

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Financial Statements and Independent Auditors' Report
2021 and 2020
(Stock Code 3357)

Company address : No.1 You 4th Road, Youth Industrial District, Yangmei,
Taoyuan City 326013, Taiwan

Telephone : (03)464-1148

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Financial Statements for the Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report
Table of Contents

Item	Page/Code/Index
I. Cover	1
II. Table of Contents	2~3
III. Independent Auditor's Report	4~8
IV. Standalone Balance Sheet	9~10
V. Standalone Statement of Comprehensive Income	11~13
VI. Standalone Statement of Changes in Equity	14
VII. Standalone Statement of Cash Flows	15~16
VIII. Notes to the Standalone Financial Statements	17~55
(I) Company History	17
(II) Approval Date and Procedure of Financial Statements	17
(III) Application of New and Amended Standards and Interpretations	17~18
(IV) Summary of Significant Accounting Policies	18~25
(V) Significant Account Judgments and Assumptions, and Primary Sources of Estimation Uncertainty	25
(VI) Description of Significant Accounts	25~44
(VII) Related Party Transactions	44~47
(VIII) Pledged Assets	47
(IX) Significant Commitments or Contingency	47
(X) Significant Disaster Losses	47
(XI) Significant Subsequent Events	47
(XII) Others	48~54
(XIII) Additional Disclosures	54~55
(XIV) Segment Information	55
IX. Schedules of Significant Accounts	
Cash and cash equivalents	Schedule 1
Accounts receivable	Schedule 2
Inventory	Schedule 3

Investment accounted for using the equity method	Schedule 4
Cost of property, plant, and equipment; Changes in accumulated depreciation	Note 6(6)
Accounts payable	Schedule 5
Operating revenue	Schedule 6
Operating costs	Schedule 7
Operating expenses	Schedule 8
Summary table by function of the occurred employee benefits, depreciation, depletion, and amortization	Schedule 9

Independent Auditor's Report

(111) Cai Shen Bao Zi No. 21003904

To Tai-Tech Advanced Electronics Co., Ltd.

Opinion

We have audited the standalone financial statements of Tai-Tech Advanced Electronics (the “Company” hereinafter), which comprise the standalone balance sheets as of December 31, 2021 and 2020, the standalone statements of comprehensive income, changes in equity, and cash flows for the years January 1 through December 31, 2021 and 2020 ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters for Tai-Tech Advanced Electronics' standalone financial statements for the year ended December 31, 2021 are stated as follows:

Valuation of allowance for inventory valuation loss

Description

Refer to Notes 4(9), 5(2), and 6(3) for the accounting policy, significant accounting estimates and assumptions, and details pertaining to inventory valuation. As of December 31, 2021, the balance of the Company's inventory and allowance for inventory valuation loss was NT\$320,220 thousand and NT\$10,400 thousand, respectively.

Tai-Tech Advanced Electronics mainly engages in manufacturing and processing of electronic parts, magnetic cores, multilayer products, and other wire-wounds products. Since the value of inventory is subject to market price fluctuation and its life cycle, the risk of becoming obsolete is relatively high. In addition, since the valuation process usually involves subjective judgments, the uncertainty in accounting estimates is high. As such, we determine the valuation of allowance for inventory valuation loss as one of the key audit matters.

Responsive Audit Procedures

We perform the following procedures for the inventory that is ageing and individually obsolete:

1. Based on our understanding of the Company, we assess the reasonableness of the policy and procedures pertaining to provision of inventory valuation allowance, including using the historical information to assess the reasonableness of the extent to which inventory is reduced, and of the accounting policy for inventory valuation allowance.
2. We review the Group's annual inventory counting plan and observe how well inventory is counted and inventory counting is managed, so as to assess the effectiveness of the management identifying and controlling obsolete inventory.
3. We verify the accuracy of information on the Group's statements regarding inventory aging and reduction, so as to ascertain the consistency of statements information with its policy.
4. We examine and check the accuracy of calculation of inventory valuation loss, and the appropriateness of allowance for inventory valuation loss.

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

Management is responsible for the preparation and fair presentation of the standalone 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 standalone financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the standalone 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 auditors' report

to the related disclosures in the standalone 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 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 contents of, and the notes to, the standalone financial statements, and whether the standalone financial statements fairly present the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the group audit; we remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our 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

Yen-na Li

CPA

Wei-hao Wu

Former Financial Supervisory Commission and Securities and
Futures Bureau of the Executive Yuan
Official Approval Letter No.: Jin Guan Zheng Liu Zi No.

0950122728

Financial Supervisory Commission

Official Approval Letter No.: Jin Guan Zheng Shen Zi No.
1080323093

February 25, 2022

Tai-Tech Advanced Electronics Co., Ltd.

Standalone Balance Sheet

December 31, 2021 and 2020

Unit: NT\$1,000

ASSETS		Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
CURRENT ASSETS						
1100	Cash and cash equivalents	6 (1)	\$ 896,005	10	\$ 361,312	6
1150	Notes receivable, net	6 (2)	38,877	1	14,384	-
1170	Accounts receivable, net	6 (2)	1,119,002	12	870,688	15
1180	Accounts receivable from related parties, net	6 (2) and 7	787,265	9	431,172	7
1200	Other receivables		14,859	-	11,695	-
1210	Other receivables (including those due from related party)	7	93,940	1	33,985	1
130X	Inventory	6 (3)	309,820	3	230,923	4
1410	Prepayments		2,965	-	4,612	-
11XX	Total current assets		<u>3,262,733</u>	<u>36</u>	<u>1,958,771</u>	<u>33</u>
NONCURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - noncurrent	6 (4)	121,987	1	54,858	1
1550	Investment accounted for using the equity method	6 (5)	3,225,165	35	2,806,933	48
1600	Property, plant and equipment	6(6), 7, and 8	2,497,404	27	1,015,991	18
1755	Right-of-use assets	6 (7)	13,481	-	7,390	-
1780	Intangible assets		43,961	1	15,127	-
1840	Deferred tax assets	6 (24)	4,252	-	5,249	-
1900	Other noncurrent assets	6 (8)	8,089	-	7,160	-
15XX	Total noncurrent assets		<u>5,914,339</u>	<u>64</u>	<u>3,912,708</u>	<u>67</u>
1XXX	Total assets		<u>\$ 9,177,072</u>	<u>100</u>	<u>\$ 5,871,479</u>	<u>100</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd.

Standalone Balance Sheet

December 31, 2021 and 2020

Unit: NT\$1,000

LIABILITIES AND EQUITY	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
CURRENT LIABILITIES						
2100	Short-term borrowings	6 (9)	\$ 318,914	3	\$ 540,895	9
2110	Short-term bills payable	6 (10)	20,000	-	130,000	2
2150	Notes payable		193,029	2	56,755	1
2170	Accounts payable		229,289	3	142,449	3
2180	Accounts payable to related parties	7	1,010,618	11	707,364	12
2200	Other payables	6 (11) and 7	428,142	5	285,439	5
2230	Current tax liabilities	6 (23)	92,488	1	55,036	1
2280	Lease liabilities - current	7	6,350	-	3,493	-
2320	Current portion of long-term borrowings	6 (12)	37,733	-	67,000	1
21XX	Total current liabilities		<u>2,336,563</u>	<u>25</u>	<u>1,988,431</u>	<u>34</u>
NONCURRENT LIABILITIES						
2540	Long-term borrowings	6 (12)	565,689	6	270,000	5
2570	Deferred tax liabilities	6 (24)	28,572	1	28,572	-
2580	Lease liabilities - noncurrent	7	7,255	-	3,940	-
2640	Net defined benefit liabilities - noncurrent	6 (13)	14,762	-	14,652	-
2670	Other noncurrent liabilities - others		1,640	-	-	-
25XX	Total noncurrent liabilities		<u>617,918</u>	<u>7</u>	<u>317,164</u>	<u>5</u>
2XXX	Total liabilities		<u>2,954,481</u>	<u>32</u>	<u>2,305,595</u>	<u>39</u>
Equity						
Share capital						
3110	Common shares	6 (15)	1,031,340	11	910,000	15
	Capital surplus	6 (16)				
3200	Capital surplus		1,886,687	20	123,523	2
	Retained earnings	6 (17)				
3310	Legal reserve		433,232	5	360,404	6
3320	Special reserve		76,642	1	89,991	2
3350	Unappropriated earnings		2,811,137	31	2,096,231	36
	Other equity	6 (18)				
3400	Other equity		(16,447)	-	(14,265)	-
3XXX	Total equity		<u>6,222,591</u>	<u>68</u>	<u>3,565,884</u>	<u>61</u>
	Significant Commitments or Contingency	9				
3X2X	Total liabilities and equity		<u>\$ 9,177,072</u>	<u>100</u>	<u>\$ 5,871,479</u>	<u>100</u>

The accompanying notes are an integral part of the standalone financial statements; please refer to them as well.

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Statement of Comprehensive Income
January 1 through December 31, 2021 and 2020

Unit: NT\$1,000
(Except Earnings Per Share)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating revenue	6 (19) and 7	\$ 4,810,030	100	\$ 3,314,401	100
5000 Operating costs	6 (3) (22) (23) and 7	(3,454,218)	(72)	(2,551,678)	(77)
5900 Gross profit		1,355,812	28	762,723	23
5910 Unrealized gains from sale		(47,122)	(1)	(26,133)	(1)
5920 Realized gain from sale		26,133	1	24,164	1
5950 Gross profit, net		1,334,823	28	760,754	23
Operating expenses	6 (22) (23), and 7				
6100 Selling and marketing expenses		(252,615)	(5)	(182,906)	(6)
6200 General and administrative expenses		(175,046)	(4)	(111,602)	(3)
6300 Research and development expenses		(80,439)	(2)	(60,639)	(2)
6450 Expected credit impairment gain	12 (2)	-	-	4,794	-
6000 Total operating expenses		(508,100)	(11)	(350,353)	(11)
6900 Operating gains		826,723	17	410,401	12
NON-OPERATING INCOME AND EXPENSES					
7100 Interest income		1,580	-	1,548	-
7010 Other income	6 (20) and 7	7,900	-	1,756	-
7020 Other gains and losses	6 (21)	16,789	1	(19,502)	(1)
7050 Finance costs	6 (9) and (10) (XII)	(5,922)	-	(8,423)	-
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)	476,038	10	416,555	13
7000 Total non-operating income and expenses		496,385	11	391,934	12
7900 Income before income tax		1,323,108	28	802,335	24
7950 Income tax expenses	6 (24)	(126,043)	(3)	(67,664)	(2)
8200 NET PROFIT/(LOSS) FOR THE YEAR		\$ 1,197,065	25	\$ 734,671	22

(Continued)

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Statement of Comprehensive Income
January 1 through December 31, 2021 and 2020

Unit: NT\$1,000
(Except Earnings Per Share)

Item	Note	2021		2020	
		Amount	%	Amount	%
Other comprehensive income/(loss) for the year, net of income tax					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	6 (18)				
		\$ 169	- (\$	6,405)	-
8316	6 (4)				
		41,090	1	29,776	1
8330					
		(24,631)	(1)	11,827	-
8310					
		16,628	-	35,198	1
Items that may be reclassified subsequently to profit or loss					
8361	6 (18)				
		(84,511)	(2)	(137,893)	(4)
8380					
		65,870	2	172,016	5
8360					
		(18,641)	-	34,123	1
8300					
		(\$ 2,013)	-	\$ 69,321	2
8500					
		\$ 1,195,052	25	\$ 803,992	24

	Basic earnings per share	6 (25)		
9750	Basic earnings per share		\$ 12.08	\$ 8.07
	Diluted earnings per share			
9850	Diluted earnings per share -			
	Total		\$ 11.99	\$ 8.01

The accompanying notes are an integral part of the standalone financial statements; please refer to them as well.

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Statement of Changes in Equity
January 1 through December 31, 2021 and 2020

Unit: NT\$1,000

	Note	Common shares	Capital surplus			Retained earnings other equity				Unrealized gain/(loss) on financial assets at fair value through other comprehensive income	Total
			Capital surplus - additional paid-in capital	Capital surplus - changes in ownership interests in subsidiaries	Capital surplus - net assets from merger	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations		
2020											
Balance at January 1, 2020		\$ 910,000	\$ 200,124	\$ 12,353	\$ 2,046	\$ 316,130	\$ 76,642	\$ 1,580,288	(\$ 214,279)	\$ 124,288	\$ 3,007,592
NET PROFIT/(LOSS) FOR 2020		-	-	-	-	-	-	734,671	-	-	734,671
Other comprehensive income/(loss) for 2020	6 (18)	-	-	-	-	-	-	(6,405)	34,123	41,603	69,321
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2020		-	-	-	-	-	-	728,266	34,123	41,603	803,992
Appropriation of earnings	6 (17)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	44,274	-	(44,274)	-	-	-
Special reserve		-	-	-	-	-	13,349	(13,349)	-	-	-
Cash dividends		-	-	-	-	-	-	(154,700)	-	-	(154,700)
Capital surplus distributed in cash	6 (16)	-	(91,000)	-	-	-	-	-	-	-	(91,000)
Balance at December 31, 2020		\$ 910,000	\$ 109,124	\$ 12,353	\$ 2,046	\$ 360,404	\$ 89,991	\$ 2,096,231	(\$ 180,156)	\$ 165,891	\$ 3,565,884
2021											
Balance at January 1, 2021		\$ 910,000	\$ 109,124	\$ 12,353	\$ 2,046	\$ 360,404	\$ 89,991	\$ 2,096,231	(\$ 180,156)	\$ 165,891	\$ 3,565,884
NET PROFIT/(LOSS) FOR 2021		-	-	-	-	-	-	1,197,065	-	-	1,197,065
Other comprehensive income/(loss) for 2021	6 (18)	-	-	-	-	-	-	169	(18,641)	16,459	(2,013)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2021		-	-	-	-	-	-	1,197,234	(18,641)	16,459	1,195,052
Appropriation of earnings	6 (17)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	72,828	-	(72,828)	-	-	-
Special reserve		-	-	-	-	-	(13,349)	13,349	-	-	-
Cash dividends		-	-	-	-	-	-	(422,849)	-	-	(422,849)
Issuance of common shares for cash	6 (15)	121,340	1,718,514	-	-	-	-	-	-	-	1,839,854
Compensation costs - the portion of common shares issuance reserved for employee subscription	6 (14)	-	44,650	-	-	-	-	-	-	-	44,650
Balance at December 31, 2021		\$ 1,031,340	\$ 1,872,288	\$ 12,353	\$ 2,046	\$ 433,232	\$ 76,642	\$ 2,811,137	(\$ 198,797)	\$ 182,350	\$ 6,222,591

The accompanying notes are an integral part of the standalone financial statements; please refer to them as well.

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Statement of Cash Flows
January 1 through December 31, 2021 and 2020

Unit: NT\$1,000

	Note	January 1 through December 31, 2021	January 1 through December 31, 2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 1,323,108	\$ 802,335
Adjustments			
Adjustments for income and expenses			
Expected credit impairment reversal gain	12 (2)	-	(4,794)
Depreciation (including right-of-use assets)	6 (22)	169,756	112,694
Amortization	6 (22)	4,369	1,843
Compensation costs - share-based payments	6 (14)	44,650	-
Gain on disposal of property, plant, and equipment	6 (21)	(7,747)	(7,251)
Impairment loss recognized on property, plant, and equipment	6 (21)	-	1,859
Share of profit of subsidiaries accounted for using equity method	6 (5)	(476,038)	(416,555)
Unrealized gains from sale		20,989	1,969
Interest income		(1,580)	(1,548)
Dividends income	6 (20)	(1,722)	(566)
Interest expenses		5,922	8,423
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(24,493)	1,143
Accounts receivable		(248,314)	(205,756)
Accounts receivable due from related parties		(356,093)	(90,010)
Other receivables		(3,164)	(1,145)
Other receivables (including those due from related party)		(59,955)	(31,960)
Inventory		(78,897)	(34,639)
Prepayments		1,647	1,130
Changes in operating liabilities			
Notes payable		6,470	(82,213)
Accounts payable		86,840	25,264
Accounts payable to related parties		303,254	149,908
Other payables		137,429	77,942
Net defined benefit liabilities		279	244
Cash generated from operating activities		846,710	308,317
Interest paid		(5,922)	(8,423)
Income tax paid		(87,594)	(31,519)
Net cash flows generated from operating activities		753,194	268,375

(Continued)

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Statement of Cash Flows
January 1 through December 31, 2021 and 2020

Unit: NT\$1,000

	Note	January 1 through December 31, 2021	January 1 through December 31, 2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received		\$ 1,580	\$ 1,548
Dividends received		1,722	566
Acquisition of financial assets at fair value through other comprehensive income		(26,162)	-
Financial assets at fair value through other comprehensive income			
Capital surplus distributed in cash		123	378
Acquisition of property, plant, and equipment	6 (26)	(1,604,534)	(123,579)
Proceeds from disposal of property, plant, and equipment		95,935	35,227
Acquisition of intangible assets		(33,203)	(4,296)
Increase in other noncurrent assets		(929)	(4,094)
Net cash flows used in investing activities		<u>(1,565,468)</u>	<u>(94,250)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,819,738	2,092,536
Repayments for short-term borrowings		(2,041,719)	(1,976,641)
Increase in short-term bills payable		-	10,000
Decrease in short-term bills payable		(110,000)	-
Repayment of the principal portion of lease liabilities		(6,119)	(2,980)
Increase in long-term borrowings		616,000	120,000
Repayment for long-term borrowings		(349,578)	(108,286)
Increase in guarantee deposits		1,640	-
Issuance of common shares for cash		1,839,854	-
Capital surplus distributed in cash	6 (16)	-	(91,000)
Cash dividends appropriated	6 (17)	(422,849)	(154,700)
Net cash generated from/(used in) financing activities		<u>1,346,967</u>	<u>(111,071)</u>
Increase in cash and cash equivalents		534,693	63,054
Cash and cash equivalents - beginning balance		361,312	298,258
Cash and cash equivalents - ending balance		<u>\$ 896,005</u>	<u>\$ 361,312</u>

The accompanying notes are an integral part of the standalone financial statements; please refer to them as well.

Tai-Tech Advanced Electronics Co., Ltd.
Notes to the Standalone Financial Statements
2021 and 2020

Unit: NT\$1,000
(unless otherwise specified)

I. Company History

Tai-Tech Advanced Electronics (the “Company” hereinafter) was incorporated on November 2, 1992. The Company mainly engages in manufacturing and processing of electronic parts, magnetic cores, multilayer products, and other wire-wounds products, and act as an agent for domestic and foreign companies in terms of quotation, bidding, distribution, and import and export of the said products. The Company’s shares were listed on Taipei Exchange for trading on April 27, 2021.

II. Approval Date and Procedure of Financial Statements

The accompanying standalone financial statements were approved and authorized for issue by the Board of Directors on February 25, 2022.

III. Application of New and Amended Standards and Interpretations

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date Announced by IASB</u>
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2021
Interest Rate Benchmark Reform—Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 1, 2021
Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	April 1, 2021

Note: The FSC permits early application starting from January 1, 2021.

The Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company’s financial position and financial performance.

(II) Effects of Not Adopting the Newly Issued or Amended IFRSs Endorsed by the FSC

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date Announced by IASB</u>
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Property, Plant, and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual improvement to IFRS Standards 2018-2020 Cycle	January 1, 2022

The Company has assessed the aforementioned standards and interpretations, and concluded

that they do not have significant effects on the Company’s financial position and financial performance.

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

New standards and interpretations of and amendments to the IFRSs issued by IASB but not yet endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date Announced by IASB</u>
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined by IASB
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 Insurance Contracts	January 1, 2023
Amendment to IFRS 17 Initial application of IFRS 17 and IFRS 9 — Comparative information	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or noncurrent”	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 Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company’s financial position and financial performance.

IV. Summary of Significant Accounting Policies

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

(i) Statement of Compliance

These standalone financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Preparation Basis

1. Except for the following significant accounts, the standalone financial statements have been prepared under the historical cost convention:
 - (1) Financial assets and liabilities (including derivatives) at fair value through other comprehensive income
 - (2) Financial assets at fair value through other comprehensive income
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of these standalone financial statements in conformity with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (collectively, the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the standalone financial statements are disclosed in Note 5.

(III) Foreign Currency Translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The standalone financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

1. Foreign currency transactions and balance

- (1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the measurement date or the trade date, with the resulting exchange difference recognized as gain or loss.
- (2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.
- (3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at fair value through profit or loss, or in other comprehensive income if they are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.

2. Translation of foreign operations financial statements

The results and financial position of entities within the Company whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- (2) income and expenses for each statement of comprehensive income (including comparatives) are translated at the average exchange rates for the period; and
- (3) all resulting exchange differences are recognized in other comprehensive income.

(IV) Classification of Current and Noncurrent Assets and Liabilities

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

- (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) They are held primarily for trading.
- (3) Assets that are expected to be realized within 12 months after the balance sheet date;
- (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

Otherwise they are classified as noncurrent assets.

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) They are held primarily for trading.
- (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its transactions by the issue of equity instruments do not affect its classification.

Otherwise they are classified as noncurrent liabilities.

(V) Financial Assets at Fair Value through Other Comprehensive Income

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.
2. The Company uses trade date accounting to account for financial assets at fair value through other comprehensive income that are an arm's length transaction.
3. They are measured initially at the fair value plus transaction costs and subsequently at fair value. If they are equity instruments, their fair value changes are recognized in other comprehensive income; upon derecognition, the accumulated gains or losses in other comprehensive income are not transferred to profit or loss, but to retained earnings. The Company recognizes dividend income in profit or loss when (a) the Company's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Company; and (c) such dividends can be reliably measured.

(VI) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Group has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.
2. The Company measures short-term accounts receivable and notes receivables that do not bear an interest at the invoice value because they have insignificant discount effect.

(VII) Impairment of Financial Assets

At the end of each reporting period, the Company considers financial assets at amortized cost, investments in debt instruments that are measured at FVTOCI, and receivables (including significant financial components), and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Company recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Company recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or contract assets, the Company recognizes an allowance equal to the lifetime expected credit loss.

(VIII) Derecognition of Financial Assets

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

(IX) Inventory

Inventories are measured at the lower of cost and net realizable value. Cost is determined using 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), excluding borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(X) Investment Accounted for Using the Equity Method - Subsidiary

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized gains or losses arising from transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiary's profit or loss after the date of acquisition is

recognized in the Company's profit or loss, and its share of changes in the subsidiary's other comprehensive income after the date of acquisition is recognized in the Company's other comprehensive income. When the Company's share of losses of its subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses in proportion to its shareholding percentage.

4. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the "Profit or loss" and "Other comprehensive income" presented on the standalone financial statements shall equal the "Share of profit or loss attributable to shareholders of the parent company" and the "Share of other comprehensive income attributable to shareholders of the parent company" presented on the consolidated financial statements. The "Equity" presented on the standalone financial statements shall equal the "Equity attributable to shareholders of the parent company" presented on the consolidated financial statements.

(XI) Property, Plant, and Equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
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 repair and maintenance is recognized in profit or loss when accrued.
3. Property, plant, and equipment are subsequently measured at cost. 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. Property, plant, and equipment is depreciated individually if they contain any significant components.
4. The assets' residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. 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 property, plant and equipment are as follows:

Buildings and structures	5 - 50 years
Machinery	3 - 12 years
Utilities equipment	5 - 15 years
Transportation equipment	5 years
Office equipment	5 years
Other equipment	2 - 12 years

(XII) Lease Transactions of a Lessee - Right-of-use Assets/Lease Liabilities

1. The Company recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Company's use. Low-value asset and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Company measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:
Fixed payments, less any lease incentives receivable, are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.

3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:
 - (1) the initial lease liability measured;
 - (2) lease payments made before or at the inception of the lease;
 - (3) any original direct costs incurred. Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Group adjusts the right-of-use asset for any remeasurements.

(XIII) Intangible Assets

1. Computer software

Computer software is measured at the acquisition cost and amortized using the straightline method over its estimated useful life, which is 3-5 years.

2. Goodwill

Goodwill results from mergers or acquisition.

3. Patent

Patent is amortized over 2-13 years using the straight line method.

(XIV) Impairment of Non-financial Assets

1. The Company assesses at the end of reporting period 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 carrying amount exceeds its recoverable amount. The recoverable amount is an asset's fair value less costs to sell or its value in use, whichever is higher. When there is an indication that the impairment loss recognized in prior years for an asset other than goodwill decreases or no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.
2. The Group regularly measures the recoverable amount of goodwill, intangible assets with uncertain useful life, and intangible assets not available for use. Impairment is recognized when the recoverable amount is lower than the carrying amount. Impairment of goodwill is not reversed in subsequent periods.

(XV) Borrowings

Borrowings mean short- and long-term loans borrowed from banks. Borrowings are initially recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

(XVI) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. The Company measures short-term accounts receivable and notes receivable that do not bear an interest at the invoice value because they have insignificant discount effect.

(XVII) Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

(XVIII) Employee Benefits

1. 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 expenses in that period when the employees render service.
2. Pension
 - (1) For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.
 - (2) Defined benefits plan
 - 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 Group in current period or prior period. 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 defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans. If there is no deep market in such bonds in a country, the discount rate shall be the market yields on government bonds.
 - B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
 - C. Past service costs are recognized immediately in profit or loss.
3. Employee compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

(XIX) Income Tax

1. The tax expense comprises current tax and deferred 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 tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated by applying the taxable income to the tax rate specified in the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain

the earnings.

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 standalone balance sheet. The Company does not recognize a temporary difference if (1) the Company can control the point of time at which it is reversed; and (2) such a temporary difference is not expected to be reversed in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred 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 on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current 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.
6. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(XX) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

(XXI) Dividend Appropriation

Dividends appropriated to shareholders of the Company are recognized on the date the shareholders' meeting resolves on such appropriation. Appropriation in cash is recognized as liability.

(XXII) Revenue Recognition

Sale of goods

1. The Company manufactures and sells electronic parts, magnet cores, chip coils, and other wire-wounds. Sales revenue is recognized when the control of products is transferred to clients, i.e. when products are delivered to clients to be handled at their discretion and the Group has no further obligation not performed that may impact clients accepting the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the clients, and either the clients have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. An account receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(XXIII) Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group 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 Company recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant, and equipment are recognized as noncurrent liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

V. Significant Account Judgments and Assumptions, and Primary Sources of Estimation Uncertainty

When preparing these standalone financial statements, management has exercised their professional judgment to determine the accounting policies to be applied, and made accounting estimates and assumptions based on reasonable expectation as to how future events will hold for the circumstances that exist on the balance sheet date. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgements in Applying Accounting Policies

None.

(II) Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Company needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the value of inventory is subject to market price fluctuation and its life cycle, the Group evaluates the market selling price and value lost due to obsolescence of inventory at the balance sheet date, and writes down inventory costs to net realization value. Being based on the demands for products in a future period, the valuation estimate may significantly changes.

As of December 31, 2021, the carrying amount of the Company's inventory was \$309,820.

VI. Description of Significant Accounts

(I) Cash

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	\$ 361	\$ 394
Checking deposits and demand deposits	895,644	360,918
Total	<u>\$ 896,005</u>	<u>\$ 361,312</u>

1. Since the Company corresponds with multiple financial institutions with good credit quality to diversify credit risks, the risk of default is expected to be low.
2. The Company did not pledge any cash and cash equivalents as collaterals.

(II) Notes and Accounts Receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 38,877	\$ 14,384
Accounts receivable	\$ 1,121,599	\$ 873,249
Less: Loss allowance	(795)	(795)
Allowance for sales returns and discounts	(1,802)	(1,766)
	<u>\$ 1,119,002</u>	<u>\$ 870,688</u>
Accounts receivable due from related parties	\$ 787,353	\$ 431,260

Less: Loss allowance	(88)	(88)
	\$	787,265		\$	431,172	

1. The aging 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 yet due	\$ 1,890,840	\$ 38,877	\$ 1,300,719	\$ 14,384
Within 30 days	18,094	-	3,462	-
31-90 days	-	-	328	-
91-180 days	18	-	-	-
	<u>\$ 1,908,952</u>	<u>\$ 38,877</u>	<u>\$ 1,304,509</u>	<u>\$ 14,384</u>

The above aging analysis is based on the number of days past due.

- The accounts receivable and notes receivable as of December 31, 2021 and 2020 all came from contracts with clients. In addition, the receivables arising from contracts with clients as of January 1, 2020 was \$1,022,504.
- Without considering the collaterals or other credit enhancements held, the amounts most representative of the credit risk exposed to the Company's notes receivable as of December 31, 2021 and 2020 were \$38,877 and \$14,384, respectively, and the amounts most representative of the credit risk exposed to the Company's accounts receivable as of December 31, 2021 and 2020 were \$1,906,267 and \$1,301,860, respectively.
- Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

(III) Inventory

	December 31, 2021		
	Costs	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 30,962	(\$ 2,371)	\$ 28,591
Supplies	3,896	(196)	3,700
Work in progress	66,227	(3,465)	62,762
Finished products	21,000	(514)	20,486
Goods	198,135	(3,854)	194,281
Total	<u>\$ 320,220</u>	<u>(\$ 10,400)</u>	<u>\$ 309,820</u>

	December 31, 2020		
	Costs	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 16,940	(\$ 4,657)	\$ 12,283
Supplies	2,687	(152)	2,535
Work in progress	48,242	(3,423)	44,819
Finished products	13,181	(1,869)	11,312
Goods	164,089	(4,115)	159,974
Total	<u>\$ 245,139</u>	<u>(\$ 14,216)</u>	<u>\$ 230,923</u>

1. The inventory costs recognized as expenses by the Company in this period:

	2021	2020
Costs of inventory sold	\$ 3,457,735	\$ 2,552,020
Inventory valuation decline (reversal gain)	(3,816)	(4,970)
Others	299	4,628
	<u>\$ 3,454,218</u>	<u>\$ 2,551,678</u>

The net realizable value increased due to a constant digestion of inventory in 2021 and 2020.

- The Company did not pledge any inventory as collaterals.

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

	December 31, 2021	December 31, 2020
Noncurrent:		
Equity instruments		
Shares listed on the stock exchange or the OTC market	\$ 33,195	\$ 7,156
Adjustments for change in value	88,792	47,702
Total	<u>\$ 121,987</u>	<u>\$ 54,858</u>

- The Company elected to classify its strategic share investment as financial assets at fair value through other comprehensive income. The fair value of such investment as of December 31, 2021 and 2020 was \$121,987 and \$54,858, respectively.
- Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	2021	2020
<u>Equity instruments measured at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	\$ 41,090	\$ 29,776
Dividend income recognized in profit or loss held at end of year	<u>\$ 1,722</u>	<u>\$ 566</u>

- Without considering the collaterals or other credit enhancements held, the amounts most representative of the credit risk exposed to the Company's financial assets at fair value through other comprehensive income as of December 31, 2021 and 2020 were \$121,987 and \$54,858, respectively.
- The Company did not pledge any financial assets at fair value through other comprehensive income as collaterals.

(V) Investment Accounted for Using the Equity Method

Investor	December 31, 2021	December 31, 2020
Best Bliss Investment Limited	\$ 3,146,613	\$ 2,726,327
North Star International Limited	78,552	80,606
	<u>\$ 3,225,165</u>	<u>\$ 2,806,933</u>

- For information on the Company's subsidiaries, refer to Note 4(3) to the consolidated financial statements of the Company for 2021.
- In 2021 and 2020, the Company's share of profit or loss in associates accounted for using the equity method was an equity of \$476,038 and \$416,555, respectively.

(VI) Property, Plant, and Equipment

2021

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
January 1									
Costs	\$ 96,495	\$ 118,790	\$ 1,439,554	\$ 18,735	\$ 5,902	\$ 20,277	\$ 74,920	\$ 34,954	\$ 1,809,627
Accumulated depreciation and impairment	- (86,992)	(625,055)	(14,549)	(3,938)	(14,621)	(48,481)	-	(793,636)	
	\$ 96,495	\$ 31,798	\$ 814,499	\$ 4,186	\$ 1,964	\$ 5,656	\$ 26,439	\$ 34,954	\$ 1,015,991
January 1	\$ 96,495	\$ 31,798	\$ 814,499	\$ 4,186	\$ 1,964	\$ 5,656	\$ 26,439	\$ 34,954	\$ 1,015,991
Addition	681,065	56,229	5,801	-	-	1,050	41,037	954,430	1,739,612
Disposal	-	-	(94,643)	-	-	-	-	-	(94,643)
Reclassification	-	-	946,932	4,930	2,380	6,278	8,125	(968,645)	-
Depreciation	- (4,664)	(143,145)	(903)	(1,045)	(2,124)	(11,675)	-	(163,556)	
December 31	\$ 777,560	\$ 83,363	\$ 1,529,444	\$ 8,213	\$ 3,299	\$ 10,860	\$ 63,926	\$ 20,739	\$ 2,497,404
December 31									
Costs	\$ 777,560	\$ 175,019	\$ 2,286,310	\$ 23,665	\$ 8,282	\$ 27,045	\$ 123,207	\$ 20,739	\$ 3,441,827
Accumulated depreciation and impairment	- (91,656)	(756,866)	(15,452)	(4,983)	(16,185)	(59,281)	-	(944,423)	
	\$ 777,560	\$ 83,363	\$ 1,529,444	\$ 8,213	\$ 3,299	\$ 10,860	\$ 63,926	\$ 20,739	\$ 2,497,404

2020

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
January 1									
Costs	\$ 96,495	\$ 118,387	\$ 1,360,962	\$ 18,901	\$ 5,902	\$ 17,261	\$ 55,673	\$ 11,006	\$ 1,684,587
Accumulated depreciation and impairment	- (83,025)	(553,009)	(14,072)	(2,958)	(14,152)	(44,001)	- (711,217)		
	<u>\$ 96,495</u>	<u>\$ 35,362</u>	<u>\$ 807,953</u>	<u>\$ 4,829</u>	<u>\$ 2,944</u>	<u>\$ 3,109</u>	<u>\$ 11,672</u>	<u>\$ 11,006</u>	<u>\$ 973,370</u>
January 1	\$ 96,495	\$ 35,362	\$ 807,953	\$ 4,829	\$ 2,944	\$ 3,109	\$ 11,672	\$ 11,006	\$ 973,370
Addition	-	403	11,716	-	-	3,081	20,203	155,077	190,480
Disposal	-	-	(34,228)	-	-	-	(203)	-	(34,431)
Reclassification (Note)	-	-	127,615	-	-	896	720	(131,129)	(1,898)
Depreciation	- (3,967)	(96,698)	(643)	(980)	(1,430)	(5,953)	-	(109,671)	
Impairment	-	-	(1,859)	-	-	-	-	-	(1,859)
December 31	<u>\$ 96,495</u>	<u>\$ 31,798</u>	<u>\$ 814,499</u>	<u>\$ 4,186</u>	<u>\$ 1,964</u>	<u>\$ 5,656</u>	<u>\$ 26,439</u>	<u>\$ 34,954</u>	<u>\$ 1,015,991</u>
December 31									
Costs	\$ 96,495	\$ 118,790	\$ 1,439,554	\$ 18,735	\$ 5,902	\$ 20,277	\$ 74,920	\$ 34,954	\$ 1,809,627
Accumulated depreciation and impairment	- (86,992)	(625,055)	(14,549)	(3,938)	(14,621)	(48,481)	- (793,636)		
	<u>\$ 96,495</u>	<u>\$ 31,798</u>	<u>\$ 814,499</u>	<u>\$ 4,186</u>	<u>\$ 1,964</u>	<u>\$ 5,656</u>	<u>\$ 26,439</u>	<u>\$ 34,954</u>	<u>\$ 1,015,991</u>

Note: Reclassified to intangible assets.

1. The capitalized interest for January 1 through December 31, 2021 and 2020 was both \$0.
2. the Company's significant components of buildings and structures, including buildings and engineering systems, are depreciated over 20 to 50 years and 5 to 20 years, respectively.
3. For information on pledged property, plant, and equipment, refer to Note 8.

(VII) Lease Transactions - Lessee

1. The underlying assets of the Company's lease include parking space, buildings, company cars, and multi-function peripherals. The lease duration usually lasts 1 to 5 years. Lease contracts are agreed upon individually and contain different terms and conditions. Leased assets are not restricted in any way, except that they shall not be used as collaterals for borrowings.
2. The lease term of the buildings and warehouses leased by the Company is less than 12 months. The low-value underlying asset of the Company's lease is the electronic host for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land of parking lot	\$ -	\$ 508
Buildings	8,153	3,596
Transportation equipment	4,274	1,997
Machinery and equipment	1,054	1,289
	<u>\$ 13,481</u>	<u>\$ 7,390</u>

	2021	2020
	Depreciation	Depreciation
Land of parking lot	\$ 508	\$ 43
Buildings	4,148	1,488
Transportation equipment	1,159	1,089
Machinery and equipment	385	403
	<u>\$ 6,200</u>	<u>\$ 3,023</u>

4. Profit or loss items in relation to lease contracts are as follows:

	2021	2020
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts	\$ 11,892	\$ 10,047
Expenses attributable to low-value assets	66	61

5. The Company's right-of-use asset increased by \$13,380 and \$1,293 for 2021 and 2020, respectively.
6. The Company's cash used in lease contracts increased by \$18,076 and \$13,088 for 2021 and 2020, respectively.

(VIII) Other Noncurrent Assets

	December 31, 2021	December 31, 2020
Refundable deposits	\$ 2,243	\$ 1,260
Prepayments for construction and equipment	5,846	5,900
Uncollectible overdue receivables	1,252	1,252
Allowance for uncollectible overdue receivables	(1,252)	(1,252)

\$ 8,089

\$ 7,160

(IX) Short-term Borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collaterals
Bank loan			
Secured loan	\$ 50,000	0.85%	Land and plant
Credit loan	268,914	0.79%~0.85%	-
	<u>\$ 318,914</u>		

Type of borrowings	December 31, 2020	Interest rate range	Collaterals
Bank loan			
Secured loan	\$ 50,000	0.94%	Land and plant
Credit loan	490,895	0.64%~0.94%	-
	<u>\$ 540,895</u>		

In 2021 and 2020, the Company recognized in P/L the amount of \$2,795 and \$4,357 respectively, for the interest expenses incurred by short-term borrowings.

(X) Short-term Bills Payable

	December 31, 2021	December 31, 2020
Commercial paper	\$ 20,000	\$ 130,000
Borrowing duration	Dec. 2021 - Jan. 2022	Dec. 2020 - Feb. 2021
Interest rate range	0.38%	0.9%~0.99%

In 2021 and 2020, the Group recognized in P/L the amount of \$206 and \$648, respectively, for the interest expenses incurred by short-term bills payable.

(XI) Other Payables

	December 31, 2021	December 31, 2020
Salary and bonus payables	\$ 125,345	\$ 85,176
Employee compensation and directors' and supervisors' remuneration payable	107,279	65,054
Construction and equipment payable	60,070	54,796
Others	135,448	80,413
	<u>\$ 428,142</u>	<u>\$ 285,439</u>

(XII) Long-term Borrowings

Type of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2021
Secured loan	Principal and interest are paid from August 2021 through August 2036.	1%	Land, buildings, and structures	\$ 553,422
Credit loan	Principal is repaid upon maturity; interest is paid over Dec. 2021 through Oct. 2023.	0.8%	-	50,000
				<u>603,422</u>
Less: current portion of long-term loans				(37,733)
				<u>\$ 565,689</u>

Type of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2020
Credit loan	Principal and interest are paid quarterly from May 2020 to May 2023 (Note).	0.98%	-	\$ 50,000
Credit loan	The loan period is from Apr. 2020 to Apr. 2022; principal and interest are repaid upon maturity (Note).	0.91%	-	100,000
Secured loan	Principal and interest are repaid monthly from Feb. 2020 to Feb 2025 (Note).	0.95%	Land, buildings, and structures	25,000
Secured loan	Principal and interest are repaid monthly from Jun. 2020 to Jun. 2025 (Note).	0.95%	Land, buildings, and structures	27,000
Secured loan	Principal and interest are repaid semi-annually from April 2020 to Dec. 2023 (Note).	0.91%	Machinery	135,000
				<u>337,000</u>
	Less: current portion of long-term loans			(67,000)
	Note: Early repaid in full in April 2021.			<u>\$ 270,000</u>

In 2021 and 2020, the Group recognized in P/L the amount of \$2,921 and \$3,418, respectively, for the interest expenses incurred by long-term borrowings.

(XIII) Pensions

1. (1) By adhering to the requirements set forth in the Labor Standards Act, the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the Labor Pension Act on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the Labor Pension Act. Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.
- (2) The Company has established the Regulations for Resignation and Retirement of Managers, which is applicable to the managers appointed by the Company. Pensions for appointed managers are calculated as follows:
 - A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.
 - B. The Company contributes an amount of pension equal to 6% of an employee's monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.
 - C. For appointed managers who have rendered 25 or more years of services as of December 31, 2018, two bases are given to each full year of services rendered

within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year), and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.

(3) Amounts recognized in balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 55,331	\$ 54,299
Fair value of plan assets	(40,569)	(39,647)
Net defined benefit liabilities	<u>\$ 14,762</u>	<u>\$ 14,652</u>

(4) Changes in net defined benefit obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2021			
Balance at January 1	\$ 54,300	(\$ 39,648)	\$ 14,652
Current service costs	220	-	220
Interest expenses (income)	217	(158)	59
	<u>54,737</u>	<u>(39,806)</u>	<u>14,931</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)		(763)	(763)
Change in demographic assumptions	686	-	686
Change in financial assumptions	(1,555)	-	(1,555)
Experience adjustments	1,463	-	1,463
	<u>594</u>	<u>(763)</u>	<u>(169)</u>
Pension contribution by employer	-	-	-
Pension paid	-	-	-
Balance at December 31	<u>\$ 55,331</u>	<u>(\$ 40,569)</u>	<u>\$ 14,762</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2020			
Balance at January 1	\$ 47,430	(\$ 39,428)	\$ 8,002
Current service costs	182	-	182
Interest expenses (income)	379	(316)	63
	<u>47,991</u>	<u>(39,744)</u>	<u>8,247</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,405)	(1,405)
Change in financial assumptions	3,119	-	3,119
Experience adjustments	4,691	-	4,691
	<u>7,810</u>	<u>(1,405)</u>	<u>6,405</u>
Pension contribution by employer	-	-	-
Pension paid	(1,501)	1,501	-
Balance at December 31	<u>\$ 54,300</u>	<u>(\$ 39,648)</u>	<u>\$ 14,652</u>

(5) Assets of the Company's defined retirement benefits plan are under mandated management by the Bank of Taiwan to the percentage and monetary extent specified in the bank's Annual Utilization Plan for Retirement Fund, which covers the mandated management of items specified in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, namely deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products. The utilization status is supervised by the Labor Retirement Fund Supervisory Commission. The utilization of the retirement fund shall have a yield no less than the interest for two-year time deposits provide by local banks. In case there is any shortfall, it shall be made up by the treasury of the government after an approval is obtained from the competent authority. Having no right to the operation and management of the retirement fund, the Group is unable to disclose the classification of plan assets as required by section 142 of the International Accounting Standards 19. For fair value of the total assets of the retirement fund as of December 31, 2021 and 2020, refer to the Annual Utilization Plan for Retirement Fund published each year by the government.

(6) The valuations of pensions using the actuarial assumptions are as follows:

	2021	2020
Discount rate	<u>0.75%</u>	<u>0.40%</u>
Future salary increase rate	<u>2.00%</u>	<u>2.00%</u>

Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Changes in the present value of defined benefits obligations would be as follows if the principal actuarial assumption changes:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2021				
Effects on the present value of defined benefit obligations	(\$ 1,411)	\$ 1,474	\$ 1,323	(\$ 1,276)
December 31, 2020				
Effects on the present value of defined benefit obligations	(\$ 1,975)	\$ 2,067	\$ 1,880	(\$ 1,811)

The above sensitivity analysis is based on changes in a single variable, with the other variables held constant. However, in practice, variables are correlated. The manner adopted for conducting sensitivity analysis is the same as that for calculating the net pension liability stated on the balance sheet.

- (7) The Group expects to contribute \$0 to the pension plan in 2022.
- (8) As of December 31, 2021, the weighted average lifetime of the pension plan is 12 years. Maturity analysis of pension payment obligation is as follows:

Less than 1 year	\$ 373
1-2 years	940
2-5 years	4,862
5-10 years	53,345
	<u>\$ 59,520</u>

2. (1) On July 1, 2005, the Company established its own pension regulations applicable to Taiwanese nationals in accordance with the Labor Pension Act. For employees of the Company who elected to apply the Labor Pension Act, the Company makes a contribution equal to 6 percent of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee's individual retirement account.
- (2) As of 2021 and 2020, the pension costs recognized in the manner specified above were \$13,106 and \$10,956, respectively.

(XIV) Share-based Payments

1. The Company's share-based payment arrangements in 2021 are as follows (such arrangements were yet to be established in 2020):

Type of arrangement	Date granted	Quantity granted	Contract duration	Vesting conditions
The portion of common shares issuance reserved for employee subscription	March 29, 2021	1,467 thousand shares	NA	Immediate vesting

The said share-based payment arrangements are settled with equity.

2. The Company adopted the Black-Scholes option pricing model to evaluate the fair value of its employee stock options granted under share-based payment arrangements, stated as follows:

Type of	Date	Share	Exercise	Expected	Expected	Expected	Risk-	Fair value
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arrangement	granted	price	price	fluctuation rate	duration	dividends	free interest rate	per unit
The portion of common shares issuance reserved for employee subscription	March 29, 2021	NT\$149	118.78	47.21%	0.07 years		0.34%	NT\$ 30.4361

3. Expenses incurred by share-based payment transactions were as follows:

	2021
Equity settlement	\$ 44,650

(XV) Share Capital

1. As of December 31, 2021, the Company had an authorized capital equal to \$3,000,000 (with \$20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to \$1,031,340, and a share face value equal to NT\$10. All proceeds for share subscription were collected in full.

Reconciliation for the Company's outstanding common shares at the beginning and ending of periods is as follows:

	2021	2020
January 1	91,000	91,000
Issuance of common shares for cash	12,134	-
December 31	103,134	91,000

2. On March 2, 2021, the Board of Directors resolved to issue new shares before being initially listed on Taipei Exchange. A total of 12,134 thousand shares with the face value of NT\$10 were issued. The public offering price was NT\$118.78 per share. The record date for such capital increase was set on April 23, 2021, which was already modified and registered with the competent authority.

(XVI) Capital Surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. According to the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

	2021		
	Additional paid-in capital	Changes in ownership interests in subsidiaries	Net assets from merger
January 1	\$ 109,124	\$ 12,353	\$ 2,046
Issuance of common shares for cash	1,763,164	-	-
December 31	\$ 1,872,288	\$ 12,353	\$ 2,046

	2020		
	Additional paid-in	Changes in ownership	Net assets from merger

	capital	interests in subsidiaries	
January 1	\$ 200,124	\$ 12,353	\$ 2,046
Capital surplus appropriated in cash	(91,000)	-	-
December 31	\$ 109,124	\$ 12,353	\$ 2,046

(XVII) Retained Earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: (1) 10% as legal reserve until it reaches the Company's paid-in capital; (2) set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; (3) the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting. As required by Article 240 of the Company Act, if approved by a majority vote at a Board of Directors' meeting attended by two thirds of directors, the Board of Directors may appropriate dividends or bonuses in cash with its existing legal reserve or capital surplus, and shall report to the shareholder's meeting. In such case, the requirements regarding resolution made by shareholders' meeting set out in the Company's Articles of Incorporation do not apply.
2. The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budget, shareholders' interest, balanced dividends, and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriate on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. No less than 30% of annual earnings are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.
3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
4. (1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriate earnings.
 (2) As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin Guan Zheng Fa Zi No. 1010012865 dated April 6, 2012, the Company may reverse them to the extent of their original provision ratio if subsequently the Company intends to use, dispose of, or reclassify related assets. If the said related assets are investment property relating to land, such assets are reversed upon disposal or reclassification; if the said related assets are investment property other than land, such assets are reversed gradually over the use period.
5. As resolved on in the shareholder's meeting dated June 24, 2020, the Company determined to appropriate dividends in the amount of \$154,700 (NT\$1.7 per share) with the earnings made in 2019.

6. At the Board of Directors' meeting dated March 2, 2021, the Board of Directors originally intended to appropriate common-share dividends in the amount of \$373,100(NT\$4.1 per share) with the earning made in 2020. However, the capital amount increased due to issuance of new shares. As such, at the Board of Directors' meeting dated April 29, 2021, the Board of Directors resolved to appropriate common-share dividends in the amount of \$422,849 (NT\$4.1 per share) with the earnings made in 2020.
7. As resolved on in the shareholder's meeting dated February 25, 2022 the Board of Directors determined to appropriate dividends in common shares in the amount of \$721,938 (NT\$7 per share) with the earnings made in 2021.

(XVIII) Other Equity

	2021		
	Unrealized gains (losses)	Foreign currency translation	Total
January 1	\$ 165,891	(\$ 180,156)	(\$ 14,265)
Valuation of financial assets at fair value through other comprehensive income:			
-Group	16,459	-	16,459
Exchange differences:			
-Associates	-	(18,641)	(18,641)
December 31	\$ 182,350	(\$ 198,797)	(\$ 16,447)
	2020		
	Unrealized gains (losses)	Foreign currency translation	Total
January 1	\$ 124,288	(\$ 214,279)	(\$ 89,991)
Valuation of financial assets at fair value through other comprehensive income:			
-Group	41,603	-	41,603
Exchange differences:			
-Associates	-	34,123	34,123
December 31	\$ 165,891	(\$ 180,156)	(\$ 14,265)

(XIX) Operating Revenue

	2021	2020
Revenue from contracts with clients	\$ 4,810,030	\$ 3,314,401

The Company's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	2021	2020
Wire-Wound Products	\$ 3,147,714	\$ 2,348,801
Multilayer Products	547,805	410,130
LAN transformer	821,618	283,462
Others	292,893	272,008
Total	\$ 4,810,030	\$ 3,314,401

(XX) Other Income

	2021	2020
Rental income	\$ 3,453	\$ 125
Dividends income	1,722	566

Subsidies income	1,158	-
Miscellaneous income	1,567	1,065
Total	\$ 7,900	\$ 1,756

(XXI) Other Gains and Losses

	2021	2020
Exchange gains (losses), net	\$ 9,042	(\$ 22,717)
Gain on disposal of property, plant, and equipment	7,747	7,251
Impairment	-	(1,859)
Miscellaneous expenses	-	(2,177)
Total	\$ 16,789	(\$ 19,502)

(XXII) Additional Information on the Nature of Expenses

	2021		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	\$ 351,054	\$ 330,735	\$ 681,789
Depreciation of property, plant, and equipment	148,226	15,330	163,556
Depreciation of right-of-use assets	2,765	3,435	6,200
Amortization	2,262	2,107	4,369

	2020		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	\$ 218,324	\$ 222,260	\$ 440,584
Depreciation of property, plant, and equipment	95,437	14,234	109,671
Depreciation of right-of-use assets	109	2,914	3,023
Amortization	493	1,350	1,843

(XXIII) Employee Benefits Expense

	2021		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 309,118	\$ 300,832	\$ 609,950
Health insurance and labor insurance expense	22,333	14,049	36,382
Pension expense	6,550	6,835	13,385
Other personnel expense	13,053	9,019	22,072
	\$ 351,054	\$ 330,735	\$ 681,789

	2020		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 187,513	\$ 195,998	\$ 383,511
Health insurance and labor insurance expense	16,232	11,995	28,227
Pension expense	4,679	6,522	11,201
Other personnel expense	9,900	7,745	17,645

\$	218,324	\$	222,260	\$	440,584
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- Where there are earnings in the final account, (1) no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and 1-2% shall be allocated as remuneration for directors and supervisors.
- In 2021 and 2020, the Company recognized \$85,823 and \$52,043, respectively, for employee compensation, and \$21,456 and \$13,011, respectively, for directors' and supervisors' remuneration, all were presented under salary and wages.

The employee compensation and directors' and supervisors' remuneration for 2021 were estimated at 6% and 1.5%, respectively, of the earnings at the end of the period. The Board of Directors determined to appropriate \$85,823 and \$21,456 as dividends; employee compensation was appropriated in cash.

The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2020 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2020.

The amounts of employee compensation and directors' and supervisors' remuneration approved by the Board of Directors and resolved by the shareholders' meeting can be found on the Market Observation Post System of TWSE.

(XXIV) Income Tax

- Income tax expenses

- (1) Income tax components:

	2021	2020
Current tax:		
Tax attributable to taxable income of the period	\$ 130,823	\$ 71,800
Additional levy on unappropriated earnings	-	5,396
Over-estimate of income tax of the previous period	(5,777)	(10,506)
Total current tax	<u>125,046</u>	<u>66,690</u>
Deferred tax:		
Deferred income tax on temporary differences originated and reversed	997	974
Income tax expenses	<u>\$ 126,043</u>	<u>\$ 67,664</u>

- (2) Income tax associates with other comprehensive income: None.

- (3) Income tax directly debited or credited in equity: None.

2. Relation between income tax expense and accounting profit

	2021	2020
Income tax derived from applying the statutory tax rate to income before tax	\$ 264,622	\$ 160,467
Effects of statutory adjustments:	(95,536)	(83,424)
Temporary differences not recognized as deferred tax assets	(1,699)	81
Tax effects of investment deductibles	(34,743)	(3,422)
Tax effects of temporary differences	(824)	(928)

Over-estimate of income tax of the previous period	(5,777)	(10,506)
Additional levy on unappropriated earnings		-			5,396	
Income tax expenses	\$	126,043		\$	67,664	

3. The amounts of deferred assets and liabilities arising from temporary differences were as follows:

	2021		
	January 1	Recognized in P/L	December 31
Deferred tax assets			
- Temporary differences:			
Unrealized gains from disposal	\$ 5,249	(\$ 997)	\$ 4,252
Deferred tax liabilities			
Reserve for land revaluation increment tax	(\$ 28,572)	\$ -	(\$ 28,572)
Total	(\$ 23,323)	(\$ 997)	(\$ 24,320)

	2020		
	January 1	Recognized in P/L	December 31
Deferred tax assets			
- Temporary differences:			
Unrealized gains from disposal	\$ 6,223	(\$ 974)	\$ 5,249
Deferred tax liabilities			
Reserve for land revaluation increment tax	(\$ 28,572)	\$ -	(\$ 28,572)
Total	(\$ 22,349)	(\$ 974)	(\$ 23,323)

4. Deductible temporary differences not recognized as deferred tax assets

	December 31, 2021	December 31, 2020
Deductible temporary differences:	\$ 23,837	\$ 32,331

5. The Company did not recognize deferred tax liabilities for the taxable temporary differences in relation to subsidiaries' investment. As of December 31, 2021 and 2020, the amounts of temporary differences for which deferred assets had not been recognized were \$429,284 and \$338,075, respectively.
6. The Company's profit-seeking income tax has been approved by the taxation authority through 2019.

(XXV) Earnings Per Share

	2021	
	Post-tax amount	Weighted average number of outstanding
EARNINGS PER SHARE		

		shares (In Thousands of Shares)	(NT\$)
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 1,197,065	99,089	\$ 12.08
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 1,197,065	99,089	
Effects of the potentially dilutive common shares on employee compensation	-	721	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$ 1,197,065	99,810	\$ 11.99

	2020		
	Post-tax amount	Weighted average number of outstanding shares (In Thousands of Shares)	EARNINGS PER SHARE (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 734,671	91,000	\$ 8.07
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 734,671	91,000	
Effects of the potentially dilutive common shares on employee compensation	-	770	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$ 734,671	91,770	\$ 8.01

(XXVI) Additional Information on Cash Flows

Investing activities partially involving cash payments:

	2021	2020
Acquisition of property, plant, and equipment	\$ 1,739,612	\$ 190,480
Plus: Equipment payable at the beginning of the period	54,796	33,499
Plus: Notes payable at the beginning of the period	45,604	-
Plus: Equipment payable at the end of the period	(60,070)	(54,796)
Less: Notes payable at the end of the period	(175,408)	(45,604)

Cash paid in the period	\$ 1,604,534	\$ 123,579
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(XXVII) Changes in Liabilities Arising from Financing Activities

	Short-term borrowings	Short-term bills	Long-term borrowings	Lease liability	Liabilities arising from financing activities - Total
January 1, 2021	\$ 540,895	\$ 130,000	\$ 337,000	\$ 7,433	\$ 1,015,328
Changes from financing cash flows	(221,981)	(110,000)	266,422	(6,119)	(71,678)
Other non-cash changes	-	-	-	12,291	12,291
December 31, 2021	\$ 318,914	\$ 20,000	\$ 603,422	\$ 13,605	\$ 955,941

	Short-term borrowings	Short-term bills	Long-term borrowings	Lease liability	Liabilities arising from financing activities - Total
January 1, 2020	\$ 425,000	\$ 120,000	\$ 325,286	\$ 9,139	\$ 879,425
Changes from financing cash flows	115,895	10,000	11,714	(2,980)	134,629
Other non-cash changes	-	-	-	1,274	1,274
December 31, 2020	\$ 540,895	\$ 130,000	\$ 337,000	\$ 7,433	\$ 1,015,328

VII. Related Party Transactions

(I) Name and Relationship of Related Party

Name of related party	Relationship with the Company
Best Bliss Investments Limited	Being the Company's subsidiary
North Star International Limited	Being the Company's subsidiary
Fixed Rock Holding Ltd.	Being the Company's subsidiary
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Being the Company's subsidiary
TAI-TECH Advanced Electronics (Kunshan)	Being the Company's subsidiary
Superworld Electronics(S) Pte. Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS(S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party
Jui-hsia Tai	Immediate family member of the major management
Chang-i Hsieh	Immediate family member of the major management
Chairman, Supervisor, President, and Vice President	Major management of the Company

(II) Significant Transactions with Related Party

1. Operating revenue

	2021	2020
Sale of goods:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 826,801	\$ 471,784
TAI-TECH Advanced Electronics (Kunshan)	170,423	120,771

Other related party	496,590	320,354
Total	\$ <u>1,493,814</u>	\$ <u>912,909</u>

When selling goods to a related party, the price is the same as that for an arm's length transaction, except the price for sales to a subsidiary, in which case the price is negotiated by the Company and the subsidiary. The payment terms also approximate those for ordinarily clients.

2. Purchase

	2021	2020
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 1,551,141	\$ 1,212,092
North Star International Limited	-	213,655
TAI-TECH Advanced Electronics (Kunshan)	883,001	455,830
Other related party	4,633	3,213
Total	\$ <u>2,438,775</u>	\$ <u>1,884,790</u>

- (1) When purchasing goods from a related party, the price is the same as that for an arm's length transaction, except the price for purchase from a subsidiary, in which case the price is negotiated by the Company and the subsidiary. The payment terms also approximate those for ordinarily clients.
- (2) In 2021, the Company indirectly purchased the inventory of TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kunshan), of which \$148,438 and \$355,702 were the goods that the Company had previously sold to them. Such amounts were not included in the Company's sales revenue or cost of sale.
- (3) In 2020, the Company indirectly purchased the inventory of TAIPAQ Electronic Components (Si-Hong) Co., Ltd., North Star International Limited, and TAI-TECH Advanced Electronics (Kunshan), of which \$122,196, \$20,781, and \$155,016 were the goods that the Company had previously sold to them. Such amounts were not included in the Company's sales revenue or cost of sale.

3. Other expenses

	2021	2020
Subsidiary	\$ 55	\$ 3
Other related party	274	(284)
	\$ <u>329</u>	(\$ <u>281</u>)

4. Lease transactions - lessee

- (1) The Company leased buildings from the immediate family members of the major management, with the lease term due between 2018 and 2023 and the rental paid on a monthly basis.

(2) Rental expense

	2021	2020
Other related party	\$ <u>4</u>	\$ <u>3</u>

(3) Lease liability

Balance at the end of the period:

	December 31, 2021	December 31, 2020
Jui-hsia Tai	\$ 1,145	\$ 1,844

Chang-i Hsieh	1,087	1,752
	\$ 2,232	\$ 3,596

5. Accounts receivables due from related party

	December 31, 2021	December 31, 2020
Accounts receivable		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 391,593	\$ 223,479
Subsidiary	188,514	92,963
Other related party	207,158	114,730
Sub-total	<u>787,265</u>	<u>431,172</u>
Other receivables		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 93,940	\$ 32,661
Other related party	-	1,324
Sub-total	<u>93,940</u>	<u>33,985</u>
Total	<u>\$ 881,205</u>	<u>\$ 465,157</u>

6. Accounts payables due to related party

	December 31, 2021	December 31, 2020
Accounts payable:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 712,150	\$ 410,255
TAI-TECH Advanced Electronics (Kunshan)	297,244	295,807
Other related party	1,224	1,302
Sub-total	<u>1,010,618</u>	<u>707,364</u>
Other payables		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ -	\$ 170
Subsidiary	-	1,546
Other related party	1	2
Sub-total	<u>1</u>	<u>1,718</u>
Total	<u>\$ 1,010,619</u>	<u>\$ 709,082</u>

7. Transactions of property

(1) Disposal of property, plant, and equipment:

	2021		2020	
	Disposal proceeds	Disposal gain (loss)	Disposal proceeds	Disposal gain (loss)
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 95,731	\$ 1,088	\$ 33,884	\$ 88

(2) Acquisition of property, plant, and equipment:

	2021	2020
Subsidiary	\$ 3,654	\$ 3,596

8. The major management acted as a joint guarantor for the Company's short-term borrowings and short-term bills as of December 31, 2021, and for the Company's long-term and short-term borrowings as of December 31, 2020.

9. Provision of Endorsements or Guarantees to Related Party

	December 31, 2021	December 31, 2020
Fixed Rock Holding Ltd.	\$ 110,720	\$ 199,360
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	138,400	284,800
TAI-TECH Advanced Electronics (Kunshan)	55,360	-
Total	<u>\$ 304,480</u>	<u>\$ 484,160</u>

(III) Remuneration to Major Management

	2021	2020
Short-term employee benefits	\$ 93,965	\$ 65,035
Post-retirement benefits	1,252	1,284
Share-based payments	6,361	-
Total	<u>\$ 101,578</u>	<u>\$ 66,319</u>

VIII. Pledged Assets

Assets pledged as collaterals were as follows:

Type of asset	December 31, 2021	December 31, 2020	As collaterals for borrowings
Property, plant and equipment			
Land			Short- and long-term
	\$ 766,893	\$ 85,828	borrowings
- Buildings and structures	67,305	22,738	Short- and long-term
- Machinery	-	276,834	borrowings
			Long-term
			borrowings

IX. Significant Commitments or Contingency

(I) Contingency

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	December 31, 2021	December 31, 2020
Property, plant and equipment	\$ 40,005	\$ 142,130
Computer software	\$ 781	-

X Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII Others

(I) Capital Management

The purposes of the Company's capital management are to ensure that the Company continues as a going concern, to maintain an optimal capital structure to lower financing costs, and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Company may adjust the amount of dividends paid to shareholders, or may issue new shares.

(II) Financial Instrument

1. Type of financial instrument

	December 31, 2021	December 31, 2020
<u>Financial Assets</u>		
Financial assets at fair value through other comprehensive income		
<u>Financial Assets</u>		
Investment in equity instruments of which the fair value is designated to be recognized in other comprehensive income	\$ 121,987	\$ 54,858
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents	\$ 896,005	\$ 361,312
Notes receivable, net	38,877	14,384
Accounts receivable, net (including those due from related party)	1,906,267	1,301,860
Other receivables (including those due from related party)	108,799	45,680
Refundable deposits (recognized under other noncurrent assets)	2,243	1,260
	<u>\$ 2,952,191</u>	<u>\$ 1,724,496</u>
<u>Financial Liability</u>		
<u>Financial liabilities at amortized cost</u>		
Short-term borrowings	\$ 318,914	\$ 540,895
Short-term bills payable	20,000	130,000
Notes payable	193,029	56,755
Accounts payables (including those due to related party)	1,239,907	849,813
Other payables (including those due to related party)	428,142	285,439
Long-term borrowings (including the current portion)	603,422	337,000
Guarantee deposits (recognized under other noncurrent liabilities)	1,640	-
	<u>\$ 2,805,054</u>	<u>\$ 2,199,902</u>
Lease liability	<u>\$ 13,605</u>	<u>\$ 7,433</u>

2. Risk management policy

- (1) The Company's daily operations are affected by various financial risks, e.g. market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Company's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Company's financial position and financial performance.
- (2) The Company's key financial activities are reviewed by the Board of Directors against relevant regulations and its internal control systems. The Company strictly abides by

relevant financial operating procedures during the implementation of financial plans.

3. The nature and degree of significant financial risks

(1) Market risks

Foreign exchange risks

- A. The Company operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk arises from future business transactions and the recognized assets and liabilities.
- B. The Company's management has formulated relevant policy to require entities within the Company to manage the foreign exchange risks associated with their functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.
- C. Since the Company engages in business involving multiple functional currencies (e.g. the Company's functional currency is NTD while some subsidiaries' functional currencies are either USD or RMB), the Company is subject to fluctuation in foreign exchange rates. Foreign-currency-denominated assets and liabilities having significant impacts if foreign exchange rates changes were as follows:

	December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
(Foreign currency:functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 56,240	27.68	\$ 1,556,723
RMB:NTD	162,540	4.34	705,424
USD:RMB			-
<u>Non-monetary items</u>			
USD:NTD	116,516	27.68	\$ 3,225,165
<u>Financial Liability</u>			
<u>Monetary items</u>			
USD:NTD	\$ 39,098	27.68	\$ 1,082,233
	December 31, 2020		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
(Foreign currency:functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 48,532	28.48	\$ 1,382,191
RMB:NTD	9,964	4.36	43,443
<u>Non-monetary items</u>			
USD:NTD	98,558	28.48	2,806,933
<u>Financial Liability</u>			
<u>Monetary items</u>			
USD:NTD	\$ 33,205	28.48	\$ 945,678

- D. For monetary items that would be significantly impacted by foreign exchange rate changes, the Company recognized an exchange gain or loss (realized and unrealized) in the amount equal to \$9,042 and \$22,717, respectively, for 2021 and 2020. Since the Company's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.
- E. Foreign exchange risks arising from significant exchange rate changes that the Company is exposed to were as follows:

		2021		
		Sensitivity Analysis		
		Fluctuation	Effects on P/L	Effects on other comprehensive income (OCI)
(Foreign currency:functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	15,567	\$ -
RMB:NTD	1%		7,054	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	32,252
<u>Financial Liability</u>				
<u>Monetary items</u>				
USD:NTD	1%		10,822	-
		2020		
		Sensitivity Analysis		
		Fluctuation	Effects on P/L	Effects on other comprehensive income (OCI)
(Foreign currency:functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	13,822	\$ -
RMB:NTD	1%		434	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	28,069
<u>Financial Liability</u>				
<u>Monetary items</u>				
USD:NTD	1%		9,457	-

Price risk

- A. Since the Company's investment is classified as financial assets measured at fair value through other comprehensive income on the standalone balance sheet, the Company is exposed to the risk of price changes in equity instrument.
- B. The Company mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the price of such equity instrument goes up or down by 1%, held other variables constant, the post-tax profit or loss for January 1 through December 31, 2021 and 2020 will increase or decrease by \$1,220 and \$549 due to the increase or decrease in the fair value of financial assets measured at fair value through other comprehensive income.

Cash flow risk and fair value risk

- A. The Company's interest rate risks mainly come from short- and long-term borrowings issued at floating interest rates. Such exposure also means the Company is exposed to cash flow interest rate risks, though a portion of risks have been offset by the Company's holding of cash bearing a floating interest rate. In January 1 through December 31, 2021 and 2020, the Company's borrowings bearing a floating interest rate were all denominated in NTD.
- B. When the borrowing interest rate of NTD increases or decreases by 1%, held other variables constant, the Company's net income after tax for January 1 through December 31, 2021 and 2020 will also decrease or increase by \$7,379 and \$7,023, respectively, mainly due to changes in interest expense caused by borrowings bearing a floating interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by clients, or by counter-parties of financial instruments on the contract obligations. Credit risk of the Company mainly comes from accounts receivable that is prone to default by counter-parties.
- B. The Company establishes a framework for managing credit risks from a company's perspective. As the internal credit approval policy stipulates, an operating entity within the Company shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records, and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.
- C. The Company applies the presumption of IFRS 9 and deems that the credit risk of a financial assets has significantly increased after initial recognition when the receivables obliged by the contractual terms are 30-days past due.
- D. The Company's credit risk management procedures deem a default occurred when a counterparty is significantly delinquent on repayments.
- E. After the recourse procedures, the Company writes off financial assets that could not be reasonably expected to be recovered. Nonetheless, the Company will continue the recourse legal procedures to secure its right to the debt. As of December 31, 2021 and 2020, The Company's debt that had been written off but were continually pursued was both \$0.
- F. The Company classifies accounts receivable due from clients by the characteristics of their ratings, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.
- G. By taking into account the forward-looking consideration, the Company adjusts the expected credit loss rate that was established based on historical or present information, so as to estimate the allowance for accounts receivable. The preparation matrix as of December 31, 2021 and 2020 was as follows:

	Individual disclosure	Not yet due	Within 30 days past due	31-90 days past due	91-180 days past due	Total
<u>December 31, 2021</u>						
Expected loss (%)	100.00%	0.07%	5.44%	0.00%	100.00%	
Total carrying amount	\$ 1,252	\$ 1,929,717	\$ 18,094	\$ -	\$ 18	\$ 1,949,081
Loss allowance	\$ 1,252	\$ 737	\$ 128	\$ -	\$ 18	\$ 2,135

	Individual disclosure	Not yet due	Within 30 days past due	31-90 days past due	91-180 days past due	Total
<u>December 31, 2020</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	\$ 1,252	\$ 1,315,103	\$ 3,462	\$ 328	\$ -	\$ 1,320,145
Loss allowance	\$ 1,252	\$ 737	\$ 127	\$ 19	\$ -	\$ 2,135

H. Changes in the allowances provided for accounts receivable using the simplified approach are as follows:

	2021			
	Notes receivable	Accounts receivable	Uncollectible overdue receivables	Total
January 1	\$ -	\$ 883	\$ 1,252	\$ 2,135
Impairment loss reversed	-	-	-	-
December 31	\$ -	\$ 883	\$ 1,252	\$ 2,135

	2020			
	Notes receivable	Accounts receivable	Uncollectible overdue receivables	Total
January 1	\$ -	\$ 5,677	\$ 1,252	\$ 6,929
Impairment loss reversed	-	(4,794)	-	(4,794)
December 31	\$ -	\$ 883	\$ 1,252	\$ 2,135

(3) Liquidity risk

A. Cash flows forecast is done by each operating entity; the Administration Department of the Company is responsible only for summarizing the results. Administration Department of the Company monitors the forecast of the Company's liquidity needs, so as to ensure that it has sufficient fund to meet operating needs and maintains sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Company's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet, and conformity with external regulatory requirements, such as foreign exchange control.

B. The table below listed the Company's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted:

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings	\$ 318,914	\$ -	\$ -	\$ -
Short-term bills payable	20,000	-	-	-
Notes payable	193,029	-	-	-
Accounts payable	229,289	-	-	-
Accounts payables to related parties	1,010,618	-	-	-
Other payables (including those due to related party)	428,142	-	-	-

Lease liability (including the current portion)	6,350	5,330	1,925	-
Long-term borrowings (including the current portion)	43,494	93,047	125,888	382,538

Non-derivative financial liabilities

December 31, 2020	Less than 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings	\$ 540,895	\$ -	\$ -	\$ -
Short-term bills payable	130,000	-	-	-
Notes payable	56,755	-	-	-
Accounts payable	142,449	-	-	-
Accounts payables to related parties	707,364	-	-	-
Other payables	285,439	-	-	-
Lease liability	3,493	2,693	1,247	-
Long-term borrowings (including the current portion)	69,884	183,529	88,659	-

C. The Company does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(III) Fair Value Information

1. Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.

- Level 1: Quoted prices in active markets for identical assets or liabilities that the 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 Company's investment in listed shares is included in Level 1.
- 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 Company's investment in non-active markets is included in Level 3.

2. Financial instruments not measured at fair value

Management of the Company thinks that the carrying amount of cash and cash equivalents, notes receivable, accounts receivables, other receivables, and long-term borrowings (including the current portion), is the reasonable approximation of their fair value.

3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk, and fair value level, stated as follows:

(1) The Company classifies its assets and liabilities by their function; stated as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value</u>				
Equity-based securities at fair value through other comprehensive income:	\$ 121,987	\$ -	\$ -	\$ 121,987

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS				
<u>Recurring fair value</u>				
Equity-based securities at fair value through other comprehensive income:	\$ 54,858	\$ -	\$ -	\$ 54,858

- (2) The techniques and assumptions used to measure fair value are stated as follows:
- A. Financial instruments of which the fair value is marked to market quotations (i.e. level 1 inputs) are stated as follows:

Market quotation	<u>Listed shares</u>
	Closing price

- B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, or by using other valuation technique, e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation.
- C. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Company. Therefore, when needed, estimates from the valuation model would be adjusted for additional parameters, e.g. model risk or liquidity risk.
4. In 2021 and 2020, there was no transfer between Level 1 and Level 2 fair value hierarchy.
5. In 2021 and 2020, there was no transfer into or out of Level 3.
6. The Group elects to adopt valuation models and valuation parameters under prudential consideration. As such, the fair value measured is fairly reasonable. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters.

(IV) Other Matters

In response to the pandemic alert system for COVID-19 and multiple pandemic prevention measures taken by the government, the Company has also adopted and upheld necessary measures to address the issues brought by the pandemic. A careful assessment conducted by the Company has led to the conclusion that the pandemic has no significant influence on the Company's ability to continue as a going concern, on asset impairment, and on financial risks.

XIII. Additional Disclosures

(I) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: Refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture): Refer to Table 3.
4. Accumulative Purchase or Disposal of the Same Marketable Securities that Reaches NT\$300 Million or 20 Percent or More of Paid-in Capital: None.

5. Acquisition of Real Property That Reaches NT\$300 Million or 20 Percent or More of Paid-in Capital: Refer to Table 4.
6. Disposal of Real Property That Reaches NT\$300 Million or 20 Percent or More of Paid-in Capital: None.
7. Transaction with Related Party That Reaches NT\$100 Million or 20 Percent or More of Paid-in Capital: Refer to Table 5.
8. Receivables Due from Related Party That Reach NT\$100 Million or 20 Percent or More of Paid-in Capital: Refer to Table 6.
9. Engagement in Derivatives Trading: None.
10. The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent and Subsidiaries, or among Subsidiaries: Refer to Table 7.

(II) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): Refer to Table 8.

(III) Investment in Mainland China

1. Basic Information: Refer to Table 9.
2. Significant Transactions with Investees in Mainland China That Are Invested by the Group, Either Directly, or Indirectly Through Another Entity Outside Taiwan and China: Refer to Table 7.

(IV) Major Shareholder Information

Major Shareholder Information: Refer to Table 10.

XIV. Segment Information

Not applicable.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Loans of funds to others

January 1 to December 31, 2021

Table 1

Unit: NT\$ thousand
(unless otherwise specified)

<u>No.</u>	<u>Lending company</u>	<u>Borrowing party</u>	<u>Transaction item</u>	<u>Whether it is a related party</u>	<u>Highest balance of current period</u>	<u>Ending balance</u>	<u>Amount actually drawn</u>	<u>Interest rate range</u>	<u>Nature of loaning of funds</u>	<u>Business transaction amount</u>	<u>Reason for necessary short-term financing</u>	<u>Allowance for impairment Loss</u>	<u>Collaterals</u>		<u>Loan and limit for individual borrower (Note)</u>	<u>Total limit of loaning of funds to others (Note)</u>	<u>Remarks</u>
													<u>Name</u>	<u>Value</u>			
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$ 57,070 (USD 2,000 thousand)	\$ 55,360 (USD 2,000 thousand)	\$ 35,984 (USD 1,300 thousand)	2.40%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$2,146,378	\$2,146,378	
1	Fixed Rock Holding Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Other receivables	Yes	\$ 85,605 (USD 3,000 thousand)	\$ 83,040 (USD 3,000 thousand)	\$ -	-	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$2,146,378	\$2,146,378	
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$ 174,311 (RMB 40,000 thousand)	\$ 173,659 (RMB 40,000 thousand)	\$ 173,659 (RMB 40,000 thousand)	3.35%~3.8%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$ 819,756	\$ 819,756	

Note: The total amount of loaning of funds to others of the Company shall not exceed 40% of the net worth of the Company, and the amount of loaning of fund to an individual company or firm shall not exceed 20% of the net worth of the Company. The total amount of loaning of funds between subsidiaries with more than 100% of voting shares directly and indirectly by the Company shall not exceed the net worth.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Endorsements/guarantees
January 1 to December 31, 2021

Table 2

Unit: NT\$ thousand
(unless otherwise specified)

No.	Endorsement/guarantee provider		Relationship	Limits on endorsement/guarantee amount provided to each guaranteed party (Note)	Balance of maximum amount of endorsement/guarantee of the period		Amount	Amount collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum amount of endorsement/guarantee allowance (Note)	Endorsement/guarantee provided by parent company to subsidiary	Endorsement/guarantee provided by parent company to subsidiary	Endorsement/guarantee provided to Mainland China	Remarks
	provider	provider			endorsement/guarantee of the period	Ending balance of endorsement/guarantee								
0	Tai-Tech Advanced Electronics Co., Ltd.	Fixed Rock Holding Ltd.	Subsidiary	\$ 2,489,036	\$199,745 (USD7,000 thousand)	\$110,720 (USD4,000 thousand)	\$ -	\$ -	1.78%	\$ 3,111,296	Yes	No	No	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	\$ 2,489,036	\$285,350 (USD10,000 thousand)	\$138,400 (USD5,000 thousand)	\$96,880 (USD3,500 thousand)	\$ -	2.22%	\$ 3,111,296	Yes	No	Yes	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Subsidiary	\$ 2,489,036	\$57,070 (USD2,000 thousand)	\$55,360 (USD2,000 thousand)	\$ -	\$ -	0.89%	\$ 3,111,296	Yes	No	Yes	

Note: The total amount of endorsements/guarantees shall not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees made for one single enterprise shall not exceed 40% of the net worth of the Company.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture)

December 31, 2021

Table 3

Unit: NT\$ thousand
(unless otherwise specified)

<u>Holding company name</u>	<u>Marketable securities types and name</u>	<u>Relationship with issuer</u>	<u>Financial statement account</u>	<u>Number of shares (in thousands)</u>	<u>End of period</u>		<u>per unit</u>	<u>Remarks</u>
					<u>Carrying amount</u>	<u>Shareholdings Percentage</u>		
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	\$ 75,337	1%	\$ 75,337	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Gigabyte Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	\$ 46,650	0.05%	\$ 46,650	Unpledged
Best Bliss Investments Limited	Superworld Holdings (S) PTE. LTD.	Other related party	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	\$ 111,830	10%	\$ 111,830	Unpledged

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
January 1 to December 31, 2021

Table 4

Unit: NT\$ thousand
(unless otherwise specified)

<u>Company acquiring real property</u>	<u>Property name</u>	<u>Date of occurrence (Note 2)</u>	<u>Transaction amount</u>	<u>Payment status</u>	<u>Transaction counterparty</u>	<u>Relationship</u>	<u>Where the transaction counterparty is a related party, information on the previous transfer is as follows</u>				<u>Reference for price determination</u>	<u>Purpose of acquisition and other agreements</u>	<u>Relevant matters</u>
							<u>Owner</u>	<u>Relationship with the issuer</u>	<u>Date of transfer</u>	<u>Amount</u>			
Tai-Tech Advanced Electronics Co., Ltd.	Industrial land and facility	2021.05.25	\$ 729,980	729,980	Leading Inc.	Non-related party	N/A	N/A	N/A	N/A	Basis (Note 1) Appraisal amount of professional appraisal institution and market price, etc.	State of use Installation of new product production line and expansion of production capacity for popular products	

Note 1: For assets acquired requiring appraisal, it is necessary to indicate the appraisal results in the "Reference basis for price determination."

Note 2: The date of occurrence refers to the any one of the following dates of transaction contract signing date, payment day, commissioning date, transfer date, board resolution date or other dates where the transaction counterparty and transaction amount are confirmed.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Transaction with Related Party That Reaches NT\$100 Million or 20% or More of Paid-in Capital

January 1 to December 31, 2021

Table 5

Unit: NT\$ thousand

(unless otherwise specified)

<u>Company of purchase (sale)</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Purchase (Sale)</u>	<u>Transaction Details</u>			<u>Abnormal Transaction and Reason</u>		<u>Notes/Accounts Receivable (Payable)</u>		<u>Remarks</u>
				<u>Amount</u>	<u>Percentage of total purchase (sale)</u>	<u>Payment terms</u>	<u>Unit price</u>	<u>Payment terms</u>	<u>Balance</u>	<u>Percentage of total notes/accounts receivable (payable)</u>	
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent company-subsidary	Sale	(170,423)	4%	Note 1	Note 1	-	188,514	10%	
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent company-subsidary	Sale	(826,801)	17%	Note 1	Note 1	-	391,593	20%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	Sale	(330,297)	7%	Note 2	Note 2	-	124,011	6%	
Tai-Tech Advanced Electronics Co., Ltd.	Tai-Tech Advanced Electronics (S) Pte. Ltd.	Other related party	Sale	(160,437)	3%	Note 2	Note 2	-	81,328	4%	
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent company-subsidary	Sale	(883,001)	56%	Note 1	Note 1	-	297,244	49%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent company-subsidary	Sale	(1,551,141)	39%	Note 1	Note 1	-	712,150	43%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	Sale	(471,774)	12%	Note 1	Note 1	-	174,551	10%	

Note: 1. Transaction price adopts the general rules for the payment receipt period agreed upon by both parties.

Note: 2. Transaction price and the payment receipt period adopts the general rules.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Receivables Due from Related Party That Reach NT\$100 Million or 20% or More of Paid-in Capital
December 31, 2021

Table 6

Unit: NT\$ thousand
(unless otherwise specified)

<u>Company of accounts receivable recognized</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Balance of accounts receivables due from related party</u>	<u>Turnover rate</u>	<u>Overdue amount of accounts receivable from related party</u>		<u>Amounts received in subsequent period</u>	<u>Allowance for Impairment Loss</u>
					<u>Amount</u>	<u>Treatment method</u>		
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent company-subsidary	\$ 485,533	2.75	\$ -	-	\$ 111,645	\$ -
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent company-subsidary	\$ 188,514	3.74	-	-	43,946	-
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent company-subsidary	\$ 297,244	2.98	-	-	71,496	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent company-subsidary	\$ 712,150	2.76	\$ 3,219	Subsequent payment collection	151,966	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	\$ 175,226	2.19	-	-	43,807	-
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	\$ 124,011	3.17	-	-	24,484	57
TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Associate	\$ 176,446		-	-	-	-

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent and Subsidiaries or among Subsidiaries
January 1 to December 31, 2021

Table 7

Unit: NT\$ thousand
(unless otherwise specified)

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Item	Transaction details		Percentage of consolidated total revenue or total assets
					Amount	Transaction terms	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	826,801	Note 3	13%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable	391,593		4%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Other receivables	93,940		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sale of fixed Asset	95,731	Note 3	1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable	712,150		7%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase	1,551,141	Note 3	25%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Sales revenue	170,423	Note 3	3%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Purchase	883,001	Note 3	14%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts Receivable	188,514		2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts payable	297,244		3%
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	36,684		0%
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase	471,774	Note 3	8%
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable	174,551		2%
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	175,781		2%

Note 1: The business dealing information between the parent company and subsidiary shall be, respectively, indicated in the numbering column and there are two types of number filling methods as follows:

- (1) Fill in "0" for the parent company.
- (2) Subsidiaries are listed in sequential order starting from Arabic number of "1"

Note 2: There are two types of relationship with the transaction party as follows:

- (1) Parent company to subsidiary
- (2) Subsidiary to parent company

Note 3: Transaction price adopts the

general rules for the payment receipt period agreed upon by both parties.
Note 4: The disclosure standard for the business relationship and material transaction details between the parent and subsidiary for the period of January 1 to December 31, 2021 is NT\$10 million and above

Tai-Tech Advanced Electronics Co., Ltd.

Names and Location of Investees (Excluding those in Mainland China)

January 1 to December 31, 2021

Table 8

Unit: NT\$ thousand
(unless otherwise specified)

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Location</u>	<u>Main business</u>	<u>Initial investment amount</u>		<u>Number of shares (in thousands)</u>	<u>End of term holding</u>		<u>Current profit/loss of investee</u>	<u>Current investment profit/loss recognized</u>	<u>Remarks</u>
				<u>End of current period</u>	<u>End of last year</u>		<u>percentage</u>	<u>Carrying amount</u>			
Tai-Tech Advanced Electronics Co., Ltd.	North Star International Limited	SAMOA	Re-invested business	\$ 3,459	\$ 3,459	100	100%	78,552	171	171	
Tai-Tech Advanced Electronics Co., Ltd.	Best Bliss Investments Limited	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	3,146,613	471,519	475,867	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Mahe Seychelles	Re-invested business	890,624	862,944	26,450	100%	2,148,713	352,077	352,077	
				(US 29,784 thousand) US\$28,784 thousand							

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1 to December 31, 2021

Table 9

Unit: NT\$ thousand
(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Outward remittance or repatriation of investment amount of the current period		Accumulated outward remittance for investment from Taiwan at beginning of the current period	Accumulated outward remittance for investment from Taiwan at end of the current period (Note 7)	Current profit/loss of investee (Note 3)	Ownership percentage of direct or indirect investment	Current Investment profit/loss recognized (Note 3)	Carrying amount at end of the period (Note 3)	Accumulated repatriation of investment income as of end of current period	Remarks
				Outward remittance	Repatriation								
TAI-TECH Advanced Electronics (Kunshan)	Production, processing and sale of electronic components	USD11,935 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	\$ 352,249 (USD10,914 thousand)	\$ -	\$ 352,249 (USD10,914 thousand)	\$ 73,589	100%	\$ 73,589	\$ 819,756	\$ -		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	USD34,156 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232 (USD18,821 thousand)	-	600,232 (USD18,821 thousand)	380,781	100%	380,781	2,277,439	-		
provider	Accumulated outward remittance for investment in China region at end of the period (Note 4, Note 5)	Investment amount approved by Investment Commission, MOEA (Note 6)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA										
Tai-Tech Advanced Electronics Co., Ltd.	\$ 1,412,662 (US 44,343 thousand)	\$ 1,227,414 (US 44,343 thousand)	\$ 3,733,555										

Note 1: 100% invested by Best Bliss Investments Limited 100%.

Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 7.48% and 92.52%, respectively.

Note 3: The parent company's CPA in Taiwan audited the financial report.

Note 4: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.

Note 5: NTD is calculated based on the historical exchange rate.

Note 6: NTD is calculated based on rate of the balance sheet date

Note 7: The third-place proprietary fund and debt-equity swap investment amount are excluded.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Major Shareholder Information

December 31, 2021

Table 10

	<u>Shares</u>	
<u>Major shareholders</u>	<u>Number of shares held</u>	<u>Shareholdings Percentage</u>
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	10,207,649	9.89%
Hengyang Investment Co., Ltd.	6,467,995	6.27%
Northwest Investment Co., Ltd.	6,121,718	5.93%

Explanation: The Company obtains the information of this table from the Taiwan Depository and Clearing Corporation:

(1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter.

There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

(2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares,

including their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website. Information on equity is available on the MOPS website.

Tai-Tech Advanced Electronics Co., Ltd.

Cash and cash equivalents

December 31, 2021

Schedule 1

Unit: NT\$1,000

Item	Summary	Amount	Remarks
Petty cash		\$ 361	
Bank deposits			
Time deposits - NTD		502,066	
Time deposits - Foreign currency	USD 7,995 thousand	Exchange 27.68 rate	221,304
	RMB 39,619 thousand	Exchange 4.341 rate	172,007
	Others	267	
Total		<u>\$ 896,005</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Accounts receivable

December 31, 2021

Schedule 2

Unit: NT\$1,000

Name of Clients	Amount	Remarks
<u>Accounts receivable</u>		
B.I.	\$ 251,819	
M.H.	95,774	
Others	<u>774,006</u>	The balance pertaining to each individual client did not exceed 5% of this account's value.
	1,121,599	
Less: Allowance for bad debt	(795)	
Allowance for sales returns and discounts	<u>(1,802)</u>	
	<u>1,119,002</u>	
<u>Accounts receivable due from related parties</u>		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	391,593	
TAI-TECH Advanced Electronics (Kunshan)	188,514	
Superworld Electronics (S) Pte. Ltd,	124,068	
Others	<u>83,178</u>	The balance pertaining to each individual client did not exceed 5% of this account's value.
	787,353	
Less: Allowance for bad debt	<u>(88)</u>	
	<u>787,265</u>	
	<u>\$ 1,906,267</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Inventory

December 31, 2021

Schedule 3

Unit: NT\$1,000

Item	Amount		Remarks
	Costs	Market price	
Raw materials	\$ 30,962	\$ 28,862	
Supplies	3,896	3,735	
Work in progress	66,227	138,817	
Finished products	21,000	36,513	
Goods	198,135	234,627	
Sub-total	320,220	\$ 442,554	
Less: allowance for loss for market price decline and obsolete and slow-moving inventories	(10,400)		Valued at the lower of costs and net realizable value using an item-by-item approach.
Total	\$ 309,820		

Tai-Tech Advanced Electronics Co., Ltd.
Investment accounted for using the equity method
January 1 through December 31, 2021

Schedule 4

Unit: NT\$1,000

Name	Beginning balance		Increase		Decrease		Ending balance			Net worth	
	Number of shares (In Thousands of Shares)	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares (In Thousands of Shares)	Shareholding percentage	Amount	Unit price (NT\$)	Total price
Best Bliss Investments Limited	34,250	\$ 2,726,327	-	\$ 420,286	-	\$ -	34,250	100%	\$ 3,146,613	92	\$ 3,146,613
North Star International Limited	100	80,606	-	(2,054)	-	-	100	100%	78,552	786	78,552
		<u>\$ 2,806,933</u>		<u>\$ 418,232</u>		<u>\$ -</u>			<u>\$ 3,225,165</u>		

Tai-Tech Advanced Electronics Co., Ltd.

Accounts payable
December 31, 2021

Schedule 5

Unit: NT\$1,000

<u>Supplier name</u>	<u>Amount</u>	<u>Remarks</u>
<u>Accounts payable</u>		
Others	\$ 229,289	The balance pertaining to each individual client did not exceed 5% of this account's value.
<u>Accounts payables to related parties</u>		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	712,150	
TAI-TECH Advanced Electronics (Kunshan)	297,244	
Others	1,224	The balance pertaining to each individual client did not exceed 5% of this account's value.
	1,010,618	
	<u>\$ 1,239,907</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Operating revenue

January 1 through December 31, 2021

Schedule 6

Unit: NT\$1,000

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Revenue from Wire-Wound Products	3,027,065 thousand pieces	\$ 3,177,665	
Revenue from Multilayer Products	9,176,699 thousand pieces	554,071	
Revenue from LAN transformer	2,003,529 thousand pieces	828,668	
Others		292,893	
		<u>4,853,297</u>	
Less: Sales returns		(7,060)	
Sales discount		(<u>36,207</u>)	
Total		<u>\$ 4,810,030</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Operating costs

January 1 through December 31, 2021

Schedule 7

Unit: NT\$1,000

Item	Amount
Goods at the beginning of the period	\$ 164,089
Plus: Purchase	2,477,299
Goods transferred in	8,817
Less: Goods at the end of the period	(198,135)
Transferred to expense	(953)
Others	(14)
Cost of purchase	2,451,103
Raw materials at the beginning of the period	16,940
Plus: Purchase of raw materials	336,944
Less: Transferred to expense	(36,680)
Costs to sale of raw materials	(76,987)
Goods transferred in	(8,817)
Inventory retired	(1,832)
Raw materials at the end of the period	(30,962)
Raw materials consumed	198,606
Supplies at the beginning of the period	2,687
Plus: Purchase of raw materials	101,453
Less: Transferred to expense	(75,690)
Costs to sale of supplies	(24,554)
Supplies at the end of the period	(3,896)
Supplies consumed	-
Direct labor	258,222
Manufacturing overhead	588,375
manufacturing cost	1,045,203
Plus: Work in progress at the beginning of the period	48,242
Purchase of raw materials	53
Less: Transferred to expense	(1,649)
Costs to sale of work in progress	(25,156)
Others	(110,687)
Work in progress at the end of the period	(66,227)
Cost of finished products	889,779
Finished products at the beginning of the period	13,181
Less: Transferred to expense	(211)
Others	(1,814)
Finished products at the end of the period	(21,000)
Cost of goods sold	879,935

Tai-Tech Advanced Electronics Co., Ltd.
Operating costs (continued)
January 1 through December 31, 2021

Schedule 7

Unit: NT\$1,000

Other operating costs		
Plus: Costs to sale of raw materials	\$	76,987
Costs to sale of supplies		24,554
Costs to sale of work in progress		25,156
Reversal gain on market price decline and obsolete and slow-moving inventories	(3,816)
Retirement		1,832
Others		736
Less: Revenue from scraps	(2,269)
Operating costs	\$	<u>3,454,218</u>

Tai-Tech Advanced Electronics Co., Ltd.

Operating expenses

January 1 through December 31, 2021

Schedule 8

Unit: NT\$1,000

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
<u>Selling and marketing expenses</u>			
Salary and wages expense		\$ 128,464	
Freight expense		43,221	
Export charges		13,191	
Other expenses		67,739	
		<u>252,615</u>	
<u>General and administrative expenses</u>			
Salary and wages expense		129,684	
Professional service fees		15,465	
Others		29,897	
		<u>175,046</u>	
<u>Research and development expenses</u>			
Salary and wages expense		41,891	
Depreciation		8,071	
Professional service fees		7,249	
Research and development expenses		5,616	
Repair and maintenance expense		5,199	
Other expenses		12,413	
		<u>80,439</u>	
Expected credit impairment gain		-	
Total operating expenses		<u>\$ 508,100</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Summary table by function of the occurred employee benefits, depreciation, depletion, and amortization

January 1 through December 31, 2021

Schedule 9

Unit: NT\$1,000

Nature \ Function	2021			2020		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense						
Salary and wages	\$ 309,118	\$ 277,283	\$ 586,401	\$ 187,513	\$ 180,953	\$ 368,466
Health insurance and labor insurance expense	22,333	14,049	36,382	16,232	11,995	28,227
Pension expense	6,550	6,835	13,385	4,679	6,522	11,201
Directors' remuneration	-	23,549	23,549	-	15,045	15,045
Other employee benefits expenses	13,053	9,019	22,072	9,900	7,745	17,645
Depreciation (including right-of-use assets)	150,991	18,765	169,756	95,546	17,148	112,694
Amortization	2,262	2,107	4,369	493	1,350	1,843

Note: 1. In 2021 and 2020, the Company has 511 and 437 employees, respectively, of which 8 and 8 employees, respectively, concurrently serve as a director.

2. A company whose shares are traded on Taiwan Stock Exchange or Taipei Exchange shall disclose the following information:

- (1) The average employee benefit expense for this year was \$1,309, calculated as: ("Total employee benefits expense this year - Total directors' remuneration" / "Number of employees this year - Number of employees not concurrently serving as a director"). The average employee benefit expense last year was \$992, calculated as: ("Total employee benefits expense last year - Total directors' remuneration" / "Number of employees last year - Number of employees not concurrently serving as a director").
- (2) The average employee salary expense for this year was \$1,166, calculated as: ("Total salary expenses this year" / "Number of employees this year - Number of employees not concurrently serving as a director") The average employee salary expense last year was \$859 calculated as: ("Total salary expenses last year" / "Number of employees last year - Number of employees not concurrently serving as a director")
- (3) The average change in employee salary expense was 36%, calculated as: ("Employee salary expense this year - Employee salary expense last year" / Employee average salary expense last year).
- (4) The Company establishes the Audit Commit to replace the role of supervisors according to law. Supervisors' remuneration for this year and last year was both \$0.
- (5) Please describe the company's remuneration policy (for directors, supervisors, managers, and employees).
 - A. Directors' and supervisors' remuneration include compensation, transportation fee, allowance for performing their duties, and remuneration from earnings appropriation. Remuneration from earnings appropriation is specified in the Company's Articles of Incorporation.
 - B. Remuneration for the president and vice presidents includes salary, bonus, and employee compensation, which are determined by referring to their post, the responsibilities they assume, the contribution they make to the Company, and the general industry standards among industry peers.
 - C. Tai-Tech's salary and remuneration policy for employees is subject to individual ability, contribution to the Company, performance, and the consideration for the Company's future operational risks. The Company abides by the Company Act and its Articles of Incorporation to appropriate a certain percentage of pre-tax income as employee compensation, which is distributed in the middle of the following year. The Company also appropriates a fixed percentage of post-tax earnings as employee bonuses, which are distributed before the Chinese New Year's Eve, and is reflective of the Company's business performance and outcomes.