materials	$ 574,399	$ 574,399	
Materials	12,436	12,436	
Semi-finished goods	85,397	110,736	
Finished good	269,342	349,263	
Merchandise inventory	86,748	97,186	
	1,028,322	$ 1,144,020	
Less: Allowance for inventory valuation losses	(43,562)		
	$ 984,760		

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Investment Accounted for Using Equity Method
January 1, 2021 - December 31, 2021

Statement 4

Unit: NTD thousand

	Opening balance		Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Closing balance			Net equity				
Name	shares (thousand shares)	Amount	shares (thousand shares)	Amount	shares (thousand shares)	Amount	shares (thousand shares)	Shareholding percentage	Amount	Unit price (NTD)	Total	Valuation basis	Security or pledge	Remarks
More Fortune Profits Limited	36,179	$ 2,010,369	-	$ 327,506	-	($ 53,571)	36,179	100.000%	$ 2,284,304	63.14	$ 2,284,304	Equity method	None	
Ecocera Optronics Co., Ltd.	15,374	153,795	-	30,889	-	(411)	15,374	72.036%	184,273	11.99	184,273	〃	〃	
Advance Venture Corporation	-	-	12,500	125,000		(38,667)	12,500	55.556%	86,333	6.91	86,333	〃	〃	
		$ 2,164,164		$ 483,395		($ 92,649)			$ 2,554,910					

Note 1: The increase in the current period includes investment gains and additional investment.

Note 2: The decrease in the current period includes investment losses, impairment losses, changes in the net value of the investees’ equity, cumulative translation adjustment, and unrealized gross profit on sales.

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Right-of-use Assets
December 31, 2021

Statement 5 Unit: NTD thousand

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Buildings and structures				
Cost	$ 103,511	$ 367,460	($ 70,635)	$ 400,336
Accumulated depreciation	(34,232)	(45,912)	43,167	(36,977)
	$ 69,279	$ 321,548	($ 27,468)	$ 363,359
Transportation equipment				
Cost	$ 1,251	$ -	$ -	$ 1,251
Accumulated depreciation	(385)	(416)	-	(801)
	$ 866	($ 416)	$ -	$ 450

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Lease Liabilities
December 31, 2021

Statement 6 Unit: NTD thousand

Items	Summary	Lease period	Discount rate	Closing balance	Remarks
Buildings and structures	Plant	2018/7/1-2023/6/30	2.0771%	$ 11,302	
Buildings and structures	Plant	2021/8/1-2031/9/30	3.5500%	307,113	
Buildings and structures	Plant	2021/8/1-2031/9/30	3.5500%	56,459	
Transportation equipment	Company vehicles	2019/11/15-2022/11/14	1.9788%	239	
Transportation equipment	Company vehicles	2020/8/21-2023/8/20	1.9788%	219	
				$ 375,332	

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Accounts Payable
December 31, 2021

Statement 7 Unit: NTD thousand

Items	Summary	Amount
Non-related party		
Xing Zan Enterprise Co., Ltd.		$ 67,306
First Copper Technology Co., Ltd.		24,296
Others		256,287
		347,889
Related party		
I-Chiun Technology (China) Co., Ltd.		53,198
Others		1,908
		55,106
		$ 402,995

I-CHIUN PRECISION INDUSTRY CO., LTD.
Operating Revenue Statement
2021

Statement 8 Unit: NTD thousand

Items	Quantity	Amount	Remarks
Total sales revenue			
SMD	5,099,000 K	$ 854,112	
LED	7,847,000 K	1,247,371	
Heat spreader	56,847Pcs	857,836	
Others		166,524	
		3,125,843	
Less: Sales returns		(8,394)	
Sales discounts and allowances		(107,860)	
Net sales revenue		$ 3,009,589	

I-CHIUN PRECISION INDUSTRY CO., LTD.
Operating Cost Statement
2021

Statement 9 Unit: NTD thousand

Items	Amount
Merchandise	
Inventories, beginning of period	$ 54,646
Add: Purchase in the current period	553,407
Less: Inventories, end of period	(86,748)
Transferred to semi-finished goods	(38,708)
Raw materials transferred in	143,847
Supplies inventory transferred in	1,584
Quantity of scrapped merchandise	(69)
Transferred to production overheads and operating expense	(36)
Total cost of sales and purchases	627,923
Direct raw material	
Raw materials, beginning of period	171,981
Add: materials of the current period	1,203,415
Semi-finished goods transferred in	222,833
Less: Raw materials, end of period	(574,399)
Transferred to merchandise	(143,847)
Transferred to production overheads and operating expense	(3,159)
Raw material scraps	(314)
Raw materials consumed for current period	876,510
Supplies, beginning of period	6,353
Add: materials of the current period	43,037
Less: Supplies, end of period	(12,436)
Transferred to production overheads and operating expense	(22,074)
Supplies consumed for current period	14,880
Direct labor	322,912
Production overheads	1,085,536
Manufacturing cost	2,299,838

I-CHIUN PRECISION INDUSTRY CO., LTD.
Operating Cost Statement (Continued)
2021

Statement 9 | Unit: NTD thousand

Items	Amount
Add: Semi-finished goods, beginning of period	56,254
Merchandise transferred in	38,708
Finished goods transferred in	44,368
Less: Semi-finished goods, end of period	(85,397)
Transferred to equipment to be inspected and supplies inventory	(207,573)
Transferred to raw materials	(222,833)
Scrapped semi-finished goods	(982)
Transferred to operating expense	(33)
Cost of finished goods	1,922,350
Add: Finished goods, beginning of period	226,926
Less: Finished goods, end of period	(269,342)
Transferred to semi-finished goods	(44,368)
Scrapped finished goods	(20,083)
Transferred to operating expense	(4,653)
Manufacturing, production and sales costs	1,810,830
Inventory scrap loss	21,448
Inventory valuation losses	4,111
Revenue from tailings	(51,339)
Export tax rebate income	(4,895)
Mold development cost	106,766
Operating costs	$ 2,514,844

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Production Overheads
2021

Statement 10 Unit: NTD thousand

Items	Summary	Amount	Remarks
Processing fee		$ 304,264	
Depreciation expenses		198,441	
Consumables		121,998	
Utility fees		80,453	
Salaries and wages		89,157	
Others		291,223	The balance of each item did not exceed 5% of the balance of this account
		$ 1,085,536	

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Selling Expenses, Administrative Expenses, and R&D Expenses
2021

Statement 11 Unit: NTD thousand

Items	Selling expenses	Management expenses	R&D expenses
Salaries and wages	$ 19,463	$ 42,083	$ 18,264
Employees' compensation	-	33,233	-
Cost of employee stock options	-	31,120	-
Bonus payment	6,094	28,688	12,165
Depreciation expenses	712	12,459	5,460
Export fees	21,249	-	-
Remuneration to Directors	-	10,770	-
Freight charge	5,412	62	66
Advertising expense	4,722	-	-
Other expenses (Note)	20,350	42,622	12,652
	$ 78,002	$ 201,037	$ 48,607

Note: The amount of each item did not exceed 5% of the total amount of this account.