

AMPACS Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

AMPACS CORPORATION

By

CHANG CHING HUANG
Chairman

March 24, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
AMPACS Corporation

Opinion

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

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

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Sales Revenue

Due to the continuous growth of the Group's operations, the operating income this year increased compared with the previous year. Based on the materiality and auditing standard, revenue recognition is presumed to be a significant risk. Therefore, the engagement partner deemed the occurrence of sales revenue from certain clients of AMPACS Corporation as the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021.

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

1. We analyzed the concentration and changes in the sales amounts of the customers for two consecutive years and confirmed that there was no overconcentration of transactions or other abnormal situations that would increase the risk of validity of revenue recognition.
2. We interviewed personnel who carried out the control activities and inspected the related internal vouchers in order to understand the internal control system and operating procedures related to sales transaction processes, evaluated the design of the key controls, determined that the controls were implemented and tested the operating effectiveness of these controls to obtain sufficient and appropriate audit evidence regarding the operating effectiveness of the key controls.
3. We determined the appropriate methods of sampling and sample sizes and audited sales orders, packing lists and export declarations and verified the accuracy of the amount recognized as revenue in accordance with the regulations for the preparation of financial reports.
4. We checked the cash receipt records and vouchers, verified the accuracy of their amounts, and confirmed that the remitter was the customer who received the goods to confirm the validity of the sales transactions.

Other Matter

We have also audited the parent company only financial statements as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Meng-Chieh Chiou and Cheng-Tsai Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

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

AMPACS CORPORATION AND SUBSIDIARIES

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 210,684	2	\$ 1,214,920	17
Financial assets at amortized cost (Notes 4, 8 and 28)	336,374	4	245,030	3
Trade receivables, net (Note 10)	1,778,649	20	1,337,565	19
Other receivables	47,442	1	71,586	1
Inventories, net (Notes 4 and 11)	2,125,651	23	1,175,321	17
Prepayments	365,348	4	288,917	4
Total current assets	4,864,148	54	4,333,339	61
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 7 and 9)	4,196	-	-	-
Property, plant and equipment, net (Notes 4, 13 and 28)	3,520,462	39	2,015,088	29
Right-of-use assets, net (Notes 4 and 14)	271,236	3	255,144	4
Goodwill (Notes 4 and 15)	97,708	1	100,532	1
Intangible assets, net (Notes 4 and 16)	9,492	-	11,025	-
Deferred tax assets (Notes 4 and 22)	171,559	2	56,040	1
Prepayments for business facilities	143,395	1	248,235	3
Refundable deposits	9,017	-	39,604	1
Total non-current assets	4,227,065	46	2,725,668	39
TOTAL	\$ 9,091,213	100	\$ 7,059,007	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 17 and 26)	\$ 3,358,343	37	\$ 1,774,947	25
Trade payables	1,548,328	17	1,124,115	16
Other payables (Note 18)	224,537	2	258,961	4
Current tax liabilities (Notes 4 and 22)	138,375	2	166,386	2
Short-term warranty provisions	15,088	-	8,808	-
Lease liabilities (Notes 4 and 14)	42,796	1	34,743	-
Unearned receipts	13,080	-	10,619	-
Current portion of long-term borrowings (Notes 4 and 17)	91,571	1	50,757	1
Total current liabilities	5,432,118	60	3,429,336	48
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 17 and 26)	859,092	10	322,198	5
Deferred tax liabilities (Notes 4 and 22)	3,877	-	62,577	1
Lease liabilities (Notes 4 and 14)	30,331	-	29,512	-
Guarantee deposits	2,071	-	-	-
Total non-current liabilities	895,371	10	414,287	6
Total liabilities	6,327,489	70	3,843,623	54
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	1,500,000	16	1,220,000	17
Capital surplus	1,161,362	13	1,446,762	21
Retained earnings				
Legal reserve	175,449	2	126,591	2
Special reserve	174,422	2	91,552	1
Unappropriated earnings	118,238	1	493,811	7
Total retained earnings	468,109	5	711,954	10
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(165,115)	(2)	(147,587)	(2)
Unrealized loss of financial assets at fair value through other comprehensive loss	(26,621)	-	(26,835)	-
Total other equity	(191,736)	(2)	(174,422)	(2)
Treasury shares	(185,294)	(2)	-	-
Total equity attributable to owners of the Company	2,752,441	30	3,204,294	46
NON-CONTROLLING INTERESTS				
	11,283	-	11,090	-
Total equity (Note 20)	2,763,724	30	3,215,384	46
TOTAL	\$ 9,091,213	100	\$ 7,059,007	100

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

AMPACS CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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	%
OPERATING REVENUE	\$ 5,678,706	100	\$ 4,998,255	100
OPERATING COSTS (Notes 11 and 21)	<u>(5,007,824)</u>	<u>(88)</u>	<u>(3,753,197)</u>	<u>(75)</u>
GROSS PROFIT	<u>670,882</u>	<u>12</u>	<u>1,245,058</u>	<u>25</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	(117,597)	(2)	(94,009)	(2)
General and administrative expenses	(351,191)	(6)	(272,505)	(6)
Research and development expenses	(220,824)	(4)	(203,668)	(4)
Expected credit loss (Note 10)	<u>(198)</u>	<u>-</u>	<u>(1,703)</u>	<u>-</u>
Total operating expenses	<u>(689,810)</u>	<u>(12)</u>	<u>(571,885)</u>	<u>(12)</u>
OPERATING PROFIT (LOSS)	<u>(18,928)</u>	<u>-</u>	<u>673,173</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Other income	8,560	-	1,275	-
Other gains or losses	(14,272)	-	(38,930)	(1)
Finance costs	<u>(51,826)</u>	<u>(1)</u>	<u>(30,913)</u>	<u>-</u>
Total non-operating income and expenses	<u>(57,538)</u>	<u>(1)</u>	<u>(68,568)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	(76,466)	(1)	604,605	12
INCOME TAX (EXPENSE) BENEFIT (Note 22)	<u>30,275</u>	<u>-</u>	<u>(109,546)</u>	<u>(2)</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(46,191)</u>	<u>(1)</u>	<u>495,059</u>	<u>10</u>

(Continued)

AMPACS CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 22)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (21,985)	-	\$ (35,387)	(1)
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	214	-	-	-
Income tax related to items that may be reclassified subsequently to profit or loss	<u>4,397</u>	<u>-</u>	<u>7,077</u>	<u>-</u>
	<u>(17,374)</u>	<u>-</u>	<u>(28,310)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(17,374)</u>	<u>-</u>	<u>(28,310)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (63,565)</u>	<u>(1)</u>	<u>\$ 466,749</u>	<u>9</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (49,245)	(1)	\$ 488,583	10
Non-controlling interests	<u>3,054</u>	<u>-</u>	<u>6,476</u>	<u>-</u>
	<u>\$ (46,191)</u>	<u>(1)</u>	<u>\$ 495,059</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (66,559)	(1)	\$ 459,894	9
Non-controlling interests	<u>2,994</u>	<u>-</u>	<u>6,855</u>	<u>-</u>
	<u>\$ (63,565)</u>	<u>(1)</u>	<u>\$ 466,749</u>	<u>9</u>
EARNINGS (LOSS) PER SHARE (NEW TAIWAN DOLLARS; Note 23)				
Basic	<u>\$ (0.33)</u>		<u>\$ 3.58</u>	
Diluted	<u>\$ (0.33)</u>		<u>\$ 3.58</u>	

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

(Concluded)

AMPACS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Share Capital (Note 20)		Equity Attributable to Owners of the Company					Treasury Shares (Note 20)	Total	Non-controlling Interests (Note 20)	Total Equity
	Share (In Thousands)	Amount	Capital Surplus (Notes 20 and 25)	Retained Earnings (Note 20)			Other Equity (Notes 20 and 25)				
				Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2020	104,800	\$ 1,048,000	\$ 300,909	\$ 116,091	\$ -	\$ 117,760	\$ (140,991)	\$ -	\$ 1,441,769	\$ 168,095	\$ 1,609,864
Appropriation of the 2019 earnings											
Legal reserve	-	-	-	10,500	-	(10,500)	-	-	-	-	-
Special reserve	-	-	-	-	91,552	(91,552)	-	-	-	-	-
Cash dividends distributed by the Company- \$0.10 per share	-	-	-	-	-	(10,480)	-	-	(10,480)	-	(10,480)
Other changes in capital surplus											
Issuance of share dividends from capital surplus - \$0.496 per share	5,200	52,000	(52,000)	-	-	-	-	-	-	-	-
Issuance of cash dividends from capital surplus - \$0.35 per share	-	-	(36,680)	-	-	-	-	-	(36,680)	-	(36,680)
Issuance of ordinary shares for cash	12,000	120,000	1,232,052	-	-	-	-	-	1,352,052	-	1,352,052
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 25)	-	-	2,481	-	-	-	(4,742)	-	(2,261)	(158,148)	(160,409)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(5,712)	(5,712)
Net profit for the year ended December 31, 2020	-	-	-	-	-	488,583	-	-	488,583	6,476	495,059
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	(28,689)	-	(28,689)	379	(28,310)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	488,583	(28,689)	-	459,894	6,855	466,749
BALANCE AT DECEMBER 31, 2020	122,000	1,220,000	1,446,762	126,591	91,552	493,811	(174,422)	-	3,204,294	11,090	3,215,384
Appropriation of the 2020 earnings											
Legal reserve	-	-	-	48,858	-	(48,858)	-	-	-	-	-
Special reserve	-	-	-	-	82,870	(82,870)	-	-	-	-	-
Cash dividends distributed by the Company - \$0.3 per share	-	-	-	-	-	(36,600)	-	-	(36,600)	-	(36,600)
Stock dividends distributed by the Company - \$1.2951 per share	15,800	158,000	-	-	-	(158,000)	-	-	-	-	-
Other changes in capital surplus											
Issuance of stock dividends from capital surplus - \$1.00per share	12,200	122,000	(122,000)	-	-	-	-	-	-	-	-
Issuance of cash dividends from capital surplus - \$1.3393 per share	-	-	(163,400)	-	-	-	-	-	(163,400)	-	(163,400)
Net loss for the year ended December 31, 2021	-	-	-	-	-	(49,245)	-	-	(49,245)	3,054	(46,191)
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(17,314)	-	(17,314)	(60)	(17,374)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(49,245)	(17,314)	-	(66,559)	2,994	(63,565)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,801)	(2,801)
Buy-back of ordinary shares	-	-	-	-	-	-	-	(185,294)	(185,294)	-	(185,294)
BALANCE AT DECEMBER 31, 2021	<u>150,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,161,362</u>	<u>\$ 175,449</u>	<u>\$ 174,422</u>	<u>\$ 118,238</u>	<u>\$ (191,736)</u>	<u>\$ (185,294)</u>	<u>\$ 2,752,441</u>	<u>\$ 11,283</u>	<u>\$ 2,763,724</u>

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

AMPACS CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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		
Income (loss) before income tax	\$ (76,466)	\$ 604,605
Adjustments for reconciliation of profit (loss):		
Depreciation expenses	424,911	177,269
Amortization expenses	4,683	4,500
Expected credit loss	198	1,703
Gain on fair value change of financial assets designated as at fair value through profit or loss	-	(6,903)
Finance costs	51,826	30,913
Interest income	(1,145)	(931)
Net loss on disposal of property, plant and equipment	6,042	8,038
Write-down of inventories	12,091	7,672
Changes in operating assets and liabilities		
Trade receivables	(441,275)	(853,901)
Other receivables	9,136	23,606
Inventories	(962,118)	(695,150)
Prepayments	(76,431)	(253,437)
Trade payables	424,165	714,916
Other payables	(27,475)	23,954
Short-term warranty provisions	6,280	(1,332)
Unearned receipts	<u>2,461</u>	<u>7,472</u>
Cash used in operations	(643,117)	(207,006)
Interest received	1,145	931
Finance costs paid	(50,252)	(25,347)
Income tax paid	<u>(168,291)</u>	<u>(24,728)</u>
Net cash used in operating activities	<u>(860,515)</u>	<u>(256,150)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(4,081)	-
Purchase of financial assets at amortized cost	(91,344)	(168,290)
Proceeds from disposal of financial assets at fair value through profit or loss	-	59,742
Purchase of property, plant and equipment	(1,905,414)	(936,728)
Proceeds from disposal of property, plant and equipment	2,097	36,985
Decrease (increase) in refundable deposits	30,587	(17,172)
Purchase of intangible assets	(3,207)	(3,998)
Proceeds from disposal of intangible assets	41	-
Increase (decrease) in prepayments for equipment	<u>92,617</u>	<u>(105,023)</u>
Net cash used in investing activities	<u>(1,878,704)</u>	<u>(1,134,484)</u>

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AMPACS CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 1,583,396	\$ 1,292,379
Proceeds from long-term borrowings	577,708	(50,355)
Increase in guarantee deposits received	2,071	-
Repayments of lease capital	(47,213)	(41,479)
Payment of cash dividends	(200,000)	(52,872)
Issuance of common stock for cash	-	1,352,052
Payments for buy-back of ordinary shares	(185,294)	-
Acquisition of additional interests in subsidiary	-	(160,409)
Changes in non-controlling interests	<u>(2,801)</u>	<u>-</u>
Net cash generated from financing activities	<u>1,727,867</u>	<u>2,339,316</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>7,116</u>	<u>25,500</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,004,236)	974,182
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>1,214,920</u>	<u>240,738</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 210,684</u>	<u>\$ 1,214,920</u>

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

(Concluded)

AMPACS CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

AMPACS Corporation (the “Company”) was founded in July 1998. The Company is mainly engaged in the design and manufacture of consumer electronics and the development of plastic components and molds. The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since December 14, 2020.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Group’s board of directors on March 24, 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 any material impact on the Group’s accounting policies:

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

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

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

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

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

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

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

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

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.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated 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 consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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 an asset or liability.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in foreign currencies and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, supplies, work in progress and finished goods and are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates 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.

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

i. Intangible assets

1) Intangible assets acquired separately

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 lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

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

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

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, 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 on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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 FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- i) Purchased or originated credit-impaired financial asset, 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 has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

ii. Investments in debt instruments at FVTOCI

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

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group 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 Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instrument that are measured at FVOCI.

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than one year past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

The Group 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

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Provisions

Provisions 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 for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

m. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic goods. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leasing

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

1) The Group 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. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated 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, which comprise fixed payments and in-substance fixed payments, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group 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 consolidated balance sheets.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

q. Taxation

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

1) Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes

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

Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in a subsidiary.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on 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 Group considers the possible impact of the recent development of the COVID-19 pandemic in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, the growth rate, the discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 1,886	\$ 2,202
Checking accounts and demand deposits	<u>208,798</u>	<u>1,212,718</u>
	<u>\$ 210,684</u>	<u>\$ 1,214,920</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2021	2020
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ -	\$ -
Investments in debt instruments at FVTOCI	<u>4,196</u>	<u>-</u>
	<u>\$ 4,196</u>	<u>\$ -</u>

a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	2021	2020
<u>Non-current</u>		
Foreign unlisted shares	\$ 26,835	\$ 26,835
Adjustments for change in value of investment	<u>(26,835)</u>	<u>26,835</u>
	<u>\$ -</u>	<u>\$ -</u>

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

b. Investments in debt instruments at FVTOCI

	<u>December 31</u>	
	2021	2020
<u>Non-current</u>		
Foreign investments		
Corporate bonds - Ford Motor Company	<u>\$ 4,196</u>	<u>\$ -</u>

1) In February 2021, the Group bought 26-year corporate bonds issued by Ford Motor Company with a coupon rate of 5.291% and an effective interest rate of 4.70%.

- 2) Refer to Note 9 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Pledged demand deposits	\$ 186,896	\$ 63,267
Pledged time deposits of less than 3 months	96,304	40,418
Pledged time deposits of more than 3 months	<u>53,174</u>	<u>141,345</u>
	<u>\$ 336,374</u>	<u>\$ 245,030</u>

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

December 31, 2021

	December 31, 2021
Gross carrying amount	\$ 4,081
Adjustment to fair value	<u>115</u>
	<u>\$ 4,196</u>

The Group invests only 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 Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

10. TRADE RECEIVABLES, NET

	<u>December 31</u>	
	2021	2020
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,780,565	\$ 1,339,290
Allowance for impairment loss	<u>(1,916)</u>	<u>(1,725)</u>
	<u>\$ 1,778,649</u>	<u>\$ 1,337,565</u>

The average credit period on the sales of goods was approximately 1 year, and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Group 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 past due receivables. In addition, the Group 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 Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer's current financial position and economic condition of the industry in which the customer operates. Upon consideration, the Group divided customers into different risk groups, and recognized the loss allowance according to the expected credit loss rate of each group.

The Group recognizes adequate loss allowance when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or when the trade receivables are over 2 years past due, whichever occurs earlier. For loss allowance that has been recognized adequate, the Group 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 trade receivables based on the Group's provision matrix:

December 31, 2021

	Not Past Due	Up to 30 Days	31 to 120 Days	121 to 240 Days	241 to 360 Days	Over 360 Days	Total
Expected credit loss rate	-	-	-	49%	50%	100%	
Gross carrying amount	\$ 1,234,560	\$ 520,651	\$ 22,808	\$ 95	\$ 1,168	\$ 1,283	\$ 1,780,565
Loss allowance	-	-	-	(47)	(586)	(1,283)	(1,916)
Amortized cost	<u>\$ 1,234,560</u>	<u>\$ 520,651</u>	<u>\$ 22,808</u>	<u>\$ 48</u>	<u>\$ 582</u>	<u>\$ -</u>	<u>\$ 1,778,649</u>

December 31, 2020

	Not Past Due	Up to 30 Days	31 to 120 Days	121 to 240 Days	241 to 360 Days	Over 360 Days	Total
Expected credit loss rate	-	-	-	-	-	100%	
Gross carrying amount	\$ 1,028,674	\$ 302,184	\$ 4,145	\$ 2,562	\$ -	\$ 1,725	\$ 1,339,290
Loss allowance	-	-	-	-	-	(1,725)	(1,725)
Amortized cost	<u>\$ 1,028,674</u>	<u>\$ 302,184</u>	<u>\$ 4,145</u>	<u>\$ 2,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,337,565</u>

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

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 1,725	\$ -
Expected credit loss	198	1,703
Foreign exchange gains and losses	(7)	22
Balance at December 31	<u>\$ 1,916</u>	<u>\$ 1,725</u>

Refer to Note 26(d) for details of the factoring agreements for trade receivables.

Refer to Note 28 for information on the part of trade receivables pledged as security.

11. INVENTORIES, NET

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Raw materials	\$ 1,139,005	\$ 594,201
Work in progress	201,219	35,438
Semi-finished goods	306,529	252,415
Finished goods	<u>478,898</u>	<u>293,267</u>
	<u>\$ 2,125,651</u>	<u>\$ 1,175,321</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Operating costs related to inventory	\$ 4,995,733	\$ 3,745,525
Inventory write-downs	<u>12,901</u>	<u>7,672</u>
	<u>\$ 5,007,824</u>	<u>\$ 3,753,197</u>

12. SUBSIDIARIES

a. The entities included in the consolidated financial statements are listed below:

Investor	Investee	Nature of Activities	<u>Proportion of Ownership (%)</u>		Remark
			<u>December 31</u>	<u>2020</u>	
The Company	Tech. Pioneer, Ltd.	Investment activities	100.00	100.00	-
	Ampacs International company Limited	Production and sale of plastic products and consumer electronics	100.00	100.00	Note 1
Tech. Pioneer, Ltd.	Brilliance Investment Co., Ltd.	Investment activities and the sale of plastic products	100.00	100.00	-
Tech. Pioneer, Ltd.	Sunlight Ocean Holding Limited	Investment activities	100.00	100.00	-
Tech. Pioneer, Ltd.	Richmake International Limited	Investment activities and the sale consumer electronics	100.00	100.00	-
Tech. Pioneer, Ltd.	Fortune Channel Universal Limited	Investment activities and sale of plastic products	100.00	100.00	-
Brilliance Investment Co., Ltd.	Dong Guan Yi Zhuo Electronics Co., Ltd.	Production and sale of plastic products	100.00	100.00	-
Sunlight Ocean Holding Limited	Dong Guan Han Lei Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	100.00	100.00	-
Richmake International Limited	Dong Guan Yi Xing Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	100.00	100.00	-
Fortune Channel Universal Limited	Modern Pioneer (Kunshan) Co., Ltd.	Production and sale of plastic products	100.00	100.00	-
Dong Guan Han Lei Electronics Co., Ltd.	Dongguan Shi Xunen Electronics Co., Ltd.	Production and sale of headphone cables	70.00	70.00	Note 2
Dong Guan Han Lei Electronics Co., Ltd.	Dongguan Shi Hong Jun Electronics Co., Ltd.	Production and sale of headphone cables	51.00	51.00	-

Note 1: Established in May 2019. The Group acquired the rest of the equity in February 2020.

Note 2: Dongguan Shi Xunen Electronics Co., Ltd. went into liquidation in October 2021.

b. Subsidiaries excluded from consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under construction	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 374,681	\$ 189,532	\$ 466,684	\$ 15,526	\$ 17,355	\$ 140,101	\$ 315,671	\$ 1,519,550
Additions	-	45,772	329,871	906	1,998	31,303	-	409,850
Disposals	-	-	(53,774)	-	(1,191)	(28,911)	-	(83,876)
Reclassifications	-	626,213	226,631	1,227	11,239	101,481	(292,609)	674,182
Effects of foreign currency exchange differences	-	(24,227)	(8,243)	(24)	(582)	(98)	(4,999)	(38,173)
Balance at December 31, 2020	<u>\$ 374,681</u>	<u>\$ 837,290</u>	<u>\$ 961,169</u>	<u>\$ 17,635</u>	<u>\$ 28,819</u>	<u>\$ 243,876</u>	<u>\$ 18,063</u>	<u>\$ 2,481,533</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2020	\$ -	\$ 81,904	\$ 191,418	\$ 9,463	\$ 12,029	\$ 64,072	\$ -	\$ 358,886
Depreciation expenses	-	23,434	77,941	1,352	2,480	26,047	-	131,254
Disposals	-	-	(20,336)	-	(1,076)	(17,441)	-	(38,853)
Reclassifications	-	11,109	(82)	-	78	4	-	11,109
Effects of foreign currency exchange differences	-	(1,192)	4,275	116	15	835	-	4,049
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 115,255</u>	<u>\$ 253,216</u>	<u>\$ 10,931</u>	<u>\$ 13,526</u>	<u>\$ 73,517</u>	<u>\$ -</u>	<u>\$ 466,445</u>
Carrying amount at December 31, 2020	<u>\$ 374,681</u>	<u>\$ 722,035</u>	<u>\$ 707,953</u>	<u>\$ 6,704</u>	<u>\$ 15,293</u>	<u>\$ 170,359</u>	<u>\$ 18,063</u>	<u>\$ 2,015,088</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 374,681	\$ 837,290	\$ 961,169	\$ 17,635	\$ 28,819	\$ 243,876	\$ 18,063	\$ 2,481,533
Additions	831,841	108,825	702,920	1,383	27,942	181,361	42,616	1,896,891
Disposals	-	-	(40,116)	(21)	(750)	(4,410)	-	(45,297)
Reclassifications	-	-	643	-	395	68,030	(57,074)	11,994
Effects of foreign currency exchange differences	-	(11,243)	(13,587)	(182)	(329)	(2,400)	(178)	(27,919)
Balance at December 31, 2021	<u>\$ 1,206,525</u>	<u>\$ 934,872</u>	<u>\$ 1,611,029</u>	<u>\$ 18,815</u>	<u>\$ 56,077</u>	<u>\$ 486,457</u>	<u>\$ 3,427</u>	<u>\$ 4,317,202</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	\$ -	\$ 115,255	\$ 253,216	\$ 10,931	\$ 13,526	\$ 73,517	\$ -	\$ 466,445
Depreciation expenses	-	30,717	208,394	1,815	12,558	119,276	-	372,760
Disposals	-	-	(35,203)	(20)	(702)	(1,233)	-	(37,158)
Reclassifications	-	-	(643)	-	379	35	-	(229)
Effects of foreign currency exchange differences	-	(1,721)	(2,386)	(102)	(98)	(771)	-	(5,078)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 144,251</u>	<u>\$ 423,378</u>	<u>\$ 12,624</u>	<u>\$ 25,663</u>	<u>\$ 190,824</u>	<u>\$ -</u>	<u>\$ 796,740</u>
Carrying amount at December 31, 2021	<u>\$ 1,206,525</u>	<u>\$ 790,621</u>	<u>\$ 1,187,651</u>	<u>\$ 6,191</u>	<u>\$ 30,414</u>	<u>\$ 295,633</u>	<u>\$ 3,427</u>	<u>\$ 3,520,462</u>

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

Buildings	20-50 years
Machinery equipment	2-10 years
Transportation equipment	4-10 years
Office equipment	3-10 years
Other equipment	2-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Land use rights	\$ 199,276	\$ 192,445
Buildings	61,044	52,979
Transportation equipment	<u>10,916</u>	<u>9,720</u>
	<u>\$ 271,236</u>	<u>\$ 255,144</u>
	For the Year Ended December 31	
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 75,404</u>	<u>\$ 6,483</u>
Depreciation charge for right-of-use assets		
Land use rights	\$ 5,074	\$ 4,440
Buildings	43,175	37,576
Transportation equipment	<u>3,902</u>	<u>3,999</u>
	<u>\$ 52,151</u>	<u>\$ 46,015</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Current	<u>\$ 42,796</u>	<u>\$ 34,743</u>
Non-current	<u>\$ 30,331</u>	<u>\$ 29,512</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Buildings	1.32%-2.85%	1.51%-2.85%
Transportation equipment	1.45%-2.85%	1.45%-2.85%

c. Material leasing activities and terms

Due to the severe impact of the COVID-19 on the market economy in 2020, the Group negotiated with the lessor for rent concessions for its land lease. The lessor agreed to provide unconditional rent reductions for 2020. The Group recognized in profit or loss the impact of rent concessions of \$2,686 thousand (\$1,835 thousand and \$851 thousand presented in operating costs and operating expenses, respectively) for the year ended December 31, 2020.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 7,455	\$ 9,870
Expenses relating to low-value asset leases	\$ 11,564	\$ 785
Total cash outflow for leases	\$ 67,913	\$ 54,385

The Group's leases of certain office equipment qualify as short-term and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. GOODWILL

	For the Year Ended December 31	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 100,532	\$ 105,827
Effect of foreign currency exchange differences	(2,824)	(5,295)
Balance at December 31	\$ 97,708	\$ 100,532

16. INTANGIBLE ASSETS

	Trademark Rights	Patents	Costs of Software	Customer Relationships	Total
<u>Cost</u>					
Balance at January 1, 2020	\$ 520	\$ 1,763	\$ 20,224	\$ 7,105	\$ 29,612
Additions	-	358	3,640	-	3,998
Effects of foreign currency exchange differences	-	-	94	(355)	(261)
Balance at December 31, 2020	\$ 520	\$ 2,121	\$ 23,958	\$ 6,750	\$ 33,349
<u>Accumulated amortization</u>					
Balance at January 1, 2020	\$ 368	\$ 1,446	\$ 10,128	\$ 6,158	\$ 18,100
Amortization expenses	33	65	3,468	934	4,500
Effects of foreign currency exchange differences	-	-	66	(342)	(276)
Balance at December 31, 2020	\$ 401	\$ 1,511	\$ 13,662	\$ 6,750	\$ 22,324
Carrying amount at December 31, 2020	\$ 119	\$ 610	\$ 10,296	\$ -	\$ 11,025

(Continued)

	Trademark Rights	Patents	Costs of Software	Customer Relationships	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 520	\$ 2,121	\$ 23,958	\$ 6,750	\$ 33,349
Additions	-	252	2,955	-	3,207
Disposals	-	(46)	-	-	(46)
Effects of foreign currency exchange differences	-	-	(43)	(189)	(232)
Balance at December 31, 2021	<u>\$ 520</u>	<u>\$ 2,327</u>	<u>\$ 26,870</u>	<u>\$ 6,561</u>	<u>\$ 36,278</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2021	\$ 401	\$ 1,511	\$ 13,662	\$ 6,750	\$ 22,324
Amortization expenses	33	74	4,576	-	4,683
Disposals	-	(5)	-	-	(5)
Effects of foreign currency exchange differences	-	-	(27)	(189)	(216)
Balance at December 31, 2021	<u>\$ 434</u>	<u>\$ 1,580</u>	<u>\$ 18,211</u>	<u>\$ 6,561</u>	<u>\$ 26,786</u>
Carrying amount at December 31, 2021	<u>\$ 86</u>	<u>\$ 747</u>	<u>\$ 8,659</u>	<u>\$ -</u>	<u>\$ 9,942</u> (Concluded)

The above intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Trademark rights	10 years
Patents	1-19 years
Costs of software	2-10 years
Customer relationships	5 years

For the Year Ended December 31

	<u>2021</u>	<u>2020</u>
An analysis of depreciation by function		
Research and development expenses	\$ 4,542	\$ 3,091
General and administrative expenses	127	1,152
Selling and marketing expenses	<u>14</u>	<u>257</u>
	<u>\$ 4,683</u>	<u>\$ 4,500</u>

17. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Secured borrowings</u>		
Bank loans	\$ 1,799,655	\$ 911,519
Subsidiary	166,080	170,880
Trade receivables	<u>958,440</u>	<u>479,406</u>
	<u>2,924,175</u>	<u>1,561,805</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>434,168</u>	<u>213,142</u>
	<u>\$ 3,358,343</u>	<u>\$ 1,774,947</u>

- 1) The range of weighted average effective interest rates on bank secured loans was 1.02%-3.45% and 0.99%-2.75% per annum as of December 31, 2021 and 2020, respectively.
- 2) Short-term borrowings were secured by Modern Pioneer (Kunshan) Co., Ltd., a third-tier subsidiary. The range of weighted average effective interest rates was 1.205% and 1.22% per annum as of December 31, 2021 and 2020, respectively.
- 3) Short-term borrowings were secured by a charge over a certain amount of the Company's trade receivables (refer to Note 28). The range of weighted average effective interest rates was 1.40%-3.33% and 1.142%-1.941% per annum as of December 31, 2021 and 2020, respectively.
- 4) The range of weighted average effective interest rates on bank revolving loans was 1.205%-1.57% and 1.22%-1.98% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Secured borrowings</u> (Note 28)		
Bank loans	\$ 860,663	\$ 252,955
Less: Current portion	<u>(61,571)</u>	<u>(20,757)</u>
	<u>799,092</u>	<u>232,198</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	90,000	120,000
Less: Current portion	<u>(30,000)</u>	<u>(30,000)</u>
	<u>60,000</u>	<u>120,000</u>
Long-term borrowings	<u>\$ 859,092</u>	<u>\$ 322,198</u>

- 1) The loan is secured by land and buildings (refer to Note 28) and the duration is from July 10, 2017 to June 29, 2028. The principal was repaid monthly upon commencement. As of December 31, 2021 and 2020, the interest rate range was 1.30%-1.3372% and 1.3372%-1.3669%, respectively.

- 2) The duration of the line of credit borrowings is from December 31, 2019 to December 30, 2022. The principal was repaid semi-annually upon commencement. As of December 31, 2021 and 2020, the interest rate was 1.09%.

18. OTHER PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Payables for salaries or bonuses	\$ 149,777	\$ 142,614
Payables for professional services	3,748	7,991
Payables for purchases of equipment	924	9,447
Payables for employee benefits	1,569	872
Others (Note)	<u>68,519</u>	<u>98,037</u>
	<u>\$ 224,537</u>	<u>\$ 258,961</u>

Note: Mainly including testing service fee, utilities fee and shipping fee, etc.

19. RETIREMENT BENEFIT PLANS

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

Some subsidiaries, which are mainly investment holding companies, have no staff. Such subsidiaries have no pension plans; thus, they do not contribute to pension funds and do not recognize pension costs.

Except for such subsidiaries, the remaining subsidiaries all contribute to pension funds and recognize pension costs based on the regulations of their local governments.

20. EQUITY

- a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>150,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 1,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>150,000</u>	<u>122,000</u>
Shares issued	<u>\$ 1,500,000</u>	<u>\$ 1,220,000</u>

- 1) On June 30, 2020, the Company's shareholders resolved to issue 5,200 thousand ordinary shares with a par value of \$10 from capital surplus, which increased the share capital issued and fully paid to \$1,100,000 thousand. The base date of the capital increase was August 24, 2020, and the process of registration of changes was completed.

- 2) On October 27, 2020, the Company's board of directors resolved to issue 12,000 thousand ordinary shares with an issue price of NT\$100 for cash, which increased the share capital issued and fully paid to \$1,220,000 thousand. The base date of the capital increase was December 10, 2020, and the registration of changes was completed on December 23, 2020.
- 3) On July 29, 2021, the Company's shareholders resolved to issue 12,200 thousand ordinary shares with a par value of \$10 from the capital surplus and 15,800 thousand ordinary shares with a par value of \$10 from the earnings, which increased the share capital issued and fully paid to \$1,500,000 thousand. The base date of the capital increase was September 21, 2021, and the process of registration of changes was completed.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	\$ 1,155,700	\$ 1,441,100
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 25)	2,481	2,481
Treasury share transactions	<u>801</u>	<u>801</u>
	<u>1,158,982</u>	<u>1,444,382</u>
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>2,380</u>	<u>2,380</u>
	<u>\$ 1,161,362</u>	<u>\$ 1,446,762</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and setting aside or reversing a special reserve in accordance with the laws and regulations. If the Company distribute its earnings in the form of cash, it shall be approved by the board of directors in their meeting; if the earnings are distributed in the form of new shares, it shall be approved by the shareholders in their meeting.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 21-f.

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

The shareholders of the Company held their regular meeting on July 29, 2021 and in that meeting, resolved the amendments to the Company's Articles. The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient. Before the Articles is amended, the special reserve is appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Legal reserve	\$ 48,858	\$ 10,500	\$ -	\$ -
Special reserve	82,870	91,552	-	-
Cash dividends	36,600	10,480	0.30	0.10
Share dividends	158,000	-	1.2951	-
Cash dividends from capital surplus	163,400	36,680	1.3393	0.35
Share dividends from capital surplus	122,000	52,000	1.00	0.496

The above appropriations of earnings as cash dividends were resolved by the Company's board of directors on March 25, 2021 and April 8, 2020, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on July 29, 2021 and June 30, 2020, respectively.

As of the date of approval of the consolidated financial report, the Company's board of directors has not yet proposed the appropriation of earnings of 2021.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 91,522	\$ -
Appropriations in respect of Debits to other equity items	<u>82,870</u>	<u>91,552</u>
Balance at December 31	<u>\$ 174,422</u>	<u>\$ 91,552</u>

e. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (147,587)	\$ (114,156)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(21,910)	(35,861)
Income tax benefits	<u>4,382</u>	<u>7,172</u>
Other comprehensive income recognized for the year	<u>(17,528)</u>	<u>(26,689)</u>
Acquisition of non-controlling interests in subsidiaries and reattribute to equity (see Note 25)	<u>-</u>	<u>(4,742)</u>
Balance at December 31	<u>\$ (165,115)</u>	<u>\$ (147,587)</u>

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	<u>\$ (26,835)</u>	<u>\$ (26,835)</u>
Recognized for the year		
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	<u>214</u>	<u>-</u>
Other comprehensive income recognized for the year	<u>214</u>	<u>-</u>
Balance at December 31	<u>\$ (26,621)</u>	<u>\$ (26,835)</u>

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2021	-
Increase during the year	<u>2,500</u>
Number of shares at December 31, 2021	<u>2,500</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

g. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 11,090	\$ 168,095
Non-controlling interests arising from acquisition of subsidiaries (see Note 25)	-	(158,148)
Share in profit for the year	3,054	6,476
Paid cash dividends of non-controlling interests	-	(5,712)
Liquidation of subsidiaries	(2,801)	-
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign operations	(75)	474
Related income tax benefits	<u>15</u>	<u>(95)</u>
Balance at December 31	<u>\$ 11,283</u>	<u>\$ 11,090</u>

21. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2021	2020
Interest income	\$ 1,145	\$ 931
Rental income	<u>7,415</u>	<u>344</u>
	<u>\$ 8,560</u>	<u>\$ 1,275</u>

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	\$ (12,569)	\$ (44,596)
Loss on disposal of property, plant and equipment	(6,042)	(8,038)
Net gain on financial assets at FVTPL	-	6,903
Gain from government grant	-	6,251
Others	<u>4,339</u>	<u>550</u>
	<u>\$ (14,272)</u>	<u>\$ (38,930)</u>

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on loans	\$ 44,365	\$ 24,403
Interest on lease liabilities	1,681	2,251
Fees on pledged trade receivables	<u>5,780</u>	<u>4,259</u>
	<u>\$ 51,826</u>	<u>\$ 30,913</u>

d. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 328,326	\$ 114,799
Operating expenses	<u>96,585</u>	<u>62,470</u>
	<u>\$ 424,911</u>	<u>\$ 177,269</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 4,683</u>	<u>\$ 4,500</u>

e. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2021	2020
Short-term benefits	\$ 1,442,299	\$ 1,340,535
Other employee expenses	35,288	27,410
Post-employment benefits		
Defined contribution plans	<u>7,342</u>	<u>6,088</u>
Total employee benefits expense	<u>\$ 1,484,929</u>	<u>\$ 1,374,033</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,192,384	\$ 1,111,725
Operating expenses	<u>292,545</u>	<u>262,308</u>
	<u>\$ 1,484,929</u>	<u>\$ 1,374,033</u>

f. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues the compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors.

The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 24, 2022 and March 25, 2021, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2021	2020
Compensation of employees	1%	1%
Remuneration of directors and supervisors	1%	1%

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ -	\$ -	\$ 6,232	\$ -
Remuneration of directors	-	-	6,232	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 129,651	\$ 172,551
Income tax on unappropriated earning	8,113	-
Adjustments for prior year	<u>2,535</u>	<u>(1,026)</u>
	<u>140,299</u>	<u>171,525</u>
Deferred tax		
In respect of the current year	<u>(170,574)</u>	<u>(61,979)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (30,275)</u>	<u>\$ 109,546</u>

A reconciliation of accounting profit (loss) and income tax expense (benefit) is as follows:

	For the Year Ended December 31	
	2021	2020
Profit (loss) before tax from continuing operations	<u>\$ (76,466)</u>	<u>\$ 604,605</u>
Income tax expense (benefit) calculated at the statutory rate	\$ (131,604)	\$ 109,789
Income tax on unappropriated earnings	8,113	-
Unrecognized deductible temporary differences	34,797	-
Unrecognized deductible losses	55,873	-
Nondeductible expenses in determining taxable income	11	680
Changes in the realizability assessment of deferred income tax	-	103
Adjustments for prior years' tax	<u>2,535</u>	<u>(1,026)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (30,275)</u>	<u>\$ 109,546</u>

According to the Law on Corporate Income Tax approved by the government of Vietnam, local subsidiaries are eligible for tax exemption in the first two years and a 50% deduction in the following four years since the first profit-earning year should they have investments in the industrial park.

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Deferred tax</u>		
Exchange differences on translating foreign operations	<u>\$ 4,397</u>	<u>\$ 7,077</u>

c. Current tax liabilities

	<u>For the Year Ended December 31</u>	
	2021	2020
Current tax liabilities	<u>\$ 138,375</u>	<u>\$ 166,386</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized losses on foreign currency exchange	\$ 10,873	\$ (3,265)	\$ -	\$ (37)	\$ 7,571
Loss on impairment of inventories	6,868	(810)	-	(52)	6,006
Unrealized loss on debts	2,408	(2,388)	-	(20)	-
Short-term warranties provisions	1,762	1,256	-	-	3,018
Gain on investments accounted for using the equity method	-	34,928	4,397	(15)	39,310
Others	<u>719</u>	<u>174</u>	<u>-</u>	<u>(</u>	<u>888</u>
	22,630	29,895	4,397	(129)	56,793
Tax losses	<u>33,410</u>	<u>81,997</u>	<u>-</u>	<u>(64</u>	<u>114,766</u>
	<u>\$ 56,040</u>	<u>\$ 111,892</u>	<u>\$ 4,397</u>	<u>\$ (770)</u>	<u>\$ 171,559</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	\$ 62,315	\$ (58,428)	\$ -	\$ (17)	\$ 3,870
Unrealized gains on foreign currency exchange	11	(4)	-	-	7
Others	<u>251</u>	<u>(250)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 62,577</u>	<u>\$ (58,682)</u>	<u>\$ -</u>	<u>\$ (18)</u>	<u>\$ 3,877</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized losses on foreign currency exchange	\$ 500	\$ 10,275	\$ -	\$ 98	\$ 10,873
Loss on impairment of inventories	6,071	680	-	117	6,868
Unrealized loss on debts	13,518	(11,089)	-	(21)	2,408
Short-term warranties provisions	2,028	(266)	-	-	1,762
Differences in capitalization of property, plant and equipment	2,095	(2,066)	-	(29)	-
Others	<u>758</u>	<u>(47)</u>	<u>-</u>	<u>8</u>	<u>719</u>
	24,970	(2,513)	-	173	22,630
Tax losses	<u>7,629</u>	<u>25,095</u>	<u>-</u>	<u>686</u>	<u>33,410</u>
	<u>\$ 32,599</u>	<u>\$ 22,582</u>	<u>\$ -</u>	<u>\$ 859</u>	<u>\$ 56,040</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	\$ 104,915	\$ (35,474)	\$ (7,077)	\$ (49)	\$ 62,315
Unrealized gains on foreign currency exchange	4,186	(4,158)	-	(17)	11
Others	<u>11</u>	<u>235</u>	<u>-</u>	<u>5</u>	<u>251</u>
	<u>\$ 109,112</u>	<u>\$ (39,397)</u>	<u>\$ (7,077)</u>	<u>\$ (61)</u>	<u>\$ 62,577</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2021
Loss carryforwards	<u>\$ 360,711</u>
Deductible temporary differences	
Loss of investments accounted for using the equity method	<u>\$ 173,038</u>

- f. Income tax assessments

The income tax returns of the Company through 2019 have been assessed by the tax authorities.

23. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings (loss) per share	<u>\$ (0.33)</u>	<u>\$ 3.58</u>
Diluted earnings (loss) per share	<u>\$ (0.33)</u>	<u>\$ 3.58</u>

The weighted average number of shares outstanding used for the earnings (loss) per share computation was adjusted retroactively for the issuance of bonus shares on September 21, 2021. The basic and diluted earnings (loss) per share adjusted retrospectively for the year ended December 31, 2019 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings (loss) per share	<u>\$ 4.40</u>	<u>\$ 3.58</u>
Diluted earnings (loss) per share	<u>\$ 4.40</u>	<u>\$ 3.58</u>

The earnings (loss) and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit (Loss) for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Earnings (loss) used in the computation of basic and diluted earnings (loss) per share	<u>\$ (49,245)</u>	<u>\$ 488,583</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	149,336	136,475
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>8</u>	<u>47</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>149,344</u>	<u>136,522</u>

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

24. GOVERNMENT GRANTS

Besides information disclosed elsewhere in the other notes, the amount of government grants for expenses or losses incurred was \$16,064 thousand for the year ended December 31, 2020, and was deducted from the recorded expenses paid for by the grant.

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In February 2020, the Group subscribed for 21.28% of the equity of Ampacs International Company Limited during its capital increase, which increased the Group's equity investment in Ampacs International Company Limited from 78.72% to 100%.

The above transaction was accounted for as an equity transaction, since the Group did not cease to have control over these subsidiaries.

	Ampacs International Company Limited
Consideration paid	\$ (160,409)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	158,148
Reattribution of other equity to (from) non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	<u>4,742</u>
Differences recognized from equity transactions	<u>\$ 2,481</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 2,481</u>

26. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in debt instruments	<u>\$ 4,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,196</u>

There were no transfers between Levels 1 and 2 in 2021.

- b. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 2,382,166	\$ 2,908,705
Financial assets at FVTOCI	4,196	-
<u>Financial liabilities</u>		
Measured at amortized cost (2)	6,081,871	3,530,978

- 1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, receivables, other receivables and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, trade payables, other payables, current portion of long-term borrowings and long-term borrowings.

c. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, lease liabilities, short-term and long-term borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The management routinely monitors foreign currency risk and would take necessary measures in response to significant foreign currency fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the year are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar, Chinese Yuan and Vietnamese dong (the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A negative number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar weakening 1% against the U.S. dollar. For a 1% strengthening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on profit or loss, and the balances below would be positive.

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	<u>\$ (13,804)</u>	<u>\$ (3,758)</u>

b) Interest rate risk

The Group is exposed to interest rate risk because the Group borrows funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets (i)	\$ 149,478	\$ 181,763
Financial liabilities (ii)	73,127	64,255
Cash flow interest rate risk		
Financial assets (iii)	395,564	1,275,985
Financial liabilities (iv)	4,309,006	2,147,902

- i. The balances include financial assets at amortized cost.
- ii. The balances are lease liabilities.
- iii. The balances are demand deposits and financial assets at amortized cost.
- iv. The balances are financial liabilities with exposure to interest rates

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased by \$39,134 thousand and \$8,719 thousand, respectively, which was mainly a result of variable-rate bank deposits and variable-rate borrowings. If interest rates had been 100 basis points lower, there would be an equal and opposite impact on pre-tax profit, and the balances would be negative.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes; the Group does not actively trade these investments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheet.

The Group's concentration of credit risk of 85% and 69% of the total amounts of trade receivables as of December 31, 2021 and 2020, respectively, was attributable to the Group's five largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities set out in (2) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2021

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 3,464,503	\$ 403,026	\$ 522,722
Non-interest bearing	1,768,925	-	-
Lease liabilities	<u>43,819</u>	<u>30,645</u>	<u>-</u>
	<u>\$ 5,277,247</u>	<u>\$ 433,671</u>	<u>\$ 522,722</u>

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 1,831,038	\$ 150,062	\$ 188,730
Non-interest bearing	1,380,711	-	-
Lease liabilities	<u>35,797</u>	<u>30,484</u>	<u>-</u>
	<u>\$ 3,247,546</u>	<u>\$ 180,546</u>	<u>\$ 188,730</u>

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank overdraft facilities:		
Amount used	\$ 524,168	\$ 333,142
Amount unused	<u>143,712</u>	<u>15,458</u>
	<u>\$ 667,880</u>	<u>\$ 348,600</u>
Secured bank overdraft facilities:		
Amount used	\$ 3,784,838	\$ 1,814,761
Amount unused	<u>2,481,108</u>	<u>1,079,778</u>
	<u>\$ 6,265,946</u>	<u>\$ 2,894,539</u>

d. Transfers of financial assets

During the years ended December 31, 2021 and 2020, the Group discounted trade receivables with an aggregate carrying amount of \$1,099,246 thousand and \$578,275 thousand, respectively, to banks for cash proceeds of \$958,440 thousand and \$479,406 thousand, respectively. According to the contract, if these trade receivables are not recoverable at maturity, banks have the right to request that the Group pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amounts of these trade receivables and treats these trade receivables that have been transferred to banks as collateral for borrowings (see Note 28).

As of December 31, 2021 and 2020, the carrying amount of these trade receivables that have been transferred but not derecognized was \$1,099,246 thousand and \$578,275 thousand, respectively, and the carrying amount of the related liabilities was \$958,440 thousand and \$479,406 thousand, respectively.

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

Remuneration of Key Management Personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 25,082	\$ 31,651
Post-employment benefits	<u>412</u>	<u>404</u>
	<u>\$ 25,494</u>	<u>\$ 32,055</u>

The remuneration of directors and key executives is based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Property, plant and equipment (including construction in progress)	\$ 3,098,144	\$ 1,613,782
Trade receivables	1,099,246	578,275
Right-of-use assets	185,069	192,445
Pledged demand deposits (classified as financial assets at amortized cost)	186,896	63,267
Pledged time deposits (classified as financial assets at amortized cost)	<u>149,478</u>	<u>181,763</u>
	<u>\$ 4,718,833</u>	<u>\$ 2,629,532</u>

The above assets were provided as collateral for bank borrowings.

29. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, some factories of the Group's overseas subsidiaries have temporarily suspended operations. However, the Group has responded by adjusting production capacity so that it would not lead to a decline in operating income. As of the date of issuance of the consolidated financial report, there are no doubts regarding asset impairment, financing risk, and the Group's ability to continue as a going concern. However, the impact of the pandemic is still uncertain, and the Group will continue to monitor the development of the pandemic.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 146,447	27.68 (USD:TWD)	\$ 4,053,633
USD	28,480	6.3720 (USD:CNY)	<u>788,340</u>
			<u>\$ 4,841,973</u>
<u>Financial liabilities</u>			
Monetary items			
USD	92,061	27.68 (USD:TWD)	\$ 2,548,256
USD	112,732	22.760 (USD:VND)	3,120,417
USD	20,020	6.3720 (USD:CNY)	<u>554,151</u>
			<u>\$ 6,222,824</u>

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 87,559	28.48 (USD:TWD)	\$ 2,497,577
USD	25,266	6.5068 (USD:CNY)	720,606
USD	13,408	23,090 (USD:VND)	<u>381,966</u>
			<u>\$ 3,600,149</u>
 <u>Financial liabilities</u>			
Monetary items			
USD	71,146	28.48 (USD:TWD)	\$ 2,027,419
USD	60,781	23,090 (USD:VND)	1,732,796
USD	7,518	6.5068 (USD:CNY)	<u>214,231</u>
			<u>\$ 3,974,446</u>

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$12,569 thousand and \$44,596 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 in the Group.

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)

- 9) Trading in derivative instruments (None)
- 10) Information on investees (Table 7)
- b. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 1,2, 5 and 6).
- c. Intercompany relationships and significant intercompany transactions (Table 9)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were the manufacture, process and sale of audio electronic devices, computer peripherals and plastic products. For the purposes of financial statement presentation, these individual operating segments have been aggregated into a single operating segment given that the Group centrally manages the manufacture and sale of products. In addition, the assessment basis of segment information presented to the chief operating decision maker was the same as financial statements presented above. Therefore, the reportable segment revenue and performance results could be referred to the consolidated statements of comprehensive income for the years ended December 31, 2021 and 2020. The asset information was not presented to the chief operating decision maker.

- a. Revenue from major products and services

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

	For the Year Ended December 31	
	2021	2020
Consumer electronic devices	\$ 5,168,701	\$ 4,490,384
Plastic products	<u>510,005</u>	<u>507,871</u>
	<u>\$ 5,678,706</u>	<u>\$ 4,998,255</u>

b. Geographical information

The Group operates in one principal geographical area - Asia.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Asia	<u>\$ 5,678,706</u>	<u>\$ 4,998,255</u>	<u>\$ 4,051,310</u>	<u>\$ 2,669,628</u>

Non-current assets exclude financial assets at fair value through other comprehensive income and deferred tax assets.

c. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2021	2020
Customer A	<u>\$ 2,169,694</u>	<u>\$ 580,316</u>
Customer B	<u>\$ 1,190,972</u>	<u>\$ 1,939,634</u>

AMPACS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Brilliance Investment Co., Ltd.	Richmake International Limited	Other receivables from related parties	Yes	\$ 243,584 (US\$ 8,800)	\$ 243,584 (US\$ 8,800)	\$ 243,584 (US\$ 8,566)	-	Short-term financing	\$ -	Operational needs	\$ -	None	\$ -	\$ 295,293 (US\$ 10,668)	\$ 295,293 (US\$ 10,668)	Note 3
2	Dong Guan Yi Zhuo Electronics Co., Ltd.	Brilliance Investment Co., Ltd.	Trade receivables from related parties	Yes	\$ 156,384 (US\$ 36,000)	\$ 156,384 (US\$ 36,000)	\$ 148,870 (US\$ 5,378)	-	Short-term financing	-	Operational needs	-	None	-	188,446 (CNY 43,381)	188,446 (CNY 43,381)	Note 4

Note 1: The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The amount was calculated using the spot rate on December 31, 2021 (US\$1=NT\$27.68; CNY1=NT\$4.344).

Note 3: The aggregate financing limit and financing limit for each borrower of Brilliance Investment Co., Ltd., calculated based on the Group's policy, were both 120% of the Company's net asset value.

Note 4: The aggregate financing limit and financing limit for each borrower of Dong Guan Yi Zhuo Electronics Co., Ltd., calculated based on the Group's policy, were both 120% of the Company's net asset value.

Note 5: The highest balance and ending balance for the period are the financing limits approved by the lender's board of directors.

Note 6: All intercompany financing transactions have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed (Note 3)	Amount Endorsed/ Guaranteed by Collateral (Note 3)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
1	Modern Pioneer (Kunshan) Co., Ltd.	AMPACS Corporation	b	\$ 258,872 (CNY 59,593)	\$ 179,920 (US\$ 6,500)	\$ 179,920 (US\$ 6,500)	\$ 166,080 (US\$ 6,000)	\$ 32,471 (CNY 7,475)	6.54	\$ 258,872 (CNY 59,593)	N	Y	N	

Note 1: Relationship between endorser/guarantor and endorsee/guarantee are as follows:

- a. Business relationship.
- b. A subsidiary in which the Company holds directly and indirectly over 50% of an equity interest.
- c. An investee in which the Company and its subsidiaries hold directly and indirectly over 50% of an equity interest.

Note 2: a. The aggregate amount of guarantees/endorsements by Modern Pioneer (Kunshan) Co., Ltd. and for any single entity should not exceed 100% of its net worth.
b. The net worth is based on the latest audited financial statements.

Note 3: The amount was calculated using the spot rate on December 31, 2021 (US\$1=NT\$27.68; CNY1=NT\$4.344).

AMPACS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
AMPACS Corporation	<u>Bonds</u> Ford Motor Company	-	Financial assets at FVTOCI - non-current	130	\$ 4,196	0.01	\$ 4,196	Note 1
Richmake International Limited	<u>Ordinary shares</u> Iota Communications, Inc.	-	Financial assets at FVTOCI - non-current	2,478,000	-	1.26	-	Note 2

Note 1: The amount was calculated using the fair value on December 31, 2021

Note 2: After assessment, the carrying amount of the financial asset was fully recognized as unrealized losses.

AMPACS CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event 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			
AMPACS Corporation	Property, plant and equipment	2021.4.27	\$ 760,270	Based on the contract	ABILITY ENTERPRISE CO., LTD.	None	-	-	-	\$ -	Negotiate based on the valuation report	For the Company's expansion	None

AMPACS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AMPACS Corporation	Ampacs International Company Limited	Subsidiary	Purchase	\$ (2,392,314)	(59)	About 120 days	Contract price	No significant difference	\$ (176,923)	(30)	
	Richmake International Limited	Subsidiary	Purchase	(1,946,441)	(42)	About 120 days	Contract price	No significant difference	(13,445)	(2)	
	Fortune Channel Universal Limited	Subsidiary	Purchase	(320,703)	(7)	About 120 days	Contract price	No significant difference	-	-	
Tech. Pioneer, Ltd.	AMPACS Corporation	Parent company	Purchase	(112,866)	(100)	About 120 days	Contract price	No significant difference	(47,174)	(100)	
Richmake International Limited	Dongguan Yi Xing Electronics Co., Ltd.	Subsidiary	Purchase	(1,984,252)	(100)	About 180 days	Contract price	No significant difference	(424,499)	(9)	
Fortune Channel Universal Limited	Modern Pioneer (Kunshan) Co., Ltd.	Subsidiary	Purchase	(320,807)	(100)	About 180 days	Contract price	No significant difference	(17,382)	(100)	
Ampacs International Company Limited	Dongguan Yi Xing Electronics Co., Ltd.	Sister company	Purchase	(175,112)	(6)	About 180 days	Contract price	No significant difference	(120,945)	(5)	
	Dong Guan Han Lei Electronics Co., Ltd	Sister company	Purchase	(716,504)	(23)	About 180 days	Contract price	No significant difference	(115,374)	(4)	
	AMPACS Corporation	Parent company	Sale	2,392,314	99	About 120 days	Contract price	No significant difference	176,924	98	
Richmake International Limited	AMPACS Corporation	Parent company	Sale	1,946,441	99	About 120 days	Contract price	No significant difference	13,445	78	
Fortune Channel Universal Limited	AMPACS Corporation	Parent company	Sale	320,703	100	About 120 days	Contract price	No significant difference	-	-	
AMPACS Corporation	Tech. Pioneer, Ltd.	Subsidiary	Sale	112,866	2	About 120 days	Contract price	No significant difference	47,174	3	
Modern Pioneer (Kunshan) Co., Ltd.	Fortune Channel Universal Limited	Sister company	Sale	320,087	74	About 180 days	Contract price	No significant difference	-	-	
Dongguan Yi Xing Electronics Co., Ltd.	Richmake International Limited	Sister company	Sale	1,984,252	92	About 180 days	Contract price	No significant difference	424,499	78	
	Ampacs International Company Limited	Sister company	Sale	175,112	8	About 180 days	Contract price	No significant difference	120,945	22	
Dong Guan Han Lei Electronics Co., Ltd	Ampacs International Company Limited	Sister company	Sale	716,504	97	About 180 days	Contract price	No significant difference	115,374	98	

Note: All intercompany gains and losses from investment have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$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	Relationship	Ending Balance of Trade Receivables	Ending Balance of Other Receivables	Turnover Rate	Past Due		Amounts Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Action Taken		
Ampacs International Company Limited	AMPACS Corporation	Parent company	\$ 176,924	\$ -	10.39	\$ -	-	\$ -	\$ -
Dongguan Yi Xing Electronics Co., Ltd.	Ampacs International Company Limited	Sister company	120,945	-	1.22	-	-	-	-
	Richmake International Limited	Sister company	424,499	-	7.07	-	-	226,976	-
Dong Guan Yi Zhuo Electronics Co., Ltd.	Brilliance Investment Co., Ltd.	Sister company	152,547	-	0.07	-	-	-	-
Dong Guan Han Lei Electronics Co., Ltd.	Ampacs International Company Limited	Sister company	115,374	-	12.10	-	-	-	-
Richmake International Limited	Dongguan Yi Xing Electronics Co., Ltd.	Sister company	-	994,987	Note 2	-	-	-	-
	Ampacs International Company Limited	Sister company	-	126,189	Note 2	-	-	-	-
AMPACS Corporation	Ampacs International Company Limited	Subsidiary	-	1,946,312	Note 2	-	-	-	-
Brilliance Investment Co., Ltd.	Richmake International Limited	Sister company	-	238,788	Note 2	-	-	-	-

Note 1: All intercompany gains and losses from investment have been eliminated upon consolidation.

Note 2: The other receivables are purchased on behalf of raw materials.

AMPACS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2021	December 31, 2020	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
AMPACS Corporation	Tech. Pioneer, Ltd.	Samoa	Investment activities	US\$ 21,780 HK\$ 9,500	US\$ 21,780 HK\$ 9,500	23,003	100.00	\$ 790,476	\$ (325,461) (US\$ -11,619)	\$ (325,461)	Subsidiary
	Ampacs International company Limited	Vietnam	Production and sale of plastic products and consumer electronics	US\$ 30,000	US\$ 30,000	-	100.00	494,643	(318,893) (VND -260,959,887)	(318,893)	Subsidiary
Tech. Pioneer, Ltd.	Brilliance Investment Co., Ltd.	Samoa	Investment activities and the sale of plastic products	US\$ 1,050	US\$ 1,050	1,050	100.00	246,075	(11,774) (US\$ -420)	(11,774)	Subsidiary
	Sunlight Ocean Holding Limited	Samoa	Investment activities	US\$ 850	US\$ 850	850	100.00	51,568	7,865 (US\$ 281)	(7,865)	Subsidiary
	Richmake International Limited	Samoa	Investment activities and the sale of consumer electronics	HK\$ 9,500	HK\$ 9,500	1,224	100.00	86,389	(276,675) (US\$ -9,878)	(276,675)	Subsidiary
	Fortune Channel Universal Limited	Seychelles	Investment activities and the sale of plastic products	US\$ 16,000	US\$ 16,000	16,000	100.00	405,844	29,086 (US\$ 1,038)	(29,086)	Subsidiary

Note 1: Refer to Table 8 for information on investments in mainland China.

Note 2: All intercompany gains and losses from investment have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 3)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Note 3)	Investment of Flows (Note 2)		Accumulated Outflow of Investment from Taiwan as of December 31, 2021 (Note 3)	Net Income (Loss) of the Investee (Notes 4 and 6)	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4 and 6)	Carrying Amount as of December 31, 2021 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Dongguan Yi Zhao Electronics Co., Ltd.	Production and sale of plastic products	\$ 29,064 (US\$ 1,050)	Note 1	\$ 29,064 (US\$ 1,050)	\$ -	\$ -	\$ 29,064 (US\$ 1,050)	\$ (11,081) (CNY -2,552)	100	\$ (11,081) (US\$ -396)	\$ 157,038 (US\$ 5,673)	\$ -
Dongguan Han Lei Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	23,528 (US\$ 850)	Note 1	23,528 (US\$ 850)	-	-	23,528 (US\$ 850)	7,834 (CNY 1,805)	100	7,834 (US\$ 280)	50,208 (US\$ 1,814)	-
Dongguan Yi Xing Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	33,716 (HK\$ 9,500)	Note 1	33,716 (HK\$ 9,500)	-	-	33,716 (HK\$ 9,500)	(286,602) (CNY -66,018)	100	(286,602) (US\$ -10,232)	154,447 (US\$ 5,580)	-
Modern Pioneer (Kunshan) Co., Ltd.	Production and sale of plastic products	373,680 (US\$ 13,500)	Note 1	373,680 (US\$ 13,500)	-	-	373,680 (US\$ 13,500)	22,605 (CNY 5,207)	100	29,001 (CNY 1,035)	416,506 (US\$ 15,047)	-
Dongguan Shi Xunen Electronics Co., Ltd.	Production and sale of headphone wire	-	Note 2	Note 2	-	-	Note 2	-	-	-	Note 6	-
Dongguan Shi Hong Jun Electronics Co., Ltd.	Production and sale of headphone wire	8,688 (CNY 2,000)	Note 2	Note 2	-	-	Note 2	6,233 (CNY 1,436)	51	3,179 (CNY 732)	11,743 (US\$ 2,703)	-

Accumulated Investment in Mainland China as of December 31, 2021 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment
\$ 459,988 (US\$ 15,400) (HK\$ 9,500)	\$ 459,988 (US\$ 15,400) (HK\$ 9,500)	1,658,234(Note 5)

Note 1: The companies were invested through regions outside of Taiwan and mainland China (the third region).

Note 2: Remittance by Dongguan Han Lei Electronics Co., Ltd.

Note 3: The amount was calculated using the spot rates on December 31, 2021 (US\$1=NT\$27.68; HK\$1=NT\$3.549; CNY1=NT\$4.344).

Note 4: The amount was calculated using the yearly average rates on 2021 (US\$1=NT\$28.01; HK\$1=NT\$3.6033; CNY1=NT\$4.3413).

(Continued)

Note 5: The amount was calculated based on 60% of the Group's net worth.

Note 6: The liquidation process of Dongguan Shi Xunen Electronics Co., Ltd was completed in November 2021, and the capital of CNY1,400 thousand has been repaid to Dongguan Han Lei Electronics Co., Ltd.

Note 7: All intercompany gains and losses from investment have been eliminated upon consolidation.

(Concluded)

AMPACS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Item	Amount	Terms	
0	AMPACS Corporation	Ampacs International company Limited Tech. Pioneer, Ltd.	1 1	Other receivables	\$ 1,946,312	Mutual agreement	21
				Sales	112,866	Mutual agreement	2
1	Ampacs International company Limited	AMPACS Corporation AMPACS Corporation	2 2	Accounts receivable	176,924	Mutual agreement	2
				Sales	2,392,314	Mutual agreement	42
2	Richmake International Limited	AMPACS Corporation Ampacs International company Limited Dongguan Yi Xing Electronics Co., Ltd.	2 3 3	Sales	1,946,411	Mutual agreement	34
				Other receivables	126,189	Mutual agreement	1
				Other receivables	994,987	Mutual agreement	11
3	Fortune Channel Universal Limited	AMPACS Corporation	2	Sales	320,703	Mutual agreement	6
4	Brilliance Investment Co., Ltd.	Richmake International Limited	3	Other receivables	238,788	Mutual agreement	3
5	Dongguan Yi Xing Electronics Co., Ltd.	Ampacs International company Limited Ampacs International company Limited Richmake International Limited Richmake International Limited	3 3 3 3	Sales	175,112	Mutual agreement	3
				Accounts receivable	120,945	Mutual agreement	1
				Sales	1,984,252	Mutual agreement	35
				Accounts receivable	424,499	Mutual agreement	5
6	Modern Pioneer (Kunshan) Co., Ltd.	Fortune Channel Universal Limited	3	Sales	320,087	Mutual agreement	6
7	Dongguan Yi Zhao Electronics Co., Ltd.	Brilliance Investment Co., Ltd.	3	Accounts receivable	152,547	Mutual agreement	2
8	Dong Guan Han Lei Electronics Co., Ltd.	Ampacs International company Limited Ampacs International company Limited	3 3	Sales	716,504	Mutual agreement	13
				Accounts receivable	115,374	Mutual agreement	1

Note 1: The Company and its subsidiaries are coded as follows:

- The Company is coded "0".
- The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- From the Company to its subsidiary.
- From a subsidiary to its parent company.
- Between subsidiaries.

(Continued)

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance was shown as a percentage to consolidated total assets as of December 31, 2019. For profit or loss items, the cumulative amounts were shown as a percentage to consolidated total operating revenues for the year ended December 31, 2021.

Note 4: The above table only discloses each of the related-party transactions which amount to at least 1% of total revenue or total assets, while the reverse flow of transactions are not additionally disclosed.

Note 5: The intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 10**AMPACS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Huang, Chang-Ching	33,171,900	22.11
Lung An Investment Co., Ltd.	11,907,304	7.93
Chang An Investment Co., Ltd.	11,681,569	7.78
Hsiao, Hsiu-Ju	9,796,545	6.53

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.