JMC Electronics Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

JMC Electronics Co., Ltd.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Corporation's financial statements for the year ended December 31, 2021 is described as follows:

Significant Contingencies

As stated in Note 32 of the financial statements, Chipbond Technology Corp. filed a criminal incidental civil lawsuit against the Corporation for the breach of trade secrets and requested compensation for damages amounting to NT$1,000,000 thousand. In August 2021, an additional claim was made for the amount of damages. In addition, a civil lawsuit for the infringement of trade secrets was filed, seeking an indemnification of NT$1,765,137 thousand. The lawyer entrusted by the Corporation assessed that the litigation case had no significant adverse impact on the Corporation. Therefore, the management of the Corporation assessed that the lawsuit will not have a significant impact on the Corporation's business and financial position. The aforementioned case has not been adjudged by the court as of March 15, 2022. The litigation case is a significant matter during the financial reporting period and involves the use of management's material estimates and expert reports.

Our audit of the significant contingencies focused on the reasonableness of management's estimates and the opinion of expert, and we performed the following main audit procedures:

1. We sent the confirmation letter to the expert and obtained a declaration of independence from the expert.

2. We obtained the expert's report and reviewed the opinions of the litigation case.

3. We inquired management and experts about the judging basis of the possible outcome of a litigation case.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Corporation'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 Corporation'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chun Wang and Yu-Hsiang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2022

<u>*Notice to Readers*</u>

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

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

JMC ELECTRONICS CO., LTD.

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021 Amount	%	December 31, 2020 Amount	%
CURRENT ASSETS				
Cash (Note 6)	$ 665,410	13	$ 286,386	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	550	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	6,803	-	587,623	14
Accounts receivable, net (Notes 4 and 9)	386,950	8	333,046	8
Accounts receivable - related parties (Notes 4, 9 and 30)	43,494	1	23,893	-
Other receivables (Note 30)	2,001	-	2,007	-
Inventories (Notes 4 and 10)	229,967	5	230,305	5
Other financial assets - current (Note 31)	1,785	-	1,785	-
Other current assets (Note 11)	79,835	2	111,677	3
Total current assets	1,416,795	29	1,576,722	37
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	942,597	19	-	-
Property, plant and equipment (Notes 4 and 12)	2,366,757	48	2,445,256	57
Right-of-use assets (Notes 4 and 13)	100,358	2	119,289	3
Deferred tax assets (Notes 4 and 25)	5,821	-	9,759	-
Prepayments for equipment	26,218	1	53,694	1
Refundable deposits (Note 30)	3,342	-	3,342	-
Net defined benefit assets - non-current (Note 21)	-	-	393	-
Other financial assets - non-current (Note 31)	-	-	20,000	1
Other non-current assets (Note 15)	33,360	1	28,835	1
Total non-current assets	3,478,453	71	2,680,568	63
TOTAL	$ 4,895,248	100	$ 4,257,290	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ -	-	$ 230,000	5
Contract liabilities - current (Note 23)	53,759	1	43,853	1
Accounts payable (Notes 18 and 30)	167,231	4	205,645	5
Other payables (Notes 19 and 30)	256,823	5	271,483	6
Current tax liabilities (Notes 4 and 25)	67,394	1	46,245	1
Lease liabilities - current (Notes 4, 13 and 30)	18,589	1	18,137	1
Current portion of long-term borrowings (Note 16)	6,250	-	66,667	2
Other current liabilities (Notes 4 and 20)	4,876	-	28,681	1
Total current liabilities	574,922	12	910,711	22
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	481,212	10	-	-
Long-term borrowings (Note 16)	938,763	19	963,271	23
Deferred tax liabilities (Notes 4 and 25)	1,105	-	312	-
Lease liabilities - non-current (Notes 4, 13 and 30)	85,442	2	104,031	2
Net defined benefit liabilities (Note 21)	335	-	-	-
Guarantee deposits (Note 30)	250	-	50	-
Other non-current liabilities (Note 4)	9,545	-	11,924	-
Total non-current liabilities	1,516,652	31	1,079,588	25
Total liabilities	2,091,574	43	1,990,299	47
EQUITY (Note 22)				
Ordinary shares	830,000	17	830,000	19
Capital surplus	638,654	13	590,312	14
Retained earnings				
Legal reserve	111,379	2	96,327	2
Unappropriated earnings	750,845	15	488,497	12
Total retained earnings	862,224	17	584,824	14
Other equity	472,796	10	261,855	6
Total equity	2,803,674	57	2,266,991	53
TOTAL	$ 4,895,248	100	$ 4,257,290	100

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

JMC ELECTRONICS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23, 30 and 36)	$ 3,002,859	100	$ 2,646,853	100
OPERATING COSTS (Notes 10, 24 and 30)	2,403,390	80	2,269,081	86
GROSS PROFIT	599,469	20	377,772	14
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	34,229	1	22,689	1
General and administrative expenses	135,296	5	105,525	4
Research and development expenses	68,947	2	67,052	2
Total operating expenses	238,472	8	195,266	7
PROFIT FROM OPERATIONS	360,997	12	182,506	7
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	421	-	408	-
Other income	40,737	1	33,464	1
Other gains and losses	5,477	-	(10,760)	-
Finance costs	(16,696)	-	(16,461)	(1)
Total non-operating income and expenses	29,939	1	6,651	-
PROFIT BEFORE INCOME TAX	390,936	13	189,157	7
INCOME TAX EXPENSE (Notes 4 and 25)	66,525	2	40,829	2
NET PROFIT FOR THE YEAR	324,411	11	148,328	5
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(939)	-	360	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	289,181	9	231,149	9

(Continued)

JMC ELECTRONICS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	$ 188	-	$ (72)	-
Other comprehensive income for the year, net of income tax	288,430	9	231,437	9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 612,841	20	$ 379,765	14
EARNINGS PER SHARE (Note 26)				
Basic	$ 3.91		$ 1.57	
Diluted	$ 3.90		$ 1.57	

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

JMC ELECTRONICS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Retained Earnings: Total	Other Equity: Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	$ 1,000,000	$ 590,312	$ 43,892	$ 9,218	$ 581,199	$ 634,309	$ 32,605	$ 2,257,226
Appropriation of earnings (Note 22)								
Legal reserve	-	-	52,435	-	(52,435)	-	-	-
Cash dividends	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Reverse of special reserve	-	-	-	(9,218)	9,218	-	-	-
	-	-	52,435	(9,218)	(243,217)	(200,000)	-	(200,000)
Net profit for the year ended December 31, 2020	-	-	-	-	148,328	148,328	-	148,328
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	288	288	231,149	231,437
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	148,616	148,616	231,149	379,765
Capital reduction by cash (Note 22)	(170,000)	-	-	-	-	-	-	(170,000)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 22)	-	-	-	-	1,899	1,899	(1,899)	-
BALANCE AT DECEMBER 31, 2020	830,000	590,312	96,327	-	488,497	584,824	261,855	2,266,991
Appropriation of earnings (Note 22)								
Legal reserve	-	-	15,052	-	(15,052)	-	-	-
Cash dividends	-	-	-	-	(124,500)	(124,500)	-	(124,500)
	-	-	15,052	-	(139,552)	(124,500)	-	(124,500)
Equity component of convertible bonds issued by the Corporation (Note 17)	-	48,342	-	-	-	-	-	48,342
Net profit for the year ended December 31, 2021	-	-	-	-	324,411	324,411	-	324,411
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(751)	(751)	289,181	288,430
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	323,660	323,660	289,181	612,841
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 22)	-	-	-	-	78,240	78,240	(78,240)	-
BALANCE AT DECEMBER 31, 2021	$ 830,000	$ 638,654	$ 111,379	$ -	$ 750,845	$ 862,224	$ 472,796	$ 2,803,674

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

JMC ELECTRONICS CO., LTD.

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2021	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 390,936	$ 189,157
Adjustments for:		
Depreciation expense	340,601	276,445
Amortization expense	28,265	47,289
Net loss (gain) on financial assets at fair value through profit or loss	2,055	(553)
Finance costs	16,696	16,461
Interest income	(421)	(408)
Dividend income	(22,189)	(20,398)
Loss on disposal of property, plant and equipment	376	115
Impairment loss recognized on non-financial assets	2,913	1,732
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(1,955)	553
Accounts receivable	(53,904)	55,425
Accounts receivable - related parties	(19,601)	(5,095)
Other receivables	6	139
Inventories	(2,575)	53,769
Other current assets	31,842	3,394
Other financial assets	20,000	(19,986)
Contract liabilities	9,906	33,871
Accounts payable	(38,414)	9,912
Other payables	20,803	6,144
Other current liabilities	(23,626)	23,940
Net defined benefit liabilities	(211)	(195)
Cash generated from operations	701,503	671,711
Interest received	421	408
Dividends received	22,189	20,398
Interest paid	(15,948)	(16,901)
Income taxes paid	(40,457)	(50,229)
Net cash generated from operating activities	667,708	625,387
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(228,470)	(227,990)
Proceeds from disposal of financial assets at fair value through other comprehensive income	155,874	97,854
Acquisition of property, plant and equipment	(251,313)	(517,612)
Increase in refundable deposits	-	(75)
Increase in other non-current assets	(32,790)	(21,289)
Net cash used in investing activities	(356,699)	(669,112)

(Continued)

JMC ELECTRONICS CO., LTD.

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2021	**2020**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 400,000	$ 1,215,632
Repayment of short-term borrowings	(630,000)	(1,255,632)
Proceeds from short-term bills payable	200,000	500,000
Repayment of short-term bills payable	(200,000)	(500,000)
Proceeds from issuance of bonds	527,935	-
Proceeds from long-term borrowings	195,850	595,000
Repayment of long-term borrowings	(283,333)	(146,666)
Proceeds of guarantee deposits received	200	-
Repayment of the principal portion of lease liabilities	(18,137)	(17,340)
Dividends paid	(124,500)	(200,000)
Capital reduction by cash	-	(170,000)
Net cash generated from financing activities	68,015	20,994
NET INCREASE (DECREASE) IN CASH	379,024	(22,731)
CASH AT THE BEGINNING OF THE YEAR	286,386	309,117
CASH AT THE END OF THE YEAR	$ 665,410	$ 286,386

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

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

1. GENERAL INFORMATION

JMC Electronics Co., Ltd. (the “Corporation”) was incorporated in 1973, and is primarily engaged in the business of manufacturing, processing, and trading of Chip on Film (Tape-COF).

As of December 31, 2021, Chang Wah Electromaterials Inc., the main shareholder of the Corporation, owned 42.8% of the Corporation’s issued ordinary shares. In January 2017, the Corporation listed its shares on the Taiwan Stock Exchange.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors and authorized for issue on March 15, 2022.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Corporation’s accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

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

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

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

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

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

Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Corporation shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation’s financial position and financial performance.

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS17 and IFRS 19 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

e. Sale of accounts receivable

If all the following conditions are met, accounts receivable are deemed disposed of:

1) Accounts receivable have been isolated from the Corporation and presumed to be out of control of the Corporation.

2) Accounts receivable have been assigned and the assignee has the right to pledge or exchange accounts receivable, and there is no limitation to the assignee's exercise of its right to pledge or exchange accounts receivable.

3) The Corporation does not, by one of the following two ways, maintain effective control of the accounts receivable:

    a) Before the due date, the Corporation has the right and obligation to redeem or repurchase the receivables.

    b) Ability to unilaterally enable the holder to return specific assets.

When the receivables are sold, the difference between the proceeds from the selling price and the book value is recognized in non-operating income and expenses for the period.

f. Inventories

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

g. Property, plant, and equipment

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

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

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

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

h. Impairment of property, plant and equipment and right-of-use assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

i. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investment in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash, accounts receivable at amortized cost, other receivables, other financial assets (current and non-current) and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

A financial asset is credit-impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and investments in debt instruments at FVTOCI.

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

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

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 60 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - issuance premium.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

4) Derivative financial instruments

The Corporation enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

j. Revenue recognition

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

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation to customers and performance obligations are satisfied. Unearned sales revenue is recognized as contract liabilities until performance obligations are satisfied.

Revenue is measured at the fair value, which is the transaction price (net of commercial discounts and quantity discounts) agreed to by the Corporation with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for any effect of a significant financing component.

k. Leases

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

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation as lessee

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

l. Borrowing costs

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

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

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received. Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants are intended to compensate.

The benefit of a government-subsidized bank project loan received at a below-market rate of interest is treated as deferred government grant revenue, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates , and revenue amortized throughout the loan term.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Taxation

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

1) Current tax

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

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods. For details of the critical accounting judgments and key sources of estimation uncertainty, refer to Note 32 (3).

6. CASH

	December 31	
	2021	**2020**
Cash on hand	$ 17	$ 17
Demand deposits	665,393	286,369
	$ 665,410	$ 286,386

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily classified as at FVTPL	December 31, 2021
Convertible bonds - put and redeem options (Note 17)	$ 550

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	**2020**
Current		
Domestic investments		
Listed shares	$ 6,803	$ 587,623
Non-current		
Domestic investments		
Listed shares	$ 942,597	$ -

These investments in domestic investments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. ACCOUNTS RECEIVABLE

	December 31	
	2021	2020
Accounts receivable		
Measured at amortized cost	$ 41,516	$ 20,187
FVTOCI	345,434	312,859
	$ 386,950	$ 333,046
Accounts receivable - related parties		
Measured at amortized cost	$ 43,494	$ 23,893

a. Accounts receivable

For the credit risk arising from the significant concentration of the accounts receivable balance on major customers for the years ended December 31, 2021 and 2020 , refer to Note 29.

The average credit period for sales of goods is up to 90 days; for the credit policies on the related accounts receivable, refer to Note 29.

1) Accounts receivable at amortized cost

The loss allowance for the Corporation's accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable were estimated by using a provision matrix by reference to the past collection experience and increase in late payments of customers beyond the credit period.

The Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments; hence, there is no further distinction between different customer segments.

The Corporation writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after completing the follow-up procedures. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

2) Accounts receivable at FVTOCI

For accounts receivable owned by major customers, the Corporation will decide whether to sell these accounts receivable to banks without recourse based on its level of working capital and the trend of currency exchange rate. These accounts receivable are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collection of contractual cash flows and the sale of financial assets. In addition, the assessment method of allowance for loss is the same method for accounts receivable at amortized cost.

The Corporation's loss allowance of accounts receivable based on the allowance matrix is shown in the following table:

December 31, 2021

	Not Past Due
Expected credit loss rate	-
Gross carrying amount	$ 430,444
Loss allowance (Lifetime ECL)	-
	$ 430,444

December 31, 2020

	Not Past Due
Expected credit loss rate	-
Gross carrying amount	$ 356,939
Loss allowance (Lifetime ECL)	-
	$ 356,939

b. Factored accounts receivable for the years ended December 31, 2021 and 2020 were as follows:

Counterparty	Receivables Sold	Amount Collected	Advances Received - Used	Annual Interest Rates on Advances Received (%)	Credit
For the year ended December 31, 2021					
CTBC Bank	$ 316,568	$ 316,568	$ -	-	USD 17,000 thousand
Taishin International Bank	219,507	219,507	-	-	$ 250,000
Chang Hwa Commercial Bank, Ltd.	105,472	105,472	-	-	USD 5,000 thousand
	$ 641,547	$ 641,547	$ -		
For the year ended December 31, 2020					
CTBC Bank	$ 814,982	$ 741,573	$ 63,709	0.85	USD 17,000 thousand
Taishin International Bank	640,968	614,106	21,729	0.84-0.86	$ 300,000
Chang Hwa Commercial Bank, Ltd.	376,889	356,005	18,144	0.83	USD 5,000 thousand
	$ 1,832,839	$ 1,711,684	$ 103,582		

The above credit line is revolving and can be utilized within the validity period.

The Corporation provided commercial papers for the factored accounts receivable to the banks mentioned above as the collateral for commercial disputes. The amount from the factored receivables is collected after deducting the related fees, and the Corporation does not bear the risk of uncollectibility of the accounts receivable.

For the year ended December 31, 2021, the factored accounts receivable were fully received in cash. For the year ended December 31, 2020, NT$16,112 thousand (cash) had not been received from the factored accounts receivable, for which the Corporation recognized as accounts receivable.

10. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 67,405	$ 62,636
Supplies	72,014	57,523
Finished goods	27,740	24,098
Work in progress	62,808	86,048
	$ 229,967	$ 230,305

The cost of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 was NT$2,403,390 thousand and NT$2,269,081 thousand, respectively, which included the following items:

	For the Year Ended December 31	
	2021	2020
Inventory write-downs	$ 2,913	$ 1,732
Loss due to idle capacity	56,702	127,145
Revenue from sale of scraps	(648)	(546)

11. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Tax overpaid retained for offsetting future tax payable	$ 39,780	$ 69,591
Input tax	24,991	28,879
Prepaid expenses	14,766	12,513
Others	298	694
	$ 79,835	$ 111,677

12. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2021

	Buildings	Machinery	Tooling Equipment	Office Equipment	Other Equipment	Construction in progress and Equipment to be inspected	Total
Cost							
Balance at January 1, 2021	$ 588,779	$ 3,514,361	$ 190,856	$ 262,840	$ 37,449	$ 1,189,406	$ 5,783,691
Additions	220,649	315,169	-	31,945	665	(324,881)	243,547
Disposals	-	(5,754)	(12,283)	(4,889)	-	-	(22,926)
Balance at December 31, 2021	809,428	3,823,776	178,573	289,896	38,114	864,525	6,004,312
Accumulated depreciation and impairment							
Balance at January 1, 2021	395,678	2,500,039	190,856	231,438	20,424	-	3,338,435
Depreciation	39,693	258,419	-	16,849	6,709	-	321,670
Disposals	-	(5,722)	(12,283)	(4,545)	-	-	(22,550)
Balance at December 31, 2021	435,371	2,752,736	178,573	243,742	27,133	-	3,637,555
Carrying amount at December 31, 2021	$ 374,057	$ 1,071,040	$ -	$ 46,154	$ 10,981	$ 864,525	$ 2,366,757

For the Year Ended December 31, 2020

	Buildings	Machinery	Tooling Equipment	Office Equipment	Other Equipment	Construction in progress and Equipment to be inspected	Total
Cost							
Balance at January 1, 2020	$ 521,132	$ 3,352,805	$ 190,856	$ 248,815	$ 27,497	$ 709,981	$ 5,051,086
Additions	67,647	271,280	-	21,647	9,952	479,425	849,951
Disposals	-	(109,724)	-	(7,622)	-	-	(117,346)
Balance at December 31, 2020	588,779	3,514,361	190,856	262,840	37,449	1,189,406	5,783,691
Accumulated depreciation and impairment							
Balance at January 1, 2020	366,843	2,398,172	190,856	227,519	14,396	-	3,197,786
Depreciation	28,835	211,476	-	11,541	6,028	-	257,880
Disposals	-	(109,609)	-	(7,622)	-	-	(117,231)
Balance at December 31, 2020	395,678	2,500,039	190,856	231,438	20,424	-	3,338,435
Carrying amount at December 31, 2020	$ 193,101	$ 1,014,322	$ -	$ 31,402	$ 17,025	$ 1,189,406	$ 2,445,256

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

Buildings	
Main buildings	3-30 years
Building auxiliary equipment	2-10 years
Machinery	
Cutting and slitting machines	6 years
Etching machines	6-7 years
Mask aligner	6-7 years
Packaging and cleaning equipment	6 years
Coating machine	6 years
Measuring instruments	5-6 years
Packaging machines	6 years
Tooling equipment	2 years
Office equipment	
Computer equipment	2-6 years
Others	1-7 years
Other equipment	
Environmental engineering	6-7 years
Others	3-6 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Land	$ 9,929	$ 11,348
Buildings	90,429	107,941
	$ 100,358	$ 119,289
Depreciation charge for right-of-use assets		
Land	$ 1,419	$ 1,421
Buildings	17,512	17,144
	$ 18,931	$ 18,565

Except for the above depreciation of right-of-use assets, there was no acquisition, sublease or impairment of right-of-use assets in 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount		
Current	$ 18,589	$ 18,137
Non-current	$ 85,442	$ 104,031

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2021	2020
Land	2.4947	2.4947
Buildings	1.2-2.4947	1.2-2.4947

c. Material lease activities and terms

The Corporation leased land and buildings from the government, related parties and non-related parties for use as workshops, offices and warehouses, with lease periods of 3 to 10 years. For information on related party transactions, refer to Note 30. The Corporation does not have a purchase option to acquire the leased land and buildings at the expiration of the lease period. In addition, the lease agreement prohibited the Corporation from transferring the lease to other parties. The government has the option to adjust the lease payments based on changes in the announced land value.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Total cash outflow for leases	$ (21,210)	$ (20,875)

14. TECHNICAL EXPERTISE - YEAR 2020

	Cost	Accumulated Amortization	Carrying Amount
Balance at January 1, 2020	$ 30,000	$ (28,750)	$ 1,250
Amortization expenses	-	(1,250)	(1,250)
Balance at December 31, 2020	$ 30,000	$ (30,000)	$ -

After Chang Wah Electromaterials Inc. acquired the equity and became the parent company of the Corporation, the Corporation paid a technology authorization fee to Sumitomo Metal Mining Co., Ltd for the technical expertise in order to keep the original production technology. The technical expertise is amortized over its useful life of 6 years as assessed by management; and as of December 31, 2020, the amortization was fully completed.

15. OTHER NON-CURRENT ASSETS

The production consumables are amortized over their useful lives of 2 to 3 years as follows:

	Costs	Accumulated Amortization	Carrying Amount
Balance at January 1, 2021	$ 127,591	$ (98,756)	$ 28,835
Additions	32,790	-	32,790
Amortization	-	(28,265)	(28,265)
Disposals	(64,296)	64,296	-
Balance at December 31, 2021	$ 96,085	$ (62,725)	$ 33,360

(Continued)

	Costs	Accumulated Amortization	Carrying Amount
Balance at January 1, 2020	$ 135,369	$ (81,784)	$ 53,585
Additions	21,289	-	21,289
Amortization	-	(46,039)	(46,039)
Disposals	(29,067)	29,067	-
Balance at December 31, 2020	$ 127,591	$ (98,756)	$ 28,835

(Concluded)

16. BORROWINGS

a. Short-term borrowings - December 31, 2020

	December 31, 2020
Bank credit loans	$ 230,000
Interest rate (%)	0.8-0.86

b. Long-term borrowings

	December 31	
	2021	2020
Bank credit loans	$ 945,013	$ 1,029,938
Less: Current portion	6,250	66,667
	$ 938,763	$ 963,271
Interest rate (%)	0.45-0.5	0.45-1.2
Maturity date	2024.12-2027.03	2023.08-2027.03

Under the loan agreements, the Corporation should meet certain percentages and amounts for the current ratio, debt ratio, interest coverage ratio and total equity. If the Corporation is not in compliance with the aforementioned restrictions on the financial ratios and amounts, the bank could request the Corporation to improve within a time limit. If the restrictions on the financial ratios and amounts are met within the improvement period, it would not be considered a default of contract. The Corporation was in compliance with the loan restrictions based on the audited annual financial statements for the years ended December 31, 2021 and 2020.

In September 2019, the Corporation obtained the Ministry of Economic Affairs' approval letter for the qualification of enterprises in Taiwan based on the project of "Action Plan for Accelerated Investment by Domestic Corporation." According to the regulations, the Corporation should complete the investment within 3 years from the day after the approval letter is issued.

The Corporation signed a credit agreement with the bank in response to the project of "Action Plan for Accelerated Investment by Domestic Corporation." The interest rate for the first 5 years of the loan is the postal savings two-year time deposit rate minus 0.395%. If the project regulations are violated or the National Development Fund is frozen by legislative budget review, the interest rate will be changed to the postal savings two-year time savings interest rate plus 0.105%.

17. BONDS PAYABLE

	December 31, 2021
Secured domestic convertible bonds	$ 481,212

On October 25, 2021, the Corporation issued its first domestic secured convertible bonds in the amount of $500,000 thousand with a zero coupon rate and a duration of 5 years. Taishin International Bank is the guarantor of the secured convertible bonds.

Each holder of the bonds has the right to convert the bonds into ordinary shares of the Corporation at the conversion price of NT$63.5 per share. In the event of any circumstances stipulated in the measures for issuance and conversion of bonds, the convertible price shall be adjusted according to the conversion price adjustment formula. As of December 31, 2021, the conversion price was NT$63.5 per share. Conversion may occur at any time between January 26, 2022 and October 25, 2026. If the bonds are not converted, they will be redeemed on October 25, 2026 in cash.

From January 26, 2022 to September 15, 2026, if the closing price of the Corporation's common stock in the centralized trading market exceeds the current conversion price by 30% or more for 30 consecutive business days, or when the outstanding balance of the bonds is less than 10% of the total amount upon the original issuance, the Corporation may redeem them in cash at the par value of the bond within five business days after the base date of recalling the bonds.

The base date for selling back the bonds in advance is October 25, 2024. The bondholders may exercise the right of selling back the bonds at par value 40 days prior to the repurchase date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - share options. The liability component contains derivative financial instruments and non-derivative financial instruments. The related amounts were as follows:

Proceeds from issuance (less transaction costs of NT$5,236 thousand)	$ 527,935
Equity component (less transaction costs allocated to the equity component of NT$479 thousand)	(48,342)
Liability component at the date of issuance (less transaction costs allocated to the liability component of NT$4,757 thousand)	479,593
Interest charged at an effective interest rate of 0.80661%	969
Losses on change in value of financial instruments	100
Net liability component at December 31, 2021 (including financial assets measured at FVTPL of NT$550 thousand and bonds payable of NT$481,212 thousand)	$ 480,662

18. ACCOUNTS PAYABLE

	December 31	
	2021	2020
Accounts payable	$ 165,928	$ 204,407
Accounts payable - related parties	1,303	1,238
	$ 167,231	$ 205,645

The Corporation has established financial risk management policies to ensure that all payments are made on the agreed due date.

19. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries and bonuses	$ 139,335	$ 123,020
Payables for consumables	37,141	30,563
Payables for equipment	26,343	61,585
Sales tax payables	11,043	14,322
Freight payables	9,387	4,573
Payables for insurance	7,614	7,177
Payables for utilities	6,846	7,430
Payables for professional fees	6,359	6,830
Others	12,755	15,983
	$ 256,823	$ 271,483

20. OTHER CURRENT LIABILITIES

	December 31	
	2021	2020
Refund liabilities	$ 14	$ 23,804
Others	4,862	4,877
	$ 4,876	$ 28,681

The estimation of sales returns and discounts (refund liabilities) was based on historical experience, management’s judgments and other known reasons, and recognized as a reduction of operating revenues.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

Some of the Corporation’s employees are entitled to a defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Corporation has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Fair value of plan assets	$ 9,472	$ 9,769
Present value of defined benefit obligation	(9,807)	(9,376)
Net defined benefit assets (liabilities)	$ (335)	$ 393

Movements of net defined benefit assets (liabilities) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Balance at January 1, 2020	$ (9,317)	$ 9,155	$ (162)
Service cost			
Current service cost	(46)	-	(46)
Interest income (expense)	(93)	93	-
Recognized in profit or loss	(139)	93	(46)
Remeasurement			
Return on plan assets	-	280	280
Actuarial loss - changes in demographic assumptions	(31)	-	(31)
Actuarial loss - changes in financial assumptions	(644)	-	(644)
Actuarial gain - experience adjustments	755	-	755
Recognized in other comprehensive income	80	280	360
Contributions from the employer	-	241	241
Balance at December 31, 2020	$ (9,376)	$ 9,769	$ 393
Balance at January 1, 2021	$ (9,376)	$ 9,769	$ 393
Service cost			
Current service cost	(38)	-	(38)
Interest income (expense)	(47)	50	3
Recognized in profit or loss	(85)	50	(35)
Remeasurement			
Return on plan assets	-	114	114
Actuarial loss - changes in demographic assumptions	(304)	-	(304)
Actuarial loss - experience adjustments	(749)	-	(749)
Recognized in other comprehensive income	(1,053)	114	(939)
Contributions from the employer	-	246	246

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Benefits paid	$ 707	$ (707)	$ -
Balance at December 31, 2021	$ (9,807)	$ 9,472	$ (335)

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 33	$ 33
Operating expenses	2	13
	$ 35	$ 46

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

1) Investment risk

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

2) Interest risk

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

3) Salary risk

   The present value of the defined benefit obligation is calculated by using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	**2020**
Discount rate (%)	0.5	0.5
Expected rate of salary increase (%)	2.25	2.25
Mortality rate	Based on the 6th Taiwan Standard Ordinary Experience Mortality Table	Based on the 5th Taiwan Standard Ordinary Experience Mortality Table
Turnover rate (%)	0-11	0-11
Voluntary retirement rate (%)	3-100	3-100

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

	December 31	
	2021	**2020**
Discount rate		
0.25% increase	$ (337)	$ (329)
0.25% decrease	$ 353	$ 345
Expected rate of salary increase/decrease		
0.25% increase	$ 341	$ 334
0.25% decrease	$ (328)	$ (321)

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

	December 31	
	2021	**2020**
Expected contributions to the plan for the next year	$ 224	$ 238
Average duration of the defined benefit obligation	14.2 years	14.6 years

22 EQUITY

a. Ordinary shares

	December 31	
	2021	**2020**
Number of shares authorized (in thousands)	111,000	111,000
Shares authorized	$ 1,110,000	$ 1,110,000
Number of shares issued and fully paid (in thousands)	83,000	83,000
Shares issued	$ 830,000	$ 830,000

For the purposes of adjusting the capital structure and enhancing the return on shareholders' equity, the Corporation resolved in its shareholders' meeting in June 2020 to implement a capital reduction in cash through the return of share proceeds to shareholders. The total capital reduction amounted to $170,000 thousand, which represented the cancellation of 17,000 thousand shares. The record date of the capital reduction was set as August 31, 2020.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from the issuance of mergers	$ 233,087	$ 233,087
Premium from the issuance of capital shares	357,000	357,000
Exercise of employee share options	225	225
May not be used for any purpose		
Equity component of convertible bonds payable	48,342	-
	$ 638,654	$ 590,312

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

c. Retained earnings and dividend policy

Pursuant to the Corporation's Articles of Incorporation, the current year's earnings, if any, shall be first used to pay taxes and offset deficit in prior years. The remaining earnings would be appropriated in the following order:

1) Setting aside 10% of the remaining earnings, as legal reserve, until the accumulated legal reserve equals the Corporation's paid-in capital.

2) Setting aside or reversing a special reserve in accordance with the laws and regulations.

3) Any remaining earnings together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, and resolved in the shareholders' meeting.

In line with the overall environment and the growth characteristics of the industry, as well as the Corporation's long-term financial planning in order to achieve sustainable operations and stable business development, the Corporation's dividend policy is based on the residual dividend policy, which is based on the Corporation's future capital budget plan in the measurement of the annual capital requirements, and the remaining earnings are distributed in the form of cash and stock dividends after reserving the necessary capital for financing. The distribution steps are as follows:

1) Determine the best capital budget.

2) Determine the amount of financing needed to meet the previous capital budget.

3) Determine the amount of capital to be financed by retained earnings.

4) The remaining earnings may be distributed to the shareholders in the form of dividends, after reserving an appropriate amount for operating needs, and the distribution should be no less than 10% of the Corporation's distributable earnings for the year, provided that the portion of cash dividends is no less than 10% of the total dividends to be paid.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019, which had been approved in the shareholders' meetings in July 2021 and June 2020, were as follows:

	Appropriations of earnings		Dividends per share (NT$)	
	2020	**2019**	**2020**	**2019**
Legal reserve	$ 15,052	$ 52,435		
Reversal of special reserve	-	(9,218)		
Cash dividends	124,500	200,000	$ 1.5	$ 2

The appropriation of earnings for 2021 proposed by the Corporation's board of directors in March 2022 was as follows:

	Appropriations of earnings	Dividend per share (NT$)
Legal reserve	$ 40,190	
Cash dividends	166,000	$ 2

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held in June 2022.

d. Other equity items

Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	**2020**
Balance, beginning of the year	$ 261,855	$ 32,605
Unrealized gains and losses - equity instruments	289,181	231,149
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	(78,240)	(1,899)
Balance, end of the year	$ 472,796	$ 261,855

23. REVENUE

	For the Year Ended December 31	
	2021	**2020**
Revenue from contracts with customers		
Sales of goods	$ 3,002,845	$ 2,646,833
Rendering of services	14	20
	$ 3,002,859	$ 2,646,853

a. Details of contracts with customers, refer to Note 4.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (including related parties; refer to Note 9)	$ 430,444	$ 356,939	$ 407,269
Contract liabilities - current			
Sale of goods	$ 53,759	$ 43,853	$ 9,982

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment; there were no other significant changes in 2021 and 2020.

c. Disaggregation of revenue

The main source of revenue of the Corporation is revenue from the sale of goods. The chief operating decision maker regards the Corporation as a single reporting segment. For the revenue from contracts with customers, please refer to the statement of comprehensive income.

24. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income – investments in equity instrument at FVTOCI	$ 22,189	$ 20,398
Government grant revenue	13,630	9,737
Others	4,918	3,329
	$ 40,737	$ 33,464

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gains (losses)	$ 8,234	$ (10,376)
Gains (losses) on financial assets at FVTPL	(2,055)	553
Losses on disposal of property, plant and equipment	(376)	(115)
Others	(326)	(822)
	$ 5,477	$ (10,760)

Disaggregation of net foreign exchange gains (losses) were as follows:

	For the Year Ended December 31	
	2021	**2020**
Foreign exchange gains	$ 47,424	$ 38,122
Foreign exchange losses	(39,190)	(48,498)
Net gains and losses	$ 8,234	$(10,376)

c. Finance costs

	For the Year Ended December 31	
	2021	**2020**
Interest on bank loans	$ 12,248	$ 10,019
Interest on lease liabilities	2,828	3,254
Amortization of discount on corporate bonds payable	969	-
Interest on factored accounts receivable	651	3,188
	$ 16,696	$ 16,461

d. Depreciation and amortization

	For the Year Ended December 31	
	2021	**2020**
Depreciation expense		
Property, plant and equipment	$ 321,670	$ 257,880
Right-of-use assets	18,931	18,565
	$ 340,601	$ 276,445
Analysis of depreciation expense by function		
Operating costs	$ 335,447	$ 273,419
Operating expenses	5,154	3,026
	$ 340,601	$ 276,445
Amortization expense		
Technical expertise	$ -	$ 1,250
Other non-current assets	28,265	46,039
	$ 28,265	$ 47,289
Analysis of amortization expense by function		
Operating costs	$ 26,571	$ 45,792
Operating expenses	1,694	1,497
	$ 28,265	$ 47,289

e. Employee benefits

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salaries	$ 446,861	$ 412,250
Labor and health insurance	46,295	42,427
Others	4,209	3,722
	497,365	458,399
Post-employment benefits		
Defined contribution plans	12,443	12,492
Defined benefit plans (Note 21)	35	46
	12,478	12,538
	$ 509,843	$ 470,937
Analysis of employee benefits by function		
Operating costs	$ 379,950	$ 363,942
Operating expenses	129,893	106,995
	$ 509,843	$ 470,937

f. Employees' compensation and remuneration to directors

Pursuant to the Corporation's Articles of Incorporation, 2% to 16% of the current year's profit shall be distributed as the employee's compensation. The compensation of the employees shall be distributed in shares or cash by the resolution of the board of directors, and may include the Corporation's employees that meet requirements. In addition, not more than 1% shall be distributed as the remuneration of directors. The distribution of compensation and remuneration shall be reported in the shareholders' meeting. However, if the Corporation still has accumulated losses, the Corporation shall set aside a specific amount of retained earnings to cover the loss and then accrue the compensation and remuneration as mentioned above. The Corporation distributed the compensation of employees and remuneration of directors for 2020 and 2021 at the rates of 2% and 1%, respectively, of income exceeding a specified amount of pre-tax profit; the distributed amounts approved by the Corporation's board of directors in March 2021 and March 2022, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	$ 8,061	$ 3,900
Remuneration of directors	4,030	1,950

The difference between the amounts recognized and the amounts approved by Corporation's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

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

Information on the compensation of employees and remuneration of directors approved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follow:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 68,830	$ 39,146
Income tax on unappropriated earnings	-	7,101
Adjustments for prior years	(7,224)	(23)
	61,606	46,224
Deferred tax		
In respect of the current year	4,919	(5,395)
	$ 66,525	$ 40,829

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	$ 390,936	$ 189,157
Income tax expense calculated at the statutory rate	$ 78,187	$ 37,831
Tax-exempt income	(4,438)	(4,080)
Income tax on unappropriated earnings	-	7,101
Adjustments for prior years	(7,224)	(23)
	$ 66,525	$ 40,829

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Remeasurement of defined benefit plans	$ (188)	$ 72

c. Current tax liabilities

	For the Year Ended December 31	
	2021	2020
Current tax liabilities		
Income tax payable	$ 67,394	$ 46,245

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets				
Temporary differences				
Unrealized write-down of inventories	$ 3,265	$ 583	$ -	$ 3,848
Defined benefit plan	158	72	188	418
Unrealized exchange losses	1,575	(955)	-	620
Refund liabilities	4,761	(4,758)	-	3
Idle capacity	-	421	-	421
Others	-	511	-	511
	$ 9,759	$(4,126)	$ 188	$ 5,821
Deferred tax liabilities				
Temporary differences				
Defined benefit plan	$ 168	$ 183	$ -	$ 351
Unrealized exchange gains	144	610	-	754
	$ 312	$ 793	$ -	$ 1,105

For the Year Ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets				
Temporary differences				
Unrealized write-down of inventories	$ 2,918	$ 347	$ -	$ 3,265
Defined benefit plan	230	-	(72)	158
Unrealized exchange losses	2,261	(686)	-	1,575
Refund liabilities	-	4,761	-	4,761
	$ 5,409	$ 4,422	$ (72)	$ 9,759
Deferred tax liabilities				
Temporary differences				
Defined benefit plan	$ 168	$ -	$ -	$ 168
Unrealized exchange gains	1,117	(973)	-	144
	$ 1,285	$ (973)	$ -	$ 312

f. Income tax assessment

The Corporation's income tax returns through 2019 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Net profit for the year	$ 324,411	$ 148,328

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	83,000	94,333
Effect of potentially dilutive ordinary shares		
Compensation of employees	154	128
Weighted average number of ordinary shares used in the computation of diluted earnings per share	83,154	94,461

As of December 31, 2021, the conversion rights of the convertible bonds are not yet exercisable; therefore, they are not included in the calculation of diluted earnings per share.

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. NON-CASH TRANSACTIONS

For the years ended December 31, 2021 and 2020, the Corporation entered into the following non-cash investing activities that were not reflected in the statements of cash flows:

	For the Year Ended December 31	
	2021	2020
Increase in property, plant and equipment	$ 243,547	$ 849,951
Decrease in prepayments for equipment	(27,476)	(350,665)
Decrease in payables for equipment	35,242	18,326
Cash paid	$ 251,313	$ 517,612

28. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The key management personnel of the Corporation review the capital structure periodically, based on the condition of industry operations and future development of the Corporation, and consider the changes in the external environment. As part of the review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation adjusts the number of new shares issued and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial instruments at FVTPL				
Call option and put option of convertible bonds, net	$ -	$ -	$ 550	$ 550
Financial instruments at FVTOCI				
Equity instruments - domestic listed shares	$ 949,400	$ -	$ -	$ 949,400
Debt instrument - account receivable	-	-	345,434	345,434
	$ 949,400	$ -	$ 345,434	$ 1,294,834
December 31, 2020				
Financial instruments at FVTOCI				
Equity instruments - domestic listed shares	$ 587,623	$ -	$ -	$ 587,623
Debt instrument - account receivable	-	-	312,859	312,859
	$ 587,623	$ -	$ 312,859	$ 900,482

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments - For the year ended December 31, 2021

Reconciliation of the fair value measurements of the financial instruments at FVTPL was as follows:

	For the years ended December 31, 2021
Balance, beginning of the year	$ -
Purchases	650
Recognized in profit or loss	(100)
Balance, end of the year	$ 550

3) Valuation techniques and inputs applied for fair value measurement

The Corporation uses the market price quotations as fair value inputs (level 1). The market price of the listed shares is the closing price of the shares on the Taiwan Stock Exchange.

The Corporation considers that the impact of discounting accounts receivable classified as at FVTOCI is immaterial; hence, the fair value is measured according to the book value (level 3).

The fair value of derivative assets - convertible bonds redemption rights and sell-back rights is measured using the binominal tree model (level 3) by using the significant but unobservable input - fluctuation of stock price. When the fluctuation of stock price increases, the fair value is deemed to increase.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets mandatorily classified as at FVTPL	$ 550	$ -
Financial assets at FVTOCI - debt instruments	345,434	312,859
Financial assets at FVTOCI - equity instruments	949,400	587,623
Financial assets at amortized cost (Note 1)	757,548	357,600
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	1,850,529	1,737,116

Note 1: The balances included financial assets at amortized cost, which comprise cash, accounts receivable (including related parties), other receivables, other financial assets (including current and non-current portion) and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise long-term and short-term borrowings, accounts payable, other payables, bonds payable, and guarantee deposits.

d. Financial risk management objectives and policies

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

The significant financial activities of the Corporation are reviewed by the board of directors in accordance with relevant regulations and internal controls. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

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

a) Foreign currency risk

The Corporation was exposed to foreign currency risk due to sales and purchases denominated in foreign currencies. Exchange rate exposures were managed by natural hedges of foreign deposits, foreign exchange forward contracts, foreign borrowings or the same category of foreign currency right and debts from transaction.

For the carrying amounts of the Corporation's non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 34.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY. The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar against the USD and JPY. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

The sensitivity analysis included only outstanding foreign currency denominated monetary items as follows:

	Sensitivity Analysis			
	For the Year Ended December 31, 2021		**For the Year Ended December 31, 2020**	
	Magnitude of change (%)	**Impact on Profit or Loss**	**Magnitude of change (%)**	**Impact on Profit or Loss**
Profit before income tax (Note)				
USD: NTD	1	$ (6,271)	1	$ (4,219)
JPY: NTD	1	191	1	1,096

Note: This was mainly attributable to the exposure on outstanding cash, accounts receivable (including related parties), accounts payable and other payables in USD and JPY which were not hedged at the balance sheet date.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Sales in U.S. dollar will fluctuate according to the terms of contracts and business cycle.

b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Corporation' financial assets and liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial liabilities	$ 585,243	$ 485,501
Cash flow interest rate risk		
Financial assets	665,393	306,369
Financial liabilities	945,013	896,605

The sensitivity analysis below was determined based on the Corporation's exposure to financial instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the balance sheet date were outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been higher/lower by 1% and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by NT$9,450 thousand and NT$8,966 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in domestic listed shares. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2021 and 2020 would have increased/decreased by NT$9,494 thousand and NT$5,876 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As of the balance sheet date, the Corporation's maximum exposure to credit risk is the carrying amount of the financial assets on the balance sheets.

Business units grant credit amounts according to their experience in various credit transactions, and monitor customer payment situations regularly. The Corporation does not expect significant credit risk because the counterparties are creditworthy financial institutions. In recent years, the actual occurrence of bad debts is very rare, and therefore no significant credit risk is expected.

Counterparties of accounts receivable are concentrated in a number of significant customers. They are mostly engaged in commercial activities, and have similar economic characteristics and similar abilities to fulfill contracts affected by the economic or other conditions. The receivables with significant credit risk were as follows:

Customer	December 31 2021	December 31 2020
Novatek Microelectronics Corp.	$ 184,434	$ 118,582
Himax Technologies, Inc	83,269	109,335
Raydium Semiconductor Corp.	77,731	84,942
Chang Wah Electromaterials Inc.	43,494	23,893
	$ 388,928	$ 336,752

3) Liquidity risk

The management of the Corporation continuously monitor the movements of cash flows, net cash position and the utilization of bank loan commitments to control the proportion of long-term and short-term bank loans and ensure compliance with loan covenants.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Corporation's unused credit facilities were NT$2,556,990 thousand and NT$2,448,440 thousand, respectively.

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	Less than 1 Year	1-5 Years	Over 5 Years	Total
December 31, 2021				
Long-term borrowings (including current portion)	$ 10,645	$ 931,548	$ 30,347	$ 972,540
Accounts payable	167,231	-	-	167,231
Other payables	256,823	-	-	256,823
Bonds payable	-	500,000	-	500,000
Lease liabilities (including current and non-current portion)	20,965	82,434	7,886	111,285
Refund liabilities	14	-	-	14
Guarantee deposits	-	250	-	250
	$ 455,678	$ 1,514,232	$ 38,233	$ 2,008,143

(Continued)

December 31, 2020	Less than 1 Year	1-5 Years	Over 5 Years	Total
Short-term borrowings	$ 230,300	$ -	$ -	$ 230,300
Long-term borrowings (including current portion)	70,633	778,577	212,899	1,062,109
Accounts payable	205,645	-	-	205,645
Other payables	271,483	-	-	271,483
Lease liabilities (including current and non-current portion)	20,965	82,884	28,401	132,250
Refund liabilities	23,804	-	-	23,804
Guarantee deposits	-	50	-	50
	$ 822,830	$ 861,511	$ 241,300	$ 1,925,641

(Concluded)

30. TRANSACTIONS WITH RELATED PARTIES

a. Related party names and relationships

Related Party Name	Relationship
Chang Wah Electromaterials Inc.	Key management personnel
ChipMOS Technology Inc.	Key management personnel
Chang Wah Technology Co., Ltd.	Other related party
Wan-Hsia Lee	Key management personnel
Mei-Hsueh Huang	Key management personnel

b. Operating revenues

	For the Year Ended December 31	
Related Party Category	2021	2020
Key management personnel	$ 204,184	$ 123,213

Sales to related parties were made at the prices and terms that were not significantly different from the transactions of non-related parties.

c. Purchase of goods

	For the Year Ended December 31	
Related Party Category	2021	2020
Key management personnel	$ 8,452	$ 6,803
Other related party	-	5
	$ 8,452	$ 6,808

Purchases from related parties were made at the prices and terms that were not significantly different from the transactions of non-related parties.

d. Remuneration of key management personnel

Remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31	
	2021	**2020**
Short-term employee benefits	$ 30,735	$ 30,173
Post-employment benefits	1,197	1,294
	$ 31,922	$ 31,467

e. Lease arrangement - the Corporation is lessee

The Corporation leases a building from Chang Wah Electromaterials Inc. under the agreement expiring on March 31, 2027, and the rent is paid monthly. As of December 31, 2021 and 2020, the lease liabilities recognized by the Corporation due to the above lease agreement were NT92,935 thousand and NT109,299 thousand respectively, which were listed under lease liabilities (including current and non-current portion).

f. Lease arrangement - the Corporation is lessor

The Corporation leases part of their buildings to Chang Wah Technology Co., Ltd. under the agreement for 2 years. The annual revenue amounted was NT$458 thousand for the year ended December 31, 2021.

g. Balance at period-end

Account Item	Related Party Category/Name	December 31 2021	December 31 2020
Accounts receivable - related parties	Chang Wah Electromaterials Inc.	$ 43,494	$ 23,893
Other receivables	Wan-Hsia Li (Note)	$ 1,000	$ 1,000
	Mei-Hsueh Huang (Note)	1,000	1,000
		$ 2,000	$ 2,000
Refundable deposits	Chang Wah Electromaterials Inc.	$ 1,575	$ 1,575
Accounts payable	Key management personnel	$ 1,303	$ 1,238
Other payables	Key management personnel	$ 1,575	$ 1,575
Guarantee deposits	Chang Wah Technology Co., Ltd.	$ 200	$ -

Note: Refers to the bail amount paid by the Corporation on behalf of the management for the criminal proceedings mentioned in Note 32.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the Government Research and Development Subsidy Project and Cooperative Education program:

	December 31	
	2021	2020
Pledged time deposits (classified as other financial assets - current)	$ 1,785	$ 1,785
Demand deposits (classified as other financial assets - non-current)	-	20,000
	$ 1,785	$ 21,785

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. The amount of the customs duties guarantee provided by the Corporation through bank credit guarantee is NT$25,000 thousand, and NT$17,912 thousand has been used.

b. The Corporation signed the contract for the purchase of property, plant and equipment with a total amount NT$442,407 thousand, of which NT$85,417 thousand had not been paid.

c. In March 2014, Chipbond Technology Corp. filed a criminal lawsuit against the Corporation for the breach of trade secrets. Subsequently, in September 2019, the criminal incidental civil lawsuit was made for requested compensation of damages amounting to NT$1,000,000 thousand. In August 2021, an additional claim was made for the amount of damages. The aforementioned case has not been adjudged by the court as of March 15, 2022. In September 2016, Chipbond Technology Corp. filed a civil lawsuit against the Corporation for infringement of business secrets. The main contents of the lawsuit include the prohibition on the use or disclosure of business secrets of Chipbond Technology Corp., the destruction of relevant files, the prohibition on the people involved in the case to serve the Corporation during a specific period of time, and the destruction of products that infringed business secrets. Chipbond Technology Corp. sought for an indemnification of NT$1,765,137 thousand. Based on the legal opinion issued by the Corporation's lawyers for the aforementioned litigation case, no significant adverse impact on the Corporation was concluded after the assessment of the lawyers. Therefore, the management of the Corporation believes that the lawsuit will not have a significant impact on the Corporation's business and financial position. The aforementioned case is not adjudged by the court as of March 15, 2022.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January 2022, the board of directors approved the investment of NT$280,000 thousand in Shing Zheng Investment Co., Ltd., holding 35% of the issued shares.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2021				
Financial assets				
Monetary items				
USD	$ 22,666	27.68	(USD:NTD)	$ 627,400
JPY	333,944	0.2405	(JPY:NTD)	80,313
Financial liabilities				
Monetary items				
JPY	413,488	0.2405	(JPY:NTD)	99,444
USD	10	27.68	(USD:NTD)	285
December 31, 2020				
Financial assets				
Monetary items				
USD	15,638	28.48	(USD:NTD)	445,376
JPY	156,414	0.2763	(JPY:NTD)	43,217
Financial liabilities				
Monetary items				
JPY	553,078	0.2763	(JPY:NTD)	152,816
USD	826	28.48	(USD:NTD)	23,514

Significant foreign currency exchange gains and losses were as follows:

Foreign Currency	Exchange Rate		Net foreign currency exchange gains (losses) (In Thousands of New Taiwan Dollars)
For the Year Ended December 31, 2021			
USD	27.68	(USD:NTD)	$ (16,720)
JPY	0.2405	(JPY:NTD)	24,954
			$ 8,234
For the Year Ended December 31, 2020			
USD	28.48	(USD:NTD)	$ (30,423)
JPY	0.2763	(JPY:NTD)	20,047
			$ (10,376)

35. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (Table 1)

4) Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital (Table 2)

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

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

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

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (Note 7)

b. Information on investees (None)

c. Information on investments in mainland China (None)

d. Information of major shareholders (Table 4)

36. SEGMENT INFORMATION

The chief operating decision maker regards the Corporation as a single reporting segment. Thus, the information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance regarded the Corporation information as a whole. Please refer to the content of this financial report for relevant information on the operating segment.

a. Revenue from major products and services

	For the year ended December 31	
	2021	**2020**
Sales of goods		
Flexible IC substrate - Chip on Film	$ 2,922,730	$ 2,596,534
Tooling revenue	80,115	50,299
Revenue from rendering of services	14	20
	$ 3,002,859	$ 2,646,853

b. Geographical information

The Corporation operates mainly in Taiwan.

The Corporation's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below:

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2021	**2020**	**2021**	**2020**
Taiwan	$ 1,677,284	$ 2,011,628	$ 2,493,333	$ 2,618,239
Asia	1,325,575	635,225	-	-
	$ 3,002,859	$ 2,646,853	$ 2,493,333	$ 2,618,239

Non-current assets exclude refundable deposits, deferred tax assets, financial instruments, net defined benefit assets and other non-current assets.

c. Information about major customers

	For the Year Ended December 31			
	2021		**2020**	
	Amount	**%**	**Amount**	**%**
Chipone (Hong Kong) Co., Limited	$ 662,960	22	$ 355,294	13
Novatek Microelectronics Corp.	556,273	19	779,696	29
Raydium Semiconductor Corp.	417,344	14	399,492	15
Himax Technologies, Inc	382,333	13	647,219	24
Hefei Tongfu Micro-Electrons Co., Ltd.	306,595	10	34,397	1
	$ 2,325,505	78	$ 2,216,098	82

TABLE 1

JMC Electronics Co., Ltd.

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock - ordinary shares							
	Chang Wah Electromaterials Inc.	Key management personnel	Financial assets at fair value through other comprehensive income - non-current	13,698,000	$ 532,852	1.99	$ 532,852	
	Chang Wah Technology Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income - non-current	3,921,000	409,745	1.08	409,745	
	Chipbond Technology Corp.	-	Financial assets at fair value through other comprehensive income - current	102,000	6,803	-	6,803	
					$ 949,400		$ 949,400	

JMC Electronics Co., Ltd.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 3)		Acquisition		Disposal				Ending Balance		Note
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount	
The Corporation	Stock - ordinary shares														
	Chang Wah Technology Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	Note 1	-	2,843,000	$ 170,012	2,677,000	$ 217,307	1,599,000	$ 153,976	$ 76,859	$ 77,117	3,921,000	$ 409,745	Note 2

Note 1: Acquired through the open market

Note 2: Gains and losses on disposal are directly transferred to retained earnings and are not reclassified to profit or loss; year-end amounts include unrealized gains or losses on financial assets.

Note 3: Beginning amount was classified at financial assets at fair value through other comprehensive income - current, and reclassified to non-current for the current year.

TABLE 3

JMC Electronics Co., Ltd.

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Corporation	Chang Wah Electromaterials Inc.	Key management personnel	Sales	$ (204,184)	(7)	Similar to normal commercial terms	Not significantly different	-	$ 43,494	10	

TABLE 4

JMC Electronics Co., Ltd.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chang Wah Electromaterials Inc	35,531,390	42.80
ChipMOS Technology Inc.	8,300,000	10.00

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STATEMENT 1

JMC Electronics Co., Ltd.

STATEMENT OF CASH
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Abstract	Amount
Bank deposits		
NTD deposits		
Demand deposits		$ 388,122
Foreign-currency deposits		
Demand deposits	USD 7,115,494.59 and JPY 333,943,752 (Note)	277,271
		665,393
Cash on hands		17
		$ 665,410

Note: USD:NTD=1:27.68

JPY:NTD=1:0.2405

STATEMENT 2

JMC Electronics Co., Ltd.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Marketable Securities	Number of Shares	Original Cost	Fair Value (Note)		Remark
			Unit Price (NT$)	Amount	
Domestic Listed Shares					
Chipbond Technology Corp.	102,000	$ 6,691	$ 66.7	$ 6,803	
Adjustment for valuation of financial asset.		112			
		$ 6,803			

Note: Fair value of listed shares is measured on the basis of the closing price on the balance sheet date.

STATEMENT 3

JMC Electronics Co., Ltd.

STATEMENT OF NET ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Customer Name	Amount	Remark
Related parties		
Chang Wah Electromaterials Inc.	$ 43,494	Sales
Non-related parties		
Novatek Microelectronics Corp.	$ 184,434	Sales
Himax Technologies, Inc.	83,269	Sales
Raydium Semiconductor Corp.	77,731	Sales
Others (Note)	41,516	Sales
	$ 386,950	

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 4

JMC Electronics Co., Ltd.

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Amount	Fair Value (Note)
Raw materials	$ 67,405	$ 70,028
Supplies	72,014	88,394
Finished goods	27,740	34,948
Work-in-process	62,808	128,387
	$ 229,967	$ 321,757

Note: Refer to Note 4 for the accounting policy used in determining net realizable value.

JMC Electronics Co., Ltd.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Beginning of the Year		Additions		Decrease		End of the Year		Guaranteed or
	Number of Shares	Fair Value	Number of Shares	Amount (Note 1)	Number of Shares	Amount (Note 2)	Number of Shares	Fair Value	Pledged as Collateral
Domestic listed shares									
Chang Wah Electromaterials Inc.	-	$ -	13,698,000	$ 532,852	-	$ -	13,698,000	$ 532,852	No
Chang Wah Technology Co., Ltd.	-	-	5,420,000	556,636	1,499,000	146,891	3,921,000	409,745	No
		$ -		$ 1,089,488		$ 146,891		$ 942,597	

Note 1: The additions for the year are due to increase in investment, reclassification and valuation adjustment.

Note 2: The decreases for the year are due to disposal and valuation adjustment.

JMC Electronics Co., Ltd.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance, Beginning of the Year	Additions	Decrease	Balance, End of the Year	Remark
Cost					
Land	$ 14,219	$ -	$ -	$ 14,219	
Buildings	142,155	-	-	142,155	
Total	156,374	$ -	$ -	156,374	
Accumulated depreciation					
Land	2,871	$ 1,419	$ -	4,290	
Buildings	34,214	17,512	-	51,726	
Total	37,085	$ 18,931	$ -	56,016	
	$ 119,289			$ 100,358	

STATEMENT 7

JMC Electronics Co., Ltd.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties	
Chang Wah Electromaterials Inc.	$ 1,303
Non-related parties	
Sumitomo Metal Mining Co., Ltd.	46,717
Eliting Technology Corp.	19,668
MEC Taiwan Co., Ltd.	11,123
Showa Denko International (Taiwan) Co., Ltd.	10,840
Unitech Technology Yeh Corp.	10,642
DDP Specialty Products Taiwan Co., Ltd.	8,369
Others (Note)	58,569
	165,928
	$ 167,231

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

JMC Electronics Co., Ltd.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Creditor	Contract Period and Repayment Method	Interest Rate (%)	Balance, End of the Year Current	Balance, End of the Year Over 1 Year	Balance, End of the Year Total	Pledged as Collateral	Remark
Bank loans							
Chang Hwa Commercial Bank	48 monthly installments due in January 2023	0.50	$ -	$ 168,838	$ 168,838	No	-
Chang Hwa Commercial Bank	33 monthly installments due in April 2024	0.50	-	53,057	53,057	No	-
Hua Nan Commercial Bank	24 monthly installments due in January 2023	0.45	-	68,317	68,317	No	-
Taishin Bank	48 monthly installments due in April 2023	0.45	-	71,017	71,017	No	-
Taishin Bank	48 monthly installments due in April 2023	0.45	-	141,925	141,925	No	-
Taishin Bank	48 monthly installments due in April 2023	0.45	-	40,384	40,384	No	-
Taishin Bank	48 monthly installments due in April 2023	0.45	-	14,771	14,771	No	-
Taishin Bank	48 monthly installments due in April 2023	0.45	-	49,235	49,235	No	-
Taishin Bank	48 monthly installments due in April 2023	0.45	-	837	837	No	-
Taishin Bank	48 monthly installments due in April 2023	0.45	-	40,343	40,343	No	-
CTBC Bank	48 monthly installments due in December 2022	0.45	3,958	183,717	187,675	No	-
CTBC Bank	48 monthly installments due in December 2022	0.45	771	35,776	36,547	No	-
CTBC Bank	48 monthly installments due in December 2022	0.45	1,521	70,546	72,067	No	-
			$ 6,250	$ 938,763	$ 945,013		

JMC Electronics Co., Ltd.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Abstract	Lease Term	Discount Rate (%)	Balance, End of the Year	Remark
Land	Note 1	2018.12.18-2028.12.17	2.4947	$ 10,281	Note 2
Buildings	Note 1	2017.04.01-2027.03.31	1.2-2.4947	93,750	Note 2
				$ 104,031	

Note 1: Refer to Note 13 for leasing activities and terms.

Note 2: The portion of lease liabilities due within one year has been classified as current liabilities.

STATEMENT 10

JMC Electronics Co., Ltd.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantity	Amount
Operating revenue		
Sales of goods		
Flexible IC substrate - Chip on Film	625,893,979 PCS	$ 2,922,730
Tooling revenue		80,115
Revenue from rendering of services		14
		$ 3,002,859

JMC Electronics Co., Ltd.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Direct raw materials consumed	
Raw materials, beginning of the year	$ 62,636
Raw materials purchased	707,735
Raw materials, end of the year	(67,405)
Others	(11,775)
Raw materials consumed	691,191
Direct labor	278,607
Manufacturing expense	1,412,406
Loss due to idle capacity	(56,702)
Manufacturing cost	2,325,502
Work in progress, beginning of the year	86,048
Work in progress, end of the year	(62,808)
	2,348,742
Finished goods, beginning of the year	24,098
Finished goods, end of the year	(27,740)
Costs of goods sold	2,345,100
Loss due to idle capacity	56,702
Income from sale of scraps	(648)
Write-down of supplies	2,600
Others	(364)
Operating costs	$ 2,403,390

Note: The amounts of beginning inventory and ending inventory are expressed net of write-down of inventories.

JMC Electronics Co., Ltd.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	$ 6,901	$ 67,008	$ 40,699	$ 114,608
Professional fees	568	39,631	-	40,199
Used materials	-	-	17,702	17,702
Freight	24,651	1	-	24,652
Insurance expense	810	2,990	4,573	8,373
Management service fee	-	6,555	-	6,555
Depreciation expense	9	4,550	595	5,154
Pension	362	1,067	2,083	3,512
Employee benefits	13	3,178	70	3,261
Repair cost	-	2,044	520	2,564
Others	915	8,272	2,705	11,892
	$ 34,229	$ 135,296	$ 68,947	$ 238,472

JMC Electronics Co., Ltd.

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Payroll expense						
Salaries	$ 332,253	$ 107,800	$ 440,053	$ 319,288	$ 88,276	$ 407,564
Labor and health insurance	37,965	8,330	46,295	34,767	7,660	42,427
Pension	8,966	3,512	12,478	9,078	3,460	12,538
Remuneration of directors	-	6,808	6,808	-	4,686	4,686
Others	766	3,443	4,209	809	2,913	3,722
	$ 379,950	$ 129,893	$ 509,843	$ 363,942	$ 106,995	$ 470,937
Depreciation	$ 335,447	$ 5,154	$ 340,601	$ 273,419	$ 3,026	$ 276,445
Amortization	26,571	1,694	28,265	45,792	1,497	47,289

1. As of December 31, 2021 and 2020, the Corporation had 865 and 894 employees (excluding temporary employees), respectively, which included 9 non-employee directors for both years.

2. Average employee benefit for the years ended December 31, 2021 and 2020 was $588 thousand and $527 thousand, respectively.

3. Average salary for the years ended December 31, 2021 and 2020 was $514 thousand and $461 thousand, respectively.

4. Change of average salary was 11%.

5. The Corporation does not have any supervisors.

6. The Corporation's remuneration and compensation policy (including directors, managers, and employees) is described as follows:

   Pursuant to the Company's Articles of Incorporation, the remuneration paid to the directors shall be submitted to the board of directors for resolution. The compensation of managers and employees is determined based on their personal performance and contribution to the Corporation, with reference to the industry standards. When deciding the remuneration based on its operating performance, the Corporation has fully considered its operating objectives, financial status, professional capabilities and responsibilities, and comprehensively analyzed future operating risks. Furthermore, the Corporation shall review the remuneration and compensation policy at any time under the actual operating situation and related laws to seek for a balance of the Corporation’s sustainability and risk control.