Greatek Electronics Inc.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Greatek Electronics Inc.

Opinion

We have audited the accompanying balance sheets of Greatek Electronics Inc. (the "Corporation") as of December 31, 2021 and 2020, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the 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 matters of the financial statements of the Corporation for the year ended December 31, 2021, are described as follows:

Contract assets and revenue recognition

1. The sales revenue is material to the Corporation. Please refer to Note 19 to the accompanying financial statements for details on sales revenue. The types of transactions include:

    1) Semiconductor assembly

    2) Semiconductor testing

    3) Wafer testing

2. Assembly services: Since the customers have ownership of the assets, assume significant risks and rewards of ownership of the assets, have the right to determine the disposal of the assets and can prevent the Corporation from obtaining the benefits of the assets, revenue should be recognized over time in accordance with the requirements of paragraph 35(b) of International Financial Reporting Standards No. 15.

3. Testing services: In accordance with the requirements of paragraph 35(a) of International Financial Reporting Standards No. 15. As the Corporation conducts testing services, the customers obtain and consume the benefits provided by the Corporation’s testing services at the same time. Therefore, revenue should also be recognized over time as well.

4. The Corporation recognizes the contract assets and revenue of assembly and testing services at the end of each month based on the completion schedule. Since the above-mentioned process includes estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly as a result of human error.

5. We reviewed the Corporation’s revenue recognition policy, assessed the reasonableness of its contract assets and revenue recognition, and confirmed against relevant supporting documents and accounts records to verify the accuracy of the monetary amounts of contract assets and revenue recognition.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yu-Feng Huang and Cheng-Chih Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

Notice to Readers

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. The English version have not audited by Deloitte & Touche. 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.

GREATEK ELECTRONICS INC.

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

ASSETS	2021 Amount	2021 %	2020 Amount	2020 %
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 4,047,129	15	$ 3,934,707	18
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	80,945	-	129,296	1
Financial assets at amortized cost - current (Notes 4, 5 and 9)	400,000	2	300,000	1
Contract assets - current (Notes 4, 19 and 25)	896,128	3	648,393	3
Notes receivable (Notes 4, 5, 10 and 19)	155,411	1	119,529	-
Accounts receivable (Notes 4, 5, 10 and 19)	3,755,162	14	3,051,269	14
Receivables from related parties (Notes 4, 5, 19 and 25)	435,798	2	350,627	2
Inventories (Notes 4 and 11)	1,363,541	5	772,626	4
Prepaid expenses and other current assets (Notes 4, 15 and 25)	219,755	1	138,020	1
Total current assets	11,353,869	43	9,444,467	44
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	977,000	4	585,533	3
Financial assets at amortized cost - noncurrent (Notes 4, 5 and 9)	100,000	-	500,001	2
Property, plant and equipment (Notes 4, 12 and 25)	13,872,740	52	10,799,817	50
Right-of-use assets (Notes 4 and 13)	8,109	-	9,385	-
Intangible assets (Notes 4 and 14)	53,473	-	63,037	-
Deferred income tax assets (Notes 4 and 21)	25,039	-	39,186	-
Other noncurrent assets (Notes 4, 15 and 26)	115,853	1	90,698	1
Total non-current assets	15,152,214	57	12,087,657	56
TOTAL	$ 26,506,083	100	$ 21,532,124	100

LIABILITIES AND EQUITY	2021 Amount	2021 %	2020 Amount	2020 %
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4, 5 and 7)	$ -	-	$ 5	-
Contract liabilities - current (Notes 4 and 19)	164,824	1	56,676	-
Notes payable	3,346	-	3,535	-
Accounts payable (Note 25)	1,390,380	5	957,905	4
Payables to equipment suppliers (Note 25)	870,822	3	320,723	2
Accrued compensation to employees and remuneration to directors (Notes 4 and 20)	758,441	3	431,294	2
Current income tax liabilities (Notes 4 and 21)	802,962	3	448,165	2
Lease liabilities - current (Notes 4 and 13)	1,250	-	1,229	-
Accrued expenses and other current liabilities (Notes 4, 16 and 25)	1,419,439	5	1,043,124	5
Total current liabilities	5,411,464	20	3,262,656	15
NON-CURRENT LIABILITIES				
Deferred income tax liabilities (Notes 4 and 21)	6,189	-	5,858	-
Lease liabilities - noncurrent (Notes 4 and 13)	7,061	-	8,311	-
Guarantee deposits	16	-	16	-
Net defined benefit liability - noncurrent (Notes 4 and 17)	251,448	1	258,564	1
Total non-current liabilities	264,714	1	272,749	1
Total liabilities	5,676,178	21	3,535,405	16
EQUITY (Notes 4, 18 and 23)				
Capital stock				
Common stock	5,688,459	22	5,688,459	27
Capital surplus	2,282	-	2,154	-
Retained earnings				
Legal reserve	3,524,620	13	3,260,735	15
Unappropriated earnings	11,570,060	44	8,994,310	42
Other equity	44,484	-	51,061	-
Total equity	20,829,905	79	17,996,719	84
TOTAL	$ 26,506,083	100	$ 21,532,124	100

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

GREATEK ELECTRONICS INC.

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
NET SALES (Notes 4, 5, 19, 25 and 29)	$ 19,461,143	100	$ 14,701,682	100
OPERATING COSTS (Notes 11, 17, 20 and 25)	13,191,441	68	10,892,042	74
GROSS PROFIT	6,269,702	32	3,809,640	26
OPERATING EXPENSES (Notes 17, 20 and 25)				
Selling and marketing	73,665	-	57,773	-
General and administrative	312,982	2	217,439	2
Research and development	287,002	1	232,009	2
Expected credit (gain) loss	(51,037)	-	56,326	-
Total operating expenses	622,612	3	563,547	4
OPERATING INCOME	5,647,090	29	3,246,093	22
NONOPERATING INCOME AND EXPENSES (Notes 4 and 20)				
Interest income	21,407	-	27,811	-
Other income	89,717	1	68,545	-
Other gains and losses	(8,540)	-	(39,198)	-
Total nonoperating income and expenses	102,584	1	57,158	-
INCOME BEFORE INCOME TAX	5,749,674	30	3,303,251	22
INCOME TAX EXPENSE (Notes 4 and 21)	1,146,912	6	640,940	4
NET INCOME	4,602,762	24	2,662,311	18
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income (Notes 4 and 18)	(6,577)	-	11,420	-
Remeasurement of defined benefit plans (Notes 4 and 17)	295	-	(23,453)	-
	(6,282)	-	(12,033)	-
TOTAL COMPREHENSIVE INCOME	$ 4,596,480	24	$ 2,650,278	18
EARNINGS PER SHARE (Note 22)				
Basic	$ 8.09		$ 4.68	
Diluted	$ 7.97		$ 4.62	

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

GREATEK ELECTRONICS INC.

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

	Share Capital Issued and Outstanding			Retained Earnings			Other Equity	
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE, JANUARY 1, 2020	568,846	$ 5,688,459	$ 1,997	$ 3,072,210	$ 46,429	$ 7,805,894	$ 39,641	$ 16,654,630
APPROPRIATION OF 2019 EARNINGS								
Legal reserve	-	-	-	188,525	-	(188,525)	-	-
Special reserve	-	-	-	-	(46,429)	46,429	-	-
Cash dividends to shareholders - NT$2.3 per share	-	-	-	-	-	(1,308,346)	-	(1,308,346)
Capital surplus - donations from shareholders	-	-	157	-	-	-	-	157
Net income for the year ended December 31, 2020	-	-	-	-	-	2,662,311	-	2,662,311
Other comprehensive income (loss) for the year ended December 31, 2020 , net of income tax	-	-	-	-	-	(23,453)	11,420	(12,033)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,885,248	86,070	1,971,318
BALANCE, DECEMBER 31, 2020	568,846	5,688,459	2,154	3,260,735	-	8,994,310	51,061	17,996,719
APPROPRIATION OF 2020 EARNINGS								
Legal reserve	-	-	-	263,885	-	(263,885)	-	-
Cash dividends to shareholders - NT$3.1 per share	-	-	-	-	-	(1,763,422)	-	(1,763,422)
Capital surplus - donations from shareholders	-	-	128	-	-	-	-	128
Net income for the year ended December 31, 2021	-	-	-	-	-	4,602,762	-	4,602,762
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	295	(6,577)	(6,282)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	4,603,057	(6,577)	4,596,480
BALANCE, DECEMBER 31, 2021	568,846	$ 5,688,459	$ 2,282	$ 3,524,620	$ -	$ 11,570,060	$ 44,484	$ 20,829,905

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

GREATEK ELECTRONICS INC.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	$ 5,749,674	$ 3,303,251
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	2,899,102	2,602,104
Amortization	28,337	27,599
Expected credit (gain) loss recognized on accounts receivables	(51,037)	56,326
Net gain on fair value change of financial instruments designated as at fair value through profit or loss	(22,144)	(25,807)
Finance costs	151	175
Premium amortization of financial assets at amortized cost	1	390
Interest income	(21,407)	(27,811)
Dividend income	(39,445)	(21,375)
Net gain on disposal of property, plant and equipment	(819)	(262)
Recognition of inventory valuation and obsolescence losses	21,516	9,919
Net loss on foreign currency exchange	8,652	20,981
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	70,490	(49,289)
Increase in contract assets	(247,735)	(85,789)
Increase in notes receivable	(35,882)	(56,012)
Increase in accounts receivable	(646,692)	(447,664)
Increase in accounts receivable from related parties	(85,171)	(12,504)
Increase in inventories	(612,431)	(249,169)
Increase in prepaid expenses and other current assets	(83,168)	(27,108)
Increase in contract liabilities	108,148	6,336
Decrease in notes payable	(189)	(4,741)
Increase in accounts payable	432,965	150,777
Increase in accrued compensation to employees and remuneration to directors	327,147	115,801
Increase in accrued expenses and other accounts payable	376,315	226,143
Decrease in net defined benefit liability	(6,821)	(5,540)
Cash generated from operations	8,169,557	5,506,731
Interest received	22,840	29,651
Interest paid	(151)	(175)
Income tax paid	(777,637)	(446,772)
Net cash provided by operating activities	7,414,609	5,089,435

(Continued)

GREATEK ELECTRONICS INC.

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

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (398,044)	$ (309,643)
Purchase of financial assets at amortized cost		-
Proceeds from financial assets at amortized cost	300,000	250,000
Acquisition of property, plant and equipment	(5,419,052)	(3,389,660)
Disposal of property, plant and equipment	1,077	925
Increase in refundable deposits	(155)	(93)
Increase in intangible assets	(18,773)	(5,288)
Increase in other non-current assets	(25,000)	-
Dividend received	39,445	21,375
Net cash used in investing activities	(5,520,502)	(3,432,384)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(1,229)	(1,208)
Cash dividends distributed	(1,763,422)	(1,308,346)
Donations from shareholders	128	157
Net cash used in financing activities	(1,764,523)	(1,309,397)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(17,162)	(31,410)
NET INCREASE IN CASH AND CASH EQUIVALENTS	112,422	316,244
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,934,707	3,618,463
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,047,129	$ 3,934,707

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

GREATEK ELECTRONICS INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Greatek Electronics Inc. (the “Corporation” or “Greatek”) was incorporated in the Republic of China (“ROC”) on March 7, 1983. The Corporation mainly provides semiconductor assembly and testing services on a turnkey basis.

The Corporation’s shares have been listed on the Taiwan Stock Exchange (TSE) on October 26, 2000.

Powertech Technology Inc. (PTI) acquired Greatek’s 44.09% ownership, pursuant to Greatek’s board approval on December 21, 2011. On the reelection of the directors and supervisors of Greatek, PTI holds a majority of the directors seats and become parent. PTI has 42.91% ownership of Greatek as of December 31, 2021 and 2020.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved to the Board of Directors and issued on February 25, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED 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 initial application of the IFRSs endorsed and issued into effect by the FSC did not have 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.

Except for the above impact, 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.

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 IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

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

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

Except for the above impact, 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 POLICY

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 which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an 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 twelve months after the reporting period; and

3) Cash.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, and

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

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

d. Foreign currencies

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar. In preparing the financial statements, transactions in currencies other than the Corporation’s functional currency (foreign currencies) are recognized at the exchange rates of Customs in every ten days. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences are therefore recognized as profit or loss in the current financial year. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Except for the exchange differences on transactions entered into in hedging against certain foreign currency risks, exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Corporation similar or related items. 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.

f. Property, plant, and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.
Freehold land is not depreciated.

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

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

g. Intangible assets

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

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

h. Impairment of tangible and intangible assets other than goodwill and assets related to contract costs

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

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.

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

i. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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 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 category

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

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 24.

ii. Financial assets at amortized cost

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

i) The financial asset is 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (included related parties), other receivables (included related parties), pledged time deposits 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 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.

iii. 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 and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Corporation always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivable and contract assets. 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 the 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 a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

c) Derecognition of financial assets

The 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 which 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, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 24.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

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. Provisions

Provisions, including those arising from contractual obligation specified in service concession arrangement to maintain or restore infrastructure before it is handed over to the grantor, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions, including Indemnification payable, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

k. Revenue recognition

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

Revenue from services

When the Corporation fulfilled the assembly service contract, the customer controls the goods when they are created or enhanced, the Corporation has the right to perform the collection if partial of the assembly service contract have been fulfilled, and the revenue from assembly service is recognized over time. When the Corporation fulfilled the testing service contract, the customer simultaneously receives and consumes the benefits provided by the Corporation’s performance, the Corporation has the right to perform the collection if partial of the testing service contract have been fulfilled, and the revenue from testing service is recognized over time. A contract asset is recognized during the process of semiconductor assembling and testing, and is reclassified to accounts receivable at the point the bills were issued. It is recognized as contract asset until the Corporation satisfies its performance.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leasing

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 (less any lease incentives payable) 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 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.

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

Lease liabilities are initially measured at the present value of the lease payments. 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 Corporation uses the lessee's incremental borrowing rate.

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

m. Government grants

Government grants are recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received.

The grants are recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, should be recognized as income in the period in which it is receivable.

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 service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service 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 liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling 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 liability (asset) represents the actual deficit (surplus) in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences 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 asset 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 liability is settled or the asset 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 tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimations 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 economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

Critical Accounting Judgements

a. Business model assessment for financial assets

The Corporation determines the business model at a level that reflects how Corporations of financial assets are managed together to achieve a particular business objective. This assessment includes judgment about all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Corporation monitors financial assets measured at amortized cost, the Corporation understands the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in the business model such that a prospective change to the classification of those assets is proper.

b. Revenue recognition

Note 4 (11) describes that the Corporation identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable and investments in debt instruments is based on assumptions about risk of default and expected loss rates. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Corporation's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Fair value measurements and valuation processes

For the Corporation's assets and liabilities measured at fair value that have no quoted prices in an active market, the Corporation should determine whether to engage third party qualified valuers and to determine the appropriate valuation techniques for fair value measurement.

Information about the valuation techniques and inputs used in determining the fair values of various assets and liabilities is disclosed in Note 24.

6. CASH

	December 31	
	2021	2020
Bank deposits	$ 4,047,129	$ 3,934,707

The market rate intervals at the end of the reporting period were as follows:

	December 31	
	2021	2020
Bank deposits	0.05%-0.765%	0.06%-0.765%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets at FVTPL - current		
Financial assets held for trading - current		
Non-derivative financial assets		
Mutual funds	$ 79,200	$ 125,900
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	1,745	3,396
	$ 80,945	$ 129,296
Financial liabilities at FVTPL - current		
Financial liabilities held for trading - current		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 5

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amounts (In Thousands)
December 31, 2021			
Sell forward exchange contracts	USD to NTD	2022.01.11-2022.03.16	USD 11,400 / NTD316,867
December 31, 2020			
Sell forward exchange contracts	USD to NTD	2021.01.12-2021.03.16	USD 10,900 / NTD309,518

The Corporation entered into foreign exchange forward contracts during the 2021 and 2020 to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Noncurrent		
Domestic investments		
Listed shares		
Ordinary shares - Powertech Technology Inc.	$ 977,000	$ 585,533

These investments in equity instruments 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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Domestic investments		
Corporate bonds - P06 Taiwan Power Company 1A Bond	$ 300,000	$ -
Corporate bonds - P06 Taiwan Power Company 3A Bond	50,000	50,000
Corporate bonds - P06 FPC 1A Bond	50,000	50,000
Corporate bonds - P07 Taiwan Power Company 1A Bond	-	200,000
	$ 400,000	$ 300,000
Noncurrent		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	$ 100,000	$ 100,001
Corporate bonds - P06 Taiwan Power Company 3A Bond	-	50,000
Corporate bonds - P06 Taiwan Power Company 1A Bond	-	300,000
Corporate bonds - P06 FPC 1A Bond	-	50,000
	$ 100,000	$ 500,001

On April 21, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 1.13% at premium value $300,002 thousand (par value $300,000 thousand), and a maturity date of April 21, 2022.

On May 19, 2017, the Corporation bought corporate bonds issued by Formosa Plastics Corporation with an effective interest rate of 1.09% at par value $100,000 thousand, and maturity dates of May 19, 2021 and 2022, at par value of $50,000 thousand, respectively.

On December 15, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.88% at par value $100,000 thousand, and maturity dates of December 15, 2021 and 2022, at par value of $50,000 thousand, respectively.

On May 14, 2018, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.70% at premium value $200,001 thousand (par value $200,000 thousand), and a maturity date of May 14, 2021.

On September 12, 2019, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.72% at par value $100,000 thousand, and maturity dates of September 12, 2023 and 2024, at par value of $50,000 thousand, respectively.

Refer to Note 24 for information relating to their credit risk management and impairment.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2021	**2020**
Notes receivable		
At amortized cost		
Gross carrying amount	$ 155,411	$ 119,529
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 3,815,331	$ 3,077,194
Less: Allowance for impairment loss	(60,169)	(25,925)
	$ 3,755,162	$ 3,051,269

The average credit period of sales of goods was 60-90 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Corporation's historical credit loss experience indicates different loss patterns for different customer segments, the provision for loss allowance based on past due status is therefore further distinguished according to the Corporation's different customer base.

The Corporation writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables 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.

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

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$ 3,761,071	$ 52,314	$ 1,411	$ 535	$ -	$ 3,815,331
Loss allowance (Lifetime ECL)	(5,909)	(52,314)	(1,411)	(535)	-	(60,169)
Amortized cost	$ 3,755,162	$ -	$ -	$ -	$ -	$ 3,755,169

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$ 3,018,248	$ 46,074	$ 7,162	$ 4,657	$ 1,053	$ 3,077,194
Loss allowance (Lifetime ECL)	(4,292)	(14,171)	(4,499)	(2,941)	(22)	(25,925)
Amortized cost	$ 3,013,956	$ 31,903	$ 2,663	$ 1,716	$ 1,031	$ 3,051,269

The movements of the loss allowance of accounts receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 25,925	$ 54,880
Add: Amounts recovered	85,281	-
Add: Impairment loss	-	56,326
Less: Amounts written off	-	(85,281)
Less: Net remeasurement of loss allowance	(51,037)	-
Balance at December 31	$ 60,169	$ 25,925

11. INVENTORIES

	December 31	
	2021	2020
Raw materials	$1,170,074	$ 663,156
Supplies	193,467	109,470
	$1,363,541	$ 772,626

The costs of inventories recognized as cost of goods sold were as follows:

	For the Year Ended December 31	
	2021	2020
Provision of inventory valuation and obsolescence losses	$ 21,516	$ 9,919
Unallocated overheads	$ 128,721	$ 176,069
Sales of scrapes	$ (82,693)	$ (56,274)
Operating Costs	$ 13,191,441	$ 10,892,042

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2020									
	Land	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation	Construction in Progress	Spare Parts	Total
Cost										
Balance, beginning of year	$ 1,316,801	$ 3,805,315	$17,065,439	$ 16,714	$ 77,600	$ 463,389	$ 607,075	$ 5,983	$ 145,266	$23,503,582
Additions	-	27,423	2,103,894	1,500	21,444	18,692	595,060	79,764	502,542	3,350,319
Disposals	-	-	(950,010)	-	(11)	-	-	-	(458,415)	(1,408,436)
Reclassified	-	5,983	585,175	-	190	647	(590,692)	(5,983)	-	(4,680)
Balance, end of year	1,316,801	3,838,721	18,804,498	18,214	99,223	482,728	611,443	79,764	189,393	25,440,785
Accumulated depreciation										
Balance, beginning of year	-	1,748,897	11,335,333	9,001	46,878	307,804	-	-	-	13,447,913
Additions	-	254,438	1,826,951	2,067	11,110	47,847	-	-	458,415	2,600,828
Disposals	-	-	(949,347)	-	(11)	-	-	-	(458,415)	(1,407,773)
Balance, end of year	-	2,003,335	12,212,937	11,068	57,977	355,651	-	-	-	14,640,968
Net book value, end of year	$ 1,316,801	$ 1,835,386	$ 6,591,561	$ 7,146	$ 41,246	$ 127,077	$ 611,443	$ 79,764	$ 189,393	$10,799,817

	For the Year Ended December 31, 2021									
	Land	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation	Construction in Progress	Spare Parts	Total
Cost										
Balance, beginning of year	$ 1,316,801	$ 3,838,721	$18,804,498	$ 18,214	$ 99,223	$ 482,728	$ 611,443	$ 79,764	$ 189,393	$25,440,785
Additions	560,535	49,234	2,326,256	3,229	23,624	56,348	875,085	1,495,178	581,518	5,971,007
Disposals	-	-	(1,797,906)	(2,365)	(445)	-	-	-	(511,504)	(2,312,220)
Reclassified	-	78,220	604,150	1,620	-	-	(610,666)	(73,324)	-	-
Balance, end of year	1,877,336	3,966,175	19,936,998	20,698	122,402	539,076	875,862	1,501,618	259,407	29,099,572
Accumulated depreciation										
Balance, beginning of year	-	2,003,335	12,212,937	11,068	57,977	355,651	-	-	-	14,640,968
Additions	-	233,518	2,089,543	2,889	13,719	46,653	-	-	511,504	2,897,826
Disposals	-	-	(1,797,648)	(2,365)	(445)	-	-	-	(511,504)	(2,311,962)
Balance, end of year	-	2,236,853	12,504,832	11,592	71,251	402,304	-	-	-	15,226,832
Net book value, end of year	$ 1,877,336	$ 1,729,322	$ 7,432,166	$ 9,106	$ 51,151	$ 136,772	$ 875,862	$ 1,501,618	$ 259,407	$13,872,740

The above items of property, plant and equipment were depreciated on a straight-line basis at the following years:

Buildings	
Main plants	26 years
Mechanical and electrical power equipment	6-11 years
Others	6-51 years
Machinery and equipment	2-10 years
Transportation equipment	6 years
Office equipment	3-7 years
Other equipment	2-16 years
Spare parts	0.5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Machinery and Equipment	$ 8,109	$ 9,385

	For the Year Ended December 31	
	2021	2020
Depreciation charge for right-of-use assets		
Machinery and Equipment	$ 1,276	$ 1,276

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amounts		
Current	$ 1,250	$ 1,229
Non-current	$ 7,061	$ 8,311

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	**2020**
Machinery and equipment	1.695%	1.695%

c. Material lease-in activities and terms

The Corporation leases certain machinery equipment for the use of assembly and testing service with lease terms of 14 years. The Corporation has no options to purchase the equipment for a nominal amount at the end of the lease terms.

14. INTANGIBLE ASSETS

	For the Year Ended December 31, 2020
	Computer Software
Cost	
Balance, beginning of year	$142,976
Additions	5,288
Disposals	(12,698)
Reclassifications	4,680
Balance, end of year	140,246
Accumulated amortization	
Balance, beginning of year	$ 62,308
Additions	27,599
Disposals	(12,698)
Balance, end of year	77,209
Net book value, end of year	$ 63,037

	For the Year Ended December 31, 2021
	Computer Software
Cost	
Balance, beginning of year	$140,246
Additions	18,773
Disposals	(11,864)
Balance, end of year	147,155
Accumulated amortization	
Balance, beginning of year	$ 77,209
Additions	28,337
Disposals	(11,864)
Balance, end of year	93,682
Net book value, end of year	$ 53,473

Computer software was amortized on a straight-line basis at 5 years.

15. OTHER ASSETS

	December 31	
	2021	2020
Current		
Tax refund receivables	$	$ 37,876
Inventory of supplies	33,382	27,844
Tax overpaid	138,409	27,813
Other receivables	24,745	19,795
prepayments in advance	3,797	7,911
Others (a)	19,422	16,781
	$ 219,755	$ 138,020
Non-current		
Pledged deposits (b)	$ 108,700	$ 83,700
Refundable deposits	7,153	6,998
	$ 115,853	$ 90,698

a. Other current assets include prepaid insurances, advance payments, interest receivable, and prepaid rents.

b. Pledge deposits are guarantee deposits for domestic sales and gas volume in CPC Corporation.

16. OTHER LIABILITIES

	December 31	
	2021	2020
Current		
Accrued expenses		
Bonus	$ 866,785	$ 565,119
Indemnification payable	133,487	111,883
Labor and health insurance	64,796	50,313
Utilities	37,576	33,481
Others (a)	276,481	247,860
	1,379,125	1,008,656
Other current liabilities		
Behalf of the collection	28,815	27,453
Temporary receipts	11,499	7,015
	40,314	34,468
	$ 1,419,439	$ 1,043,124

a. Other accrued expenses include accrued benefit retirement, services, utilization of the foreign employment security, and spare parts.

Indemnification payable are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law which is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the 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
Present value of funded defined benefit obligation	$ 461,939	$ 465,709
Fair value of plan assets	(210,491)	(207,145)
Net defined benefit liability	$ 251,448	$ 258,564

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2020	$ 440,532	$ (199,881)	$ 240,651
Service cost			
Current service cost	1,093	-	1,093
Net interest expense (income)	3,524	(1,599)	1,925
Recognized in profit or loss	4,617	(1,599)	3,018
Remeasurement			
Actuarial loss - changes in financial assumptions	21,262	-	21,262
Actuarial loss(gain) - experience adjustments	8,851	(6,660)	2,191
Recognized in other comprehensive income	30,113	(6,660)	23,453
Contributions from the employer	-	(8,558)	(8,558)
Benefits paid	(9,553)	9,553	-
Balance at December 31, 2020	465,709	(207,145)	258,564
Service cost			
Current service cost	870	-	870
Net interest expense (income)	1,863	(829)	1,034
Recognized in profit or loss	2,733	(829)	1,904
Remeasurement			
Actuarial loss(gain) - experience adjustments	18,207	(2,983)	15,224
Actuarial loss - changes in human assumptions	474	-	474
Actuarial (gain)- changes in financial assumptions	(15,993)	-	(15,993)
Recognized in other comprehensive income	2,688	(2,983)	(295)
Contributions from the employer	-	(8,725)	(8,725)
Benefits paid	(9,191)	9,191	-
Balance at December 31, 2021	$ 461,939	$ (210,491)	$ 251,448

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	$ 1,743	$ 2,752
Selling and marketing expenses	$ 19	$ 30
General and administrative expenses	$ 48	$ 78
Research and development expenses	$ 94	$ 158

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

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

2) Interest risk: A decrease in the government/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 reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rates	0.70%	0.40%
Expected rates of salary increase	2.95%	2.95%
Mortality rate	Taiwan's life insurance industry Mining parent 5th round experience life table	Taiwan's life insurance industry Mining parent 5th round experience life table
Return on plan assets	0.70%	0.40%

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(s)		
0.25% increase	$ (12,409)	$ (13,446)
0.25% decrease	$ 12,884	$ 13,988
Expected rate(s) of salary increase		
0.25% increase	$ 11,439	$ 12,462
0.25% decrease	$ (11,100)	$ (12,071)

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	$ 8,850	$ 8,717
The average duration of the defined benefit obligation	11 years	12 years

18. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Numbers of shares authorized (in thousands)	600,000	600,000
Shares authorized	$ 6,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands)	568,846	568,846
Shares issued	$ 5,688,459	$ 5,688,459

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

There are 20,000 thousand shares reserved for employee stock options.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Share premium	$ 1,647	$ 1,647
May be used to offset a deficit only		
Donations from shareholders	635	507
	$ 2,282	$ 2,154

The premium from shares issued in excess of par and donations from shareholders 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 capital (limited to a certain percentage of the Corporation's capital surplus and once a year). The capital surplus from employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, the Corporation should make appropriations from its net income in the following order:

1) Deducted for accumulated deficits. (include current year's adjusted undistributed earnings)

2) Appropriate the 10% as the legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply.

3) Appropriate or reverse the special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.

4) The board of directors will draft a resolution declaring a dividend equaling the sum of previous years' surpluses and current year's adjusted undistributed earnings, less previous expense balances. The shareholders will ultimately decide whether the amount should be distributed as dividends or retained within the Corporation.

For information on the accrued employees' compensation and remuneration to directors and the actual appropriations, please refer to the employee benefit expense shown in Note 20 (f).

Dividends are distributed in the form of cash, common shares or a combination of cash and common shares. In consideration of the Corporation's being in a capital-intensive industry as well as the long-term development, overall environment, industrial growth characteristics, capital demand, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, the Corporation's Articles of Incorporation provide that the total of cash dividends paid in any given year should be at least 30% of total dividends distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's capital surplus. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's capital surplus, the excess may be transferred to capital or distributed in cash.

The Corporation appropriates or reverses a special reserve in accordance with Rule No.1010012865 issued by the FSC.

The appropriations of earnings for 2020 and 2019 had been approved in the shareholders' meetings on July 21, 2021 and May 27, 2020, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share ($)**	
	For Year 2020	**For Year 2019**	**For Year 2020**	**For Year 2019**
Legal reserve	$ 263,885	$ 188,525	$ -	$ -
Special reserve	-	(46,429)	-	-
Cash dividends	1,763,422	1,308,346	3.1	2.3

The appropriations of earnings for 2021 had been proposed by the Corporation's board of directors on February 25, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share**
Legal reserve	$	$ -
Cash dividends		

The appropriations of earnings for 2021 are subject to the resolution of the shareholders meeting to be held on May 26, 2022.

d. Special reserve

	For the Year Ended December 31
	2020
Balance at January 1	$ 46,429
Appropriation in respect of	
Debit to other equity items	-
Reversals	
Reversal of the debits to other equity items	(46,429)
Balance at December 31	$ -

e. Other equity items

Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 51,061	$ 39,641
Other comprehensive (loss) income recognized during the period		
Unrealized gain - equity instruments	(6,577)	11,420
Balance at December 31	$ 44,484	$ 51,061

19. REVENUE

a. Contract information

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from assembly service	$ 16,492,522	$ 12,322,638
Revenue from testing service	2,968,621	2,379,044
	$ 19,461,143	$ 14,701,682

When the Corporation fulfilled the assembly service contract, the customer controls the goods when they are created or enhanced, the Corporation has the right to perform the collection if partial of the assembly service contract have been fulfilled, and the revenue from assembly service is recognized over time. When the Corporation fulfilled the testing service contract, the customer simultaneously receives and consumes the benefits provided by the Corporation’s performance, the Corporation has the right to perform the collection if partial of the testing service contract have been fulfilled, and the revenue from testing service is recognized over time.

b. Contact balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivables (Included related parties) (Note 10)	$ 4,346,371	$ 3,521,425	$ 3,045,577
Contract assets-current			
Revenue from services	$ 896,128	$ 648,393	$ 562,604
Less: Allowance for impairment loss	-	-	-
Contract assets-current	$ 896,128	$ 648,393	$ 562,604
Contract liabilities- current			
Revenue from services	$ 164,824	$ 56,676	$ 50,340

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Corporation's performance and the customer's payment

Revenue of the reporting period recognized from the beginning contract liability and from the performance obligations satisfied in previous periods is as follows:

	For the Year Ended December 31	
	2021	2020
From the beginning contract liability		
Revenue from services	$ 45,090	$ 36,508

c. Disaggregation of revenue

	For the Year Ended December 31	
	2021	2020
Primary geographical markets		
Taiwan (The location of the Corporation)	$ 14,269,954	$ 11,307,802
America	2,174,305	1,306,545
Asia	1,525,037	928,179
Europe	1,491,789	1,159,066
Africa	58	90
	$ 19,461,143	$ 14,701,682

20. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 15,172	$ 18,122
Financial assets measured at amortized cost	6,235	8,898
Repurchase agreements collateralized by bonds	-	791
	$ 21,407	$ 27,811

b. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income	$ 39,445	$ 21,375
Others	50,272	47,170
	$ 89,717	$ 68,545

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net gain arising on financial instruments classified as held for trading	$ 26,270	$ 39,650
Finance costs	(151)	(175)
Net loss on foreign currency exchange	(34,644)	(77,384)
Others	(515)	(1,289)
	$ (8,540)	$ (39,198)

d. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 2,870,650	$ 2,570,653
Operating expenses	28,452	31,451
	$ 2,899,102	$ 2,602,104
An analysis of amortization by function		
Operating costs	$ 20,212	$ 19,082
Selling and marketing	-	-
General and administrative	2,474	2,990
Research and development	5,651	5,527
	$ 28,337	$ 27,599

e. Employee benefit expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 17)		
Defined contribution plans	$ 116,012	$ 105,050
Defined benefit plans	1,904	3,018
	117,916	108,068
Other employee benefits	4,655,518	3,602,647
Total employee benefit expense	$ 4,773,434	$ 3,710,715

(Continued)

	For the Year Ended December 31	
	2021	**2020**
An analysis of employee benefit expense by function		
Operating costs	$ 4,220,515	$ 3,310,849
Operating expenses	552,919	399,866
	$ 4,773,434	$ 3,710,715

(Concluded)

f. Employees' compensation and remuneration to directors

The Corporation accrued employees' compensation and remuneration of directors at the rates between 9% to 15% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on February 25, 2022 and February 26, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	**2020**
Employees' compensation	10%	10%
Remuneration of directors	2%	2%

Amount

	For the Year Ended December 31			
	2021		**2020**	
	Cash	**Share**	**Cash**	**Share**
Employees' compensation	$ 634,106	$ -	$ 359,412	$ -
Remuneration of directors	124,335	-	71,882	-

If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and adjusted for in the following financial 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 year ended December 31, 2020 and 2019.

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

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 83,437	$ 46,760
Foreign exchange losses	(118,081)	(124,144)
Net losses	$ (34,644)	$ (77,384)

21. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$1,129,357	$ 669,760
Adjustments for prior periods	3,077	(31,407)
Deferred tax		
In respect of the current year	14,478	2,587
Income tax expenses recognized in profit or loss	$1,146,912	$ 640,940

The income tax for the years ended December 31, 2021 and 2020 can be reconciled to the accounting profit as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	$ 5,749,674	$ 3,303,251
Income tax expense calculated at the statutory rate (20%)	$ 1,149,935	$ 660,650
Nondeductible expenses in determining taxable income	(11,987)	(4,417)
Temporary differences	5,887	16,114
Adjustments for prior years' tax	(3,077)	(31,407)
Income tax recognized in profit or loss	$ 1,146,912	$ 640,940

b. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Tax payable	$ 802,962	$ 448,165

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Balance, Beginning of Year	The Movements of Year	Balance, End of Year
Deferred Tax Assets			
Temporary difference			
Bonus	$ 10,116	$ 330	$ 10,446
Provisions	22,377	(9,468)	12,909
Depreciation	3,612	(3,587)	25
Unrealized foreign exchange losses	3,081	(1,422)	1,659
	$ 39,186	$ (14,147)	$ 25,039
Deferred Tax Liabilities			
Temporary difference			
Financial instruments classified as held for trading	$ 5,858	$ 331	$ 6,189

For the year ended December 31, 2020

	Balance, Beginning of Year	The Movements of Year	Balance, End of Year
Deferred Tax Assets			
Temporary difference			
Bonus	$ 13,077	$ (2,961)	$ 10,116
Provisions	13,573	8,804	22,377
Depreciation	4,274	(662)	3,612
Unrealized foreign exchange losses	5,830	(2,749)	3,081
	$ 36,754	$ 2,432	$ 39,186
Deferred Tax Liabilities			
Temporary difference			
Financial instruments classified as held for trading	$ 839	$ 5,019	$ 5,858

d. Income tax assessments

Income tax returns through 2019 have been examined and cleared by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic earnings per share	$ 8.09	$ 4.68
Diluted earnings per share	$ 7.97	$ 4.62

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

Net Profit for the Periods

	For the Year Ended December 31	
	2021	**2020**
Net profit attributable to owners of the Corporation	$ 4,602,762	$ 2,662,311
Effect to dilutive potential ordinary shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	$ 4,602,762	$ 2,662,311

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

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	568,846	568,846
Effect to dilutive potential ordinary shares:		
Employees' compensation	8,898	7,386
Weighted average number of ordinary shares in outstanding computation of dilutive earnings per share	577,744	576,232

Since the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, 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.

23. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as going concerns while maximizing the return to stakeholders. The Corporation's overall strategy has no significant variations.

The capital structure of the Corporation consists of comprising issued capital, reserves and retained earnings.

Key management personnel of the Corporation review the capital structure on a annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

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

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost					
Domestic corporate bonds	$ 500,000	$ -	$ 501,313	$ -	$ 501,313

December 31, 2020

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost					
Domestic corporate bonds	$ 800,001	$ -	$ 804,895	$ -	$ 804,895

The fair value of level 2 mentioned above was used quoted price from Taipei Exchange (Taiwan GreTai Securities Market).

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 79,200	$ -	$ -	$ 79,200
Forward exchange contracts	-	1,745	-	1,745
	$ 79,200	$ 1,745	$ -	$ 80,945
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares	$ 977,000	$ -	$ -	$ 977,000

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 125,900	$ -	$ -	$ 125,900
Forward exchange contracts	-	3,396	-	3,396
	$ 125,900	$ 3,396	$ -	$ 129,296
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares	$ 585,533	$ -	$ -	$ 585,533
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 5	$ -	$ 5

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

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 80,945	$ 129,296
Financial assets at amortized cost (Note 1)	9,030,448	8,364,564
Financial assets at FVTOCI		
Equity instruments	977,000	585,533
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	-	5
Amortized cost (Note 2)	2,481,193	1,482,372

Note 1: The balances include financial assets measured at amortized cost, which comprise cash, debt investments, notes and accounts receivables (included related parties), other receivables and other assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes and accounts payable, payables to equipment suppliers and other payables.

d. Financial risk management objectives and policies

The Corporation's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the Board of Directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. 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 and interest rates.

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 had foreign currency sales and purchases, which exposed the Corporation to foreign currency risk. Approximately 55% and 51% of the Corporation's sales were denominated in currencies other than the functional currency of the Corporation entity making the sale, whilst almost 18% and 16% of costs were denominated in the Corporation entity's functional currency for the year ended December 31, 2021 and 2020. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

The Corporation use forward exchange contracts to eliminate currency exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

<u>Sensitivity analysis</u>

The Corporation was mainly exposed to the currency USD. The sensitivity analysis included currency USD denominated monetary items at the end of the reporting period. For a 1% strengthening and weakening of New Taiwan dollars against US dollars, the Corporation's pre-tax profit for the year ended December 31, 2021 and 2020 would decrease/increase by $19,202 thousand and $14,465 thousand.

b) Interest rate risk

The carrying amount of the Corporation’s financial assets with exposure to interest rates at the end of the reporting period was as follows. The Corporation’s interest rate risk also comes from borrowings at floating interest rates.

The carrying amount of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 3,939,781	$ 3,787,177
Cash flow interest rate risk		
Financial assets	216,048	231,230

Sensitivity analysis

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Corporation’s pre-tax profit for the year ended December 31, 2021 and 2020 would increase/decrease by $1,080 thousand and $1,156 thousand, respectively, which was mainly attributable to the Corporation’s exposure to interest rates on its variable-rate net assets.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in financial assets classified as fair value through profit or loss (i.e. FVTPL) and fair value through other comprehensive income (i.e. FVTOCI).

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% higher/lower, the Corporation’s pre-tax profit for the year ended December 31, 2021 and 2020 would increase/decrease by $792 thousand and $1,259 thousand, respectively, as a result of the changes in fair value of financial instruments classified as FVTPL. If equity prices had been 1% higher/lower, the Corporation’s other comprehensive income for the year ended December 31, 2021 and 2020 would increase/decrease by $9,770 thousand and $5,855 thousand, respectively, as a result of the changes in fair value of financial instruments classified as FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. As at the end of the reporting period, the Corporation’s maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the condensed balance sheets.

In order to minimize credit risk, the management of the Corporation has set credit and accounts receivable management approach to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Corporation consider that the Corporation’s credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit.

Credit risk management for investments in debt instruments classified as at amortized cost was as follow.

The Corporation only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Corporation's exposure and the external credit ratings are continuously monitored. The Corporation reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Corporation considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Corporation's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECL	0%

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed, high liquidity securities and reserve borrowing facilities adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity of non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay.

December 31, 2021

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Notes and accounts payable	$ 1,393,726	$ -	$ -	$ -	$ -
Lease liability	345	345	690	4,410	3,115
Payables to equipment suppliers	870,822	-	-	-	-
Other payables	216,645	-	-	-	-
	$ 2,481,538	$ 345	$ 690	$ 4,410	$ 3,115

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 1,380	$ 4,410	$ 2,715	$ 400	$ -	$ -

December 31, 2020

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Notes and accounts payable	$ 961,440	$ -	$ -	$ -	$ -
Lease liability	345	345	690	4,950	3,955
Payables to equipment suppliers	320,723	-	-	-	-
Other payables	200,279	-	-	-	-
	$ 1,482,717	$ 345	$ 690	$ 4,950	$ 3,955

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 1,380	$ 4,950	$ 3,075	$ 880	$ -	$ -

b) Liquidity of derivative financial liabilities

The following table detailed the Corporation's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2021

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
Gross settled					
Forward exchange contracts					
Inflows	$ 316,867	$ -	$ -	$ -	$ -
Outflows	(314,982)	-	-	-	-
	$ 1,885	$ -	$ -	$ -	$ -

December 31, 2020

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
Gross settled					
Forward exchange contracts					
Inflows	$ 309,518	$ -	$ -	$ -	$ -
Outflows	(309,887)	-	-	-	-
	$ (369)	$ -	$ -	$ -	$ -

25. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is PTI, which held 42.91% of common shares of the Corporation as of December 31, 2021 and 2020, respectively.

Details of transactions between the Corporation and related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Corporation
Powertech Technology Inc.	Parent entity
Realtek Semiconductor Corp.	Other related parties
Realtek Singapore Private Limited	Other related parties
Raymx Microelectronics Corp.	Other related parties
Powertech Technology (Singapore) Pte Ltd.	Fellow subsidiaries
Powertech Technology (Suzhou) Pte Ltd.	Fellow subsidiaries
Tera Probe Inc.	Fellow subsidiaries
TeraPower Technology Inc.	Fellow subsidiaries

b. Revenue

		For the Year Ended December 31	
Account Items	Related Parties Types	2021	2020
Subcontract revenue	Other related parties	$ 1,368,567	$ 1,240,397
	Parent entity	339,601	104,191
		$ 1,708,168	$ 1,344,588

Sales transactions with related parties were made at the Corporation's usual list prices. The selling prices and collection terms for products sold to related parties were similar to those for products sold to third parties.

c. Purchase

	December 31	
Related Parties Types	2021	2020
Parent entity	$ 31,964	$ 30

The prices and payment terms were negotiated and thus not comparable with those in the market.

d. Contract assets

	December 31	
Related Parties Types	2021	2020
Other related parties	$ 74,474	$ 41,235
Parent entity	8,682	1,968
	$ 83,156	$ 43,203

For the year ended December 31, 2021 and 2020, no impairment loss was recognized for contract assets from related parties.

e. Manufacturing expenses

Related Parties Types	For the Year Ended December 31 2021	2020
Parent entity	$ 21,873	$ 4,340
Fellow subsidiaries	147	3,068
	$ 22,020	$ 7,408

The prices and payment terms were negotiated and thus not comparable with those in the market.

f. Trade receivables from related parties

Account Items	Related Parties Types	December 31 2021	2020
Trade receivables from related parties	Other related parties	$ 279,087	$ 318,707
	Parent entity	156,711	31,920
		$ 435,798	$ 350,627

g. Other receivables

Account Items	Related Parties Types	December 31 2021	2020
Prepaid expenses and other current assets	Parent entity	$ 10,348	$ 1,348
	Other related parties		
	Realtek Singapore Private Limited	-	3,357
	Other	534	354
		$ 10,882	$ 5,059

h. Payables to equipment suppliers

Account Items	Related Parties Types	December 31 2021	2020
Trade payables	Parent entity	$ 2,268	$ -
Payables to equipment suppliers	Parent entity	$ 309	$ 37,542
	Fellow subsidiaries	-	2,226
		$ 309	$ 39,768

i. Accrued expenses and other current liabilities

Account Items	Related Parties Types	December 31 2021	December 31 2020
Accrued expenses and other current liabilities	Parent entity	$ 4,732	$ 3,997
	Fellow subsidiaries	-	757
		$ 4,732	$ 4,754

j. Acquisitions of property, plant and equipment

Related Parties Types	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Fellow subsidiaries	$ 11,617	$ 6,666
Parent entity	2,083	39,692
	$ 13,700	$ 46,358

k. Compensation of key management personnel

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Short-term benefits	$ 168,082	$ 99,312
Post-employment benefits	281	188
	$ 168,363	$ 99,500

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

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged as collateral mainly for guarantee deposits for domestic sales and gas volume in CPC Corporation.

	December 31 2021	December 31 2020
Pledge deposits (classified as other asset - noncurrent)	$ 108,700	$ 83,700

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencie of the Corporation at December 31,2021 was as follows:

a. Significant unrecognized commitments

1) In March 2021, the Corporation signed a contract worth $510,000 thousand with Jian Ming Contractor Co., Ltd. for the construction of a new plant. As of December 31,2021, the Corporation has paid a total of 357,000 thousand.

2) In June 2021, the Corporation signed a contract worth $980,000 thousand with Jiu Han System Technology Co., Ltd. to set up MEP systems. As of December 31,2021, the Corporation has paid a total of 294,000 thousand.

3) In July 2021, the Corporation signed a contract worth $360,000 thousand with Jiu Han System Technology Co., Ltd. to set up clean rooms and plumbing systems. As of December 31,2021, the Corporation has paid a total of 108,000 thousand.

4) In September 2021, the Corporation signed a contract worth $378,000 thousand with Jiu Han System Technology Co., Ltd. to set up MEP systems. As of December 31,2021, the Corporation has not yet paid.

28. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2021		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 88,247	27.630 (USD:NTD)	$ 2,438,262
Non-monetary items			
Derivative instruments			
USD	11,400	27.642 (USD:NTD)	$ 1,745
Financial liabilities			
Monetary items			
USD	18,682	27.730 (USD:NTD)	518,063
JPY	473,548	0.2425 (JPY:NTD)	114,835
EUR	388	31.520 (EUR:NTD)	12,233
			$ 645,131

	December 31, 2020		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 62,548	28.430 (USD:NTD)	$ 1,778,253
Non-monetary items			
Derivative instruments			
USD	10,100	28.085 (USD:NTD)	$ 3,396

(Continued)

	December 31, 2020		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	11,628	28.530 (USD:NTD)	331,752
JPY	150,580	0.2783 (JPY:NTD)	41,906
EUR	90	35.220 (EUR:NTD)	3,159
			$ 376,817
Non-monetary items			
Derivative instruments			
USD	800	28.085 (USD:NTD)	$ 5

(Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were $34,644 thousand and $77,384 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities.

29. SEPARATELY DISCLOSED ITEMS

Information about significant transactions and investees:

a. Loans provided to other parties: None.

b. Endorsement/guarantee provided: None.

c. Marketable securities held: Table 1 (attached).

d. Purchases or sales of the same marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: Table 2 (attached).

e. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital: None: Table 3 (attached).

f. Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: None.

g. Total purchases from or sales to related parties of at least $100 million or 20% of the paid-in capital: Table 4 (attached).

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5 (attached).

i. Derivative transactions: Note 7.

j. Names, locations, and related information of investees over which the Corporation exercises significant influence: None.

k. Information on investment in mainland China: None.

l. Information of major shareholders: Table 6 (attached).

30. SEGMENT INFORMATION

a. The revenues, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the financial statements. The segment revenues and operating results for the years ended December 31, 2021 and 2020 are shown in the income statements for the years ended December 31, 2021 and 2020. The segment assets as of December 31, 2021 and 2020 are shown in the balance sheets as of December 31, 2021 and 2020.

b. Revenue from major products and services

The following is an analysis of the Corporation's revenue from its major products and services:

	For the Year Ended December 31	
	2021	**2020**
Assembly services	$ 16,492,522	$ 12,322,638
Testing services	2,968,621	2,379,044
	$ 19,461,143	$ 14,701,682

c. Geographic information

The Corporation's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue For the Year Ended December 31		Non-current Assets December 31	
	2021	**2020**	**2021**	**2020**
Taiwan	$ 14,269,954	$ 11,307,802	$ 13,941,475	$ 10,879,237
America	2,174,305	1,306,545	-	-
Asia	1,525,037	928,179	-	-
Europe	1,491,789	1,159,066	-	-
Africa	58	90	-	-
	$ 19,461,143	$ 14,701,682	$ 13,941,475	$ 10,879,237

Non-current assets exclude financial instruments and deferred tax assets.

d. Major customers

For the years ended December 31, 2021 and 2020, sales to customers amounting were less than 10% of total gross sales.

TABLE 1

GREATEK ELECTRONICS INC.

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

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares (Thousands)	Carrying Value	% of Ownership	Fair Value	
Greatek Electronics Inc.	Fund							
	Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at fair value through profit or loss - current	5,000	$ 79,200	-	$ 79,200	Note 1
	Bond							
	P06 Taipower 1A	-	Financial assets at amortized cost – current	300	300,000	-	300,715	Note 2
	P06 Taipower 3A	-	Financial assets at amortized cost – current	50	50,000	-	50,000	Note 2
	P06 FPC 1A	-	Financial assets at amortized cost - current	50	50,000	-	50,128	Note 2
	P08 Taipower 3A	-	Financial assets at amortized cost - noncurrent	100	100,000	-	100,470	Note 2
	Stock							
	Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive profit or loss - noncurrent	10,000	977,000	1	977,000	Note 3
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 4
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 4
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 4

Note 1: The fair value was based on the net asset value of the fund as of as of December 31, 2021.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of December 31, 2021.

Note 3: The fair value of common shares was based on stock closing price as of December 31, 2021.

Note 4: The fair value was based on the carrying value as of as of December 31, 2021.

Note 5: As of December 31, 2021, the above marketable securities had not been pledged or mortgaged.

TABLE 2

GREATEK ELECTRONICS INC.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THEYEAR 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)		Acquisition		Disposal				Ending Balance (Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
	Stock													
Greatek Electronics Inc.	Powertech Technology Inc.	Financial assets at fair value through other comprehensive profit or loss - noncurrent	-	Parent entity	6,170	$ 585,533	3,830	$ 398,044	-	$ -	$ -	$ -	10,000	$ 977,000

Note : Beginning balance and ending balance include premium value.

GREATEK ELECTRONICS INC.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars

Buyer	Property	Transaction Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Greatek Electronics Inc.	Building	2021.03.10	$ 510,000	$ 357,000	Jian Ming Contractor Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None
	Land	2021.05.12	330,802	330,802	Orgchen Technologies, Inc.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None
	MEP system	2021.06.17	980,000	294,000	Jiu Han System Technology Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None
	Clean rooms and plumbing systems	2021.07.06	360,000	108,000	Jiu Han System Technology Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None
	MEP system	2021.09.27	378,000	-	Jiu Han System Technology Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None

GREATEK ELECTRONICS INC.

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

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of the corporate director	Sale	$ 1,021,407	5	Net 60 days from monthly closing dates	Note	-	$ 234,991	5	-
	Powertech Technology Inc.	Parent company	Sale	339,601	2	Net 90 days from monthly closing dates	Note	-	156,711	4	-
	Realtek Singapore Private Limited	Same parent company with the corporate director	Sale	313,168	2	Net 60 days from monthly closing dates	Note	-	42,926	1	-

Note : Sales transactions with related parties were made at the Corporation’s usual list prices.

GREATEK ELECTRONICS INC.

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of the corporate ditector	$ 234,991	4.29	$ -	-	$	$ -
	Powertech Technology Inc.	Parent company	156,711	3.60	-	-		-

TABLE 6

GREATEK ELECTRONICS INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Powertech Technology Inc.	244,064,379	42.91

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

GREATEK ELECTRONICS INC.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Bank deposits		
Time deposits	Expired by December 2022, interest rate was 0.05%-0.83%	$ 3,980,731
Foreign currency deposits	Including US$3,703 thousand @27.63	102,323
Demand deposits		72,093
Checking accounts		682
Pledge deposits	Pledge deposits are guarantee deposits for domestic sales and gas volume in CPC Corporation.	(108,700)
Total		$ 4,047,129

STATEMENT 2

GREATEK ELECTRONICS INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Marketable Securities Type and Issuer	Shares (Thousands)	Acquisition Costs	Fair Value (Note)	
			Unit Price	Amount
Non-derivative financial assets				
Mutual funds				
Yuanta Taiwan High-yield Leading Company Fund A	5,000	$ 50,000	$ 15.84	$ 79,200

Note: The fair value was based on the net asset value of the fund as of as of December 31, 2021.

GREATEK ELECTRONICS INC.

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

Client Name	Amount
Client A	$ 152,311
Others (Note)	3,100
	$ 155,411

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

GREATEK ELECTRONICS INC.

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

Client Name	Amount
Client B	$ 377,382
Client C	268,048
Client D	224,336
Others (Note)	2,945,565
	3,815,331
Allowance for impairment loss	(60,169)
Total	$ 3,755,162

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

STATEMENT 5

GREATEK ELECTRONICS INC.

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

Item	Amount	
	Cost	Market Value
Raw materials	$ 1,170,074	$ 1,237,396
Supplies and spare parts	193,467	202,416
Total	$ 1,363,541	$ 1,439,812

GREATEK ELECTRONICS INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE PROFIT OR LOSS - NONCURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Marketable Securities Type and Issuer	Balance, January 1, 2021		Additions		Unrealized Gain or (Loss) On Financial Instrument	Balance, December 31, 2021			Collateral
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Amount	Shares (In Thousands)	%	Amount	
Domestic listed common shares									
Powertech Technology Inc.	6,170	$ 585,533	3,830	$ 398,044	$ (6,577)	10,000	1	$ 977,000	-

Note: The fair value of common shares was based on stock closing price as of December 31, 2021.

STATEMENT 7

GREATEK ELECTRONICS INC.

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

Vendor Name	Amount
Chang Wah Electromaterials Inc.	$ 191,412
Fusheng Industrial Co., Ltd.	166,789
ADVANCED ASSEMBLY MATERIALS SINGAPORE PTE LTD.	122,299
SHINKO ELECTRIC INDUSTRIES CO., LTD.	83,935
Others (Note)	825,945
Total	$ 1,390,380

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

GREATEK ELECTRONICS INC.

STATEMENT OF PAYABLES TO CONTRACTORS AND EQUIPMENT SUPPLIERS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
JIU HAN SYSTEM TECHNOLOGY CO., LTD.	$ 551,892
DISCO HI-TEC TAIWAN CO., LTD.	46,233
Others (Note)	272,697
Total	$ 870,822

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

GREATEK ELECTRONICS INC.

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

Item	Amount
Raw materials used	
Balance, beginning of year	$ 663,156
Raw materials purchased	4,098,663
Raw materials, end of year	(1,170,074)
Others	9,598
Subtotal	3,601,343
Direct labor	1,255,353
Supplies used	951,956
Manufacturing expenses	7,339,040
Manufacturing cost	13,147,692
Transferred to manufacturing or operating expenses	(401)
Cost of finished goods	13,147,291
Transferred to manufacturing or operating expenses	(1,878)
Scraps revenue	(82,693)
Unallocated overhead	128,721
Total	$ 13,191,441

GREATEK ELECTRONICS INC.

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
Payroll expense	$ 50,677	$ 107,233	$ 221,695
Commission expense	5,431	-	-
Depreciation expense	584	16,746	11,122
Remuneration of directors	-	129,825	-
Others (Note)	16,973	59,178	54,185
Total	$ 73,665	$ 312,982	$ 287,002

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

GREATEK ELECTRONICS INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Year Ended December 31					
	2021			2020		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ 3,662,335	$ 379,605	$ 4,041,940	$ 2,846,089	$ 285,114	$ 3,131,203
Labor and health insurance	283,172	19,642	302,814	233,302	17,439	250,741
Pension	108,111	9,805	117,916	98,739	9,329	108,068
Remuneration of directors	-	129,825	129,825	-	77,282	77,282
Others	166,897	14,042	180,939	132,719	10,702	143,421
	$ 4,220,515	$ 552,919	$ 4,773,434	$ 3,310,849	$ 399,866	$ 3,710,715
Depreciation	$ 2,870,650	$ 28,452	$ 2,899,102	$ 2,570,653	$ 31,451	$ 2,602,104
Amortization	$ 20,212	$ 8,125	$ 28,337	$ 19,082	$ 8,517	$ 27,599

Note 1: For the year ended December 31, 2021 and 2020, there were average 4,211 and 3,873 employees in the Corporation, which includes 7 non-employee directors.

Note 2: Companies whose stocks are listed on the stock exchange or listed on the stock counter trading center should disclose the following information:

1) The average employee welfare expense for the current year is 1,105 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration” / “Number of employees for the current year-Number of directors who are not concurrent employees”). The average employee welfare expense for the previous year is 940 thousand (“Total employee welfare expenses for the previous year-Total directors’ remuneration” / “Number of employees for the previous year-Number of non-part-time directors”).

2) The average employee salary expenses for the current year is 962 thousand (the total salary expenses for the current year / “the number of employees in the current year-the number of directors who are not part-time employees”). The average salary of the previous year is 810 thousand (the total salary expenses of the previous year / “the number of employees in the previous year-the number of directors who have not served concurrently as employees”).

3) Changes in the average employee salary expense adjustment +19% (“Average employee salary expense for the current year-Average employee salary expense for the previous year” / Average employee salary expense for the previous year).

4) The Company has established an audit committee on May 29, 2018, so it has no supervisor in 2021 and 2020.

5) The Company’s relevant policies on the salary and compensation of employees are formulated and serve as the basis for the distribution of year-end bonus, performance bonus and employees’ compensation.