TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY

FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

WITH

REPORT OF INDEPENDENT AUDITORS

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail

Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the "Company") as of 31 December 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2021 and 2020, and its financial performance and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China on Taiwan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China on Taiwan (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Loss Allowance Accounts Receivable</u>

As of 31 December 2021, the balance of accounts receivable and allowance for doubtful accounts of the Company amounted to NT$3,965,098 thousand and NT$158,856 thousand, respectively. Net accounts receivable constituted a material amount of 20% of total assets, which was considered material in the parent company only financial statements. Since the allowance for doubtful accounts was measured at the lifetime expected credit loss, the account receivables should be appropriately grouped during the measurement process and determine the use of related assumptions in the analysis and measurement, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net accounts receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the process of internal control execution management established for receivables; evaluating the appropriateness of management's provisioning policy of allowance for doubtful accounts; analyzing the appropriateness of the grouping of accounts receivable to confirm whether customer groups that have significantly different loss patterns from one another are grouped appropriately; the Company was tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables; evaluating long-term trends of loss allowance and turnover rate of accounts receivable.

We also considered the appropriateness of disclosure of accounts receivable. Please refer to Notes 5 and 6 of the parent company only financial statements.

Valuation for slow-moving inventories

As of 31 December 2021, the Company's net inventories amounted to NT$1,241,867 thousand, constituting 7% of total asset, which was considered material in the parent company only financial statements. Considering the market economy environment change, horizontal competition and numerous inventory items, the loss allowance for loss on inventory valuation and obsolescence required significant management judgment. We determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the internal control management established for inventory, evaluating the appropriateness of management's provisioning policy of allowance; sampling net realizable value estimated by inventory, including related sales certificates and recalculating price loss; testing the accuracy of inventory aging time period by sampling related documents and recalculating the accuracy of inventory allowance.

We also considered the appropriateness of disclosure of inventories. Please refer to Notes 5 and 6 of the parent company only financial statements.

Other Matter – Making Reference to the Audits of a Component Auditors

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries, associates and joint ventures under equity method amounted to NT$732,263 thousand and NT$725,102 thousand, representing 3.93% and 4.08% of total assets as of December 31, 2021 and 2020, respectively. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT$70,059 thousand and NT$16,379 thousand, representing 29.75% and 6.97% of the income before tax for the years ended December 31, 2021 and 2020, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(54,299) thousand and NT$(8,569) thousand, representing 154.42% and 17.36% of the comprehensive income (loss) for the years ended December 31, 2021 and 2020, respectively.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China on Taiwan 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 parent company only financial statements.

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

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

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

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2021 and 2020.

Huang, Shih-Chieh

Lee, Fang-Wen

Ernst & Young, Taiwan
24 March 2022

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2021	31 Dec. 2020
Current assets			
Cash and cash equivalents	Ⅳ/Ⅵ.1	$280,558	$233,279
Financial assets at fair value through profit or loss, current	Ⅳ/Ⅵ.2	1,034	-
Financial assets measured at amortized cost, current	Ⅳ/Ⅵ.4	55,540	-
Notes receivable, net	Ⅳ/Ⅵ.5	12,980	16,269
Notes receivable-related parties, net	Ⅳ/Ⅵ.5/Ⅶ	11,002	11,381
Accounts receivable, net	Ⅳ/Ⅵ.6	996,349	772,326
Accounts receivable-related parties, net	Ⅳ/Ⅵ.6/Ⅶ	2,785,911	2,202,032
Other receivables	Ⅳ/Ⅶ	151,546	103,402
Inventories	Ⅳ/Ⅵ.7	1,241,867	1,062,985
Other current assets		145,861	134,957
Total current assets		5,682,648	4,536,631
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	Ⅳ/Ⅵ.3	133,178	83,775
Investments accounted for under the equity method	Ⅳ/Ⅵ.8	4,387,679	4,384,432
Property, plant and equipment	Ⅳ/Ⅵ.9/Ⅷ	6,120,820	6,381,043
Right-of-use asset	Ⅳ/Ⅵ.20	683,209	696,486
Intangible assets	Ⅳ/Ⅵ.10	40,267	57,329
Deferred tax assets	Ⅳ/Ⅵ.24	355,403	354,881
Prepayment for equipments		1,191,934	1,217,581
Refundable deposits	Ⅷ	17,835	17,836
Other non-current assets-others		23,884	26,471
Total non-current assets		12,954,209	13,219,834
Total assets		$18,636,857	$17,756,465

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2021	31 Dec. 2020
Current liabilities			
Short-term borrowings	Ⅳ/Ⅵ.11	$958,000	$375,590
Short-term notes and bills payable	Ⅳ/Ⅵ.12	639,808	-
Financial liabilities at fair value through profit or loss, current	Ⅳ/Ⅵ.13	3,577	17,020
Notes payable	Ⅳ	285,951	296,082
Accounts payable	Ⅳ	1,567,964	1,645,360
Accounts payable-related parties	Ⅳ/Ⅶ	772,850	801,377
Other payables	Ⅳ	383,774	422,826
Current tax liabilities	Ⅳ/Ⅵ.24	24,592	-
Lease liabilities, current	Ⅳ/Ⅵ.20	39,388	38,832
Current portion of long-term liabilities	Ⅳ/Ⅵ.14	111,301	-
Other current liabilities		311,620	301,712
Total current liabilities		5,098,825	3,898,799
Non-current liabilities			
Long-term borrowings	Ⅳ/Ⅵ.14	4,858,269	4,558,613
Other long-term borrowings	Ⅳ/Ⅵ.15	-	1,999,439
Deferred tax liabilities	Ⅳ/Ⅵ.24	38,717	38,717
Lease liabilities, non current	Ⅳ/Ⅵ.20	575,440	614,829
Net defined benefit liabilities, non-current	Ⅳ/Ⅵ.16	175,259	220,805
Other non-current liabilities-others		592	315
Total non-current liabilities		5,648,277	7,432,718
Total liabilities		10,747,102	11,331,517
Equity			
Capital	Ⅳ/Ⅵ.17		
Common stock		3,128,979	3,128,979
Preferred stock		300,000	-
Capital surplus	Ⅳ/Ⅵ.17	2,577,877	1,381,263
Retained earnings	Ⅳ/Ⅵ.17		
Legal reserve		808,620	783,394
Special reserve		289,982	250,969
Unappropriated earnings		1,134,265	1,176,321
Other equity	Ⅳ/Ⅵ.17		
Exchange differences resulting from translating the financial statements of foreign operations		(446,242)	(395,675)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		102,270	105,693
Treasury stock	Ⅳ/Ⅵ.17	(5,996)	(5,996)
Total equity		7,889,755	6,424,948
Total liabilities and equity		$18,636,857	$17,756,465

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	Notes	2021	2020
Operating revenues	IV/VI.18/VII	$11,193,999	$9,391,750
Operating costs	IV/VI.7.20.21/VII	(10,009,747)	(8,463,166)
Gross profit		1,184,252	928,584
Unealized profit on sales		(489,142)	(456,378)
Realized profit on sales		456,390	471,137
Net gross profit		1,151,500	943,343
Operating expenses	IV/VI.19.20.21/VII		
Sales and marketing expenses		(426,034)	(357,672)
General and administrative expenses		(281,089)	(289,686)
Research and development expenses		(277,559)	(347,777)
Expected credit impairment losses		(1,702)	(2,085)
Subtotal		(986,384)	(997,220)
Operating income		165,116	(53,877)
Non-operating income and expenses			
Other income	VI.22	32,635	114,382
Other gains and losses	VI.22	(127,355)	(67,200)
Finance costs	VI.22	(59,863)	(70,638)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	IV/VI.8	224,982	312,479
Subtotal		70,399	289,023
Net income before income tax		235,515	235,146
Income tax benefit (expense)	IV/VI.24	(42,244)	27,470
Net income		193,271	262,616
Other comprehensive income (loss)	IV/VI.23		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		17,804	(11,420)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		2,058	16,521
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method which will not be reclassified subsequently to profit or loss		(3,073)	32,732
Income tax related to items that will not be reclassified subsequently		(3,561)	2,284
Items that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		(77,907)	(101,035)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method which may be reclassified subsequently to profit or loss		14,698	(10,827)
Income tax related to items that may be reclassified subsequently		12,642	22,373
Total other comprehensive income (loss), net of tax		(37,339)	(49,372)
Total comprehensive income (loss)		$155,932	$213,244
Earnings per share (NTD)	IV/VI.24		
Earnings per share-basic		$0.62	$0.84
Earnings per share-diluted		$0.62	$0.84

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company									
	Capital			Retained Earnings			Other equitity			
ITEMS	Common stock	Preferred stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity
Balance as of 1 January 2020	$3,128,979	$-	$1,379,947	$713,881	$160,750	$1,521,853	$(306,186)	$55,217	$(5,996)	$6,648,445
Appropriation and distribution of 2019 retained earnings										
Legal reserve	-	-	-	69,513	-	(69,513)	-	-	-	-
Special reserve	-	-	-	-	90,219	(90,219)	-	-	-	-
Cash dividends	-	-	-	-	-	(438,057)	-	-	-	(438,057)
Net income for the year ended 31 December 2020	-	-	-	-	-	262,616	-	-	-	262,616
Other comprehensive income (loss) for the year ended 31 December 2020	-	-	-	-	-	(10,359)	(89,489)	50,476	-	(49,372)
Total comprehensive income (loss)	-	-	-	-	-	252,257	(89,489)	50,476	-	213,244
Adjustments for dividends subsidiaries received from parent company	-	-	1,316	-	-	-	-	-	-	1,316
Balance as of 31 December 2020	$3,128,979	$-	$1,381,263	$783,394	$250,969	$1,176,321	$(395,675)	$105,693	$(5,996)	$6,424,948
Balance as of 1 January 2021	$3,128,979	$-	$1,381,263	$783,394	$250,969	$1,176,321	$(395,675)	$105,693	$(5,996)	$6,424,948
Appropriation and distribution of 2020 retained earnings										
Legal reserve	-	-	-	25,226	-	(25,226)	-	-	-	-
Special reserve	-	-	-	-	39,013	(39,013)	-	-	-	-
Cash dividends	-	-	-	-	-	(187,739)	-	-	-	(187,739)
Net income for the year ended 31 December 2021	-	-	-	-	-	193,271	-	-	-	193,271
Other comprehensive income (loss) for the year ended 31 December 2021	-	-	-	-	-	15,968	(50,567)	(2,740)	-	(37,339)
Total comprehensive income (loss)	-	-	-	-	-	209,239	(50,567)	(2,740)	-	155,932
Issuance of preference shares	-	300,000	1,195,878	-	-	-	-	-	-	1,495,878
Adjustments for dividends subsidiaries received from parent company	-	-	564	-	-	-	-	-	-	564
Disposals of financial assets at fair value through other comprehensive income	-	-	-	-	-	683	-	(683)	-	-
Other	-	-	172	-	-	-	-	-	-	172
Balance as of 31 December 2021	$3,128,979	$300,000	$2,577,877	$808,620	$289,982	$1,134,265	$(446,242)	$102,270	$(5,996)	$7,889,755

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2021	2020	ITEMS	2021	2020
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$235,515	$235,146	Acquistion of financial assets at fair value through comprehensive income	(59,822)	-
Adjustments for:			Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12,477	-
Income and expense adjustments:			Acquistion of financial assets measured at amortized cost	(55,540)	-
Depreciation	1,290,506	1,298,735	Acquisition of investments accounted for using the equity method	-	(100,792)
Amortization	31,789	36,251	Proceeds from capital reduction of investments accounted for using the equity method	16,630	46,792
Expected credit impairment losses	1,702	2,085	Acquisition of property, plant and equipment	(984,834)	(1,172,559)
Finance costs	59,863	70,638	Proceeds from disposal of property, plant and equipment	4,485	48
Interest income	(203)	(674)	Increase in refundable deposits	(34)	(714)
Dividend income	(2,473)	(979)	Decrease in refundable deposits	35	1,570
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(224,982)	(312,479)	Acquistion of intangible assets	(14,727)	(16,885)
(Gains) on disposal of property, plant and equipment	(1,889)	(515)	Increase in other non-current assets	(26,623)	(35,594)
Unrealized profit on sales	489,142	456,378	Decrease in other non-current assets	29,210	32,608
Realized profit on sales	(456,390)	(471,137)	Net cash used in investing activities	(1,078,743)	(1,245,526)
Changes in operating assets and liabilities:					
Financial assets at fair value through profit or loss	(1,034)	410	Cash flows from financing activities:		
Notes receivable	3,290	(865)	Increase in short-term borrowings	1,430,000	1,600,825
Notes receivable-related parties	381	1,882	Decrease in short-term borrowings	(847,590)	(1,969,235)
Accounts receivable	(225,724)	122,387	Increase in short-term notes and bills payable	639,808	-
Accounts receivable-related parties-net	(583,883)	206,676	Decrease in short-term notes and bills payable	-	(589,354)
Other receivables	(47,967)	(32,364)	Proceeds from long-term borrowings	2,117,070	3,871,720
Inventories	(178,882)	47,842	Repayment of long-term borrowings	(1,706,113)	(2,999,539)
Other current assets	(10,904)	(48,725)	Increase in other long-term borrowings	-	823
Financial liabilities at fair value through profit or loss	(13,443)	13,608	Decrease in other long-term borrowings	(1,999,439)	-
Notes payable	(10,131)	67,526	Cash payment for the principal portion of the lease liabilties	(38,833)	(35,817)
Accounts payable	(77,396)	236,051	Increase in other non-current liabilities	2,009	1,501
Accounts payable-related parties	(28,527)	15,362	Decrease in other non-current liabilities	(1,732)	(3,163)
Other payables	(39,438)	(62,605)	Cash dividends	(187,739)	(438,057)
Other current liabilities	9,908	(6,918)	Proceeds from issuing stock	1,495,878	-
Net defined benefit liabilities	(27,742)	(19,739)	Net cash provided by (used in) financing activities	903,319	(560,296)
Cash generated from operations	191,088	1,853,977			
Interest received	203	674			
Dividend received	109,470	32,630			
Interest paid	(68,960)	(84,214)	Net (decrease) in cash and cash equivalents	47,279	(44,268)
Income tax paid	(9,098)	(41,513)	Cash and cash equivalents at beginning of year	233,279	277,547
Net cash provided by operating activities	222,703	1,761,554	Cash and cash equivalents at end of year	$280,558	$233,279

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

31 December 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

TYC BROTHER INDUSTRIAL CO., LTD. (the "Company") was incorporated under the laws of the Republic of China on Taiwan (the "ROC") on 9 September 1986. The Company's registered office and the main business location is at No.72-2, Xinle Rd., Tainan City Taiwan (R.O.C). The Company's main profitable business projects are the manufacturing, trading and import and export trade business of automobiles, motorcycles and other automobile parts and supplies. The Company became a listed company on the Taiwan Stock Exchange on 6 October 1997.

II. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the year ended 31 December 2021 and 2020 were authorized for issue in accordance with a resolution of the Board of directors on 24 March 2022.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

   The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. The new standards and amendments had no material impact on the Company.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

(1) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The Company determined that the newly published standards and interpretations have no material impact on the Company.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 "Insurance Contracts"	1 January 2023
3	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
4	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
5	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
6	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(1) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(2) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(3) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(4) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(5) Difination of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(6) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company determined that the newly published standards and interpretations have no material impact on the Company.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The Company's consolidated financial statements ended 31 December 2021 and 2020 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRS, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

2. Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT$”) unless otherwise stated.

3. Foreign currency transactions

The Company’s financial statements are presented in NT$, which is also the Company’s functional currency.

Transactions in foreign currencies are initially recorded functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:
(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

4. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or partial disposal of an interest in an associate that includes a foreign operation is financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

5. Current and non-current distinction

An asset is classified as current when:
(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

6. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:
A. the Company's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:
A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposing of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from the remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired

B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred

C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

8. Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(1) In the principal market for the asset or liability, or
(2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Raw materials - Purchase cost under weighted-average cost.
Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

11. Investments accounted for under the equity method

The Company’s investment in subsidiaries is presented based on Article 21 of the Securities Issuer’s Financial Report Preparation Standards, expressed as "investments using the equity method" and made necessary evaluation adjustments to enable individual financial reporting of the current period's profit and loss and other comprehensive gains and losses The current profit and loss and other comprehensive gains and losses in the financial report prepared on a consolidated basis are the same as the share of the owners of the parent company, and the owner’s equity of the individual financial report is the same as the equity of the owners of the parent company in the financial report prepared on a consolidated basis. These adjustments are mainly due to the consideration of the treatment of the consolidated financial statements of the investment subsidiary in accordance with IFRS No. 10 "Consolidated Financial Statements" and the differences in the application of IFRS at different levels of reporting entities, and debits or credits to "investment account for under the equity method", "share of profits and losses of subsidiaries, affiliates and joint ventures using the equity method" or "share of other comprehensive profits and losses of subsidiaries, affiliates and joint ventures using the equity method".

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Land and improvements	3～5 years
Buildings	5～60 years
Machinery and equipment	5～10 years
Molding equipment	7 years
Electrical installations	5～10 years
Transportation equipment	5～10 years
Miscellaneous equipment	5～10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

13. Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amounts expected to be payable by the lessee under residual value guarantees;

(4) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(1) the amount of the initial measurement of the lease liability;
(2) any lease payments made at or before the commencement date, less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Patent, trademark rights and others
The cost of patent, trademark rights and others is amortized on a straight-line basis over the legal period (1～24 years).

Computer software
The cost of computer software is amortized on a straight-line basis over the estimated useful life (1～5 years).

15. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

16. Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

17. Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is automobile lights and parts and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 30 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

18. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

19. Government subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

20. Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Past service costs are recognized in profit or loss on the earlier of:
(1) the date of the plan amendment or curtailment, and
(2) the date that the Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

21. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimation and assumptions

The key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date, that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1) Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example the discounted cash flow model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Accounts receivables–estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(3) Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(4) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination rate, future salary increases, and decrease. For a detailed explanation of the assumptions used to measure the cost of defined benefits and defined benefits obligations, please refer to Note 6.

(5) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

	31 Dec. 2021	31 Dec. 2020
Cash on hand and petty cash	$1,617	$2,179
Saving account	274,589	226,809
Time deposits	4,352	4,291
Total	$280,558	$233,279

2. Financial assets at fair value through profit or loss

	31 Dec. 2021	31 Dec. 2020
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward currency contracts	$1,034	$-
Current	$1,034	$-

The Company classified certain of its financial assets at fair value through profit or loss were not pledged.

3. Financial assets at fair value through other comprehensive income

	31 Dec. 2021	31 Dec. 2020
Equity instrument investments measured at fair value through other comprehensive income – Non-current		
Listed companies stocks	$25,700	$16,264
Unlisted companies stocks	107,478	67,511
Total	$133,178	$83,775

The Company classified certain of its financial assets at fair value through other comprehensive income were not pledged.

For equity instrument investments measured at fair value through other comprehensive income, the Company recognized dividends in the amount of NT$2,473 thousand and NT$979 thousand for the year ended 31 December 2021 and 2020, the full amount is related to investments held at the end of the reporting period.

4. Financial assets measured at amortized cost

	31 Dec. 2021	31 Dec. 2020
Time deposits	$55,540	$-
Current	$55,540	$-

Financial assets measured at amortized cost were not pledged.

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6.(19) for more details on loss allowance and Note 12 for more details on credit risk.

5. Notes Receivables and Notes Receivables-Related Parties

	31 Dec. 2021	31 Dec. 2020
Notes receivables	$13,061	$16,351
Less: allowance for doubtful accounts	(81)	(82)
Subtotal	12,980	16,269
Notes receivables-related parties	11,057	11,438
Less: allowance for doubtful accounts	(55)	(57)
Subtotal	11,002	11,381
Total	$23,982	$27,650

Notes receivables were not pledged.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6.(19) for more details on accumulated impairment and Note 12 for more details on credit risk.

6. Accounts Receivables and Accounts Receivables-Related Parties

	31 Dec. 2021	31 Dec. 2020
Accounts receivables	$1,155,011	$934,391
Less: allowance for doubtful accounts	(158,662)	(162,065)
Subtotal	996,349	772,326
Accounts receivables-related parties	2,785,969	2,202,086
Less: allowance for doubtful accounts	(58)	(54)
Subtotal	2,785,911	2,202,032
Total	$3,782,260	$2,974,358

Accounts receivables were not pledged.

Trade receivables are generally on 30-120 day terms. Accounts receivables amounted to NT$ 3,965,098 thousand and NT$ 3,164,266 thousand as at 31 December 2021 and 2020.

Please refer to Note 6.(19) for more details on impairment of trade receivables for the year ended 31 December 2021 and 2020 and please refer to Note 12 for credit risk disclosure.

7. Inventories

	31 Dec. 2021	31 Dec. 2020
Raw materials	$563,759	$464,228
Work in process	48,844	53,191
Finished goods	598,592	509,694
Merchandise	30,672	35,872
Net	$1,241,867	$1,062,985

The cost of inventories recognized in expenses amounted to NT$10,009,747 thousand and NT$8,463,166 thousand for the year ended 31 December 2021 and 2020, respectively, including inventory valuation loss NT$6,911 thousand and NT$4,294 thousand for the year ended 31 December 2021 and 2020, respectively.

Inventories were not pledged.

8. Investments Accounted For Under The Equity Method

(1) Details are as follows:

	31 Dec. 2021		31 Dec. 2020	
Investee Company	Amount	Percentage of ownership	Amount	Percentage of ownership
Investments in the subsidiaries:				
TI YUAN INVESTMENT CO., LTD.	$53,313	100.00%	$51,690	100.00%
TI FU INVESTMENT CO., LTD.	187,003	100.00%	183,648	100.00%
CONTEK CO., LTD. (Note 1)	56,080	100.00%	60,665	100.00%
SUPRA-ATOMIC CO., LTD. (Note 2)	1,104,756	100.00%	1,131,620	100.00%
JUOKU TECHNOLOGY CO., LTD.	227,157	72.10%	189,474	72.10%
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	4,327	100.00%	4,835	100.00%
BESTE MOTOR CO., LTD.	1,336,457	100.00%	1,365,086	100.00%
INNOVA HOLDING CORP.	1,135,535	100.00%	1,111,681	100.00%
TYC VIETNAM INDUSTRIAL CO., LTD. (Note 3)	84,445	60.00%	85,191	60.00%
Subtotal	4,189,073		4,183,890	
Investments in the associates				
I YUAN PRECISION INDUSTRIAL CO., LTD.	198,606	15.66%	200,542	15.66%
Total	$4,387,679		$4,384,432	

Note：

(1) The Company invested 400,000 shares in the subsidiaries: CONTEK CO., LTD. in 2020, the Company's shareholding ratio remains unchanged.
(2) The Company reduction 600,000 shares in the subsidiaries: SUPRA-ATOMIC CO., LTD. in 2021, the Company's shareholding ratio remains unchanged.
(3) The Company invested and established the subsidiaries: TYC VIETNAM INDUSTRIAL CO., LTD., the Company's shareholding ratio is 60%.

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT$70,059 thousand and NT$16,379 thousand, for the years ended December 31 2021 and 2020, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(54,299) thousand and NT$(8,569) thousand, for the years ended December 31 2021 and 2020, respectively, and these subsidiaries, associates and joint ventures under equity method amounted to NT$732,263 thousand and NT$725,102 thousand as at December 31 2021 and 2020, respectively.

(1) Investment subsidiaries

The investment of subsidiaries in individual financial reports is expressed as "investment using the equity method" and necessary evaluation adjustment.

One of the Company's subsidiaries, TI FU INVESTMENT CO., LTD. held 940 thousand shares of the Company's stock as at December 31,2021 and 2020, respectively.

(2) Investment in the associates

The Company's investments in the associates are not individually material. The aggregate carrying amount of the Company's interests in I YUAN PRECISION INDUSTRIAL CO., LTD. is NT$198,606 thousand, and NT$200,542 thousand, as at 31 December 2021, and 31 December 2020, respectively. The aggregate financial information of the Company's investments in associates is as follows:

	2021	2020
Profit or loss from continuing operations	$9,300	$12,952
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$9,300	$12,952

The associates had no contingent liabilities or capital commitments as at 31 December 2021, and 31 December 2020.

9. Property, plant and equipment

Owner occupied property, plant and equipment

	Land	Land and improvement	Buildings	Machinery and equipment	Molding equipment	Electrical equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
Cost:										
1 Jan. 2021	$731,049	$9,716	$1,780,993	$1,439,884	$10,884,341	$140,156	$177,353	$553,474	$-	$15,716,966
Addition	-	-	1,239	14,907	978,933	644	1,870	19,001	3,370	1,019,964
Disposal	-	-	(440)	(34,402)	(910,908)	-	(2,630)	(2,608)	-	(950,988)
Other	-	-	1,286	-	-	-	2,084	-	(3,370)	-
30 Dec. 2021	$731,049	$9,716	$1,783,078	$1,420,389	$10,952,366	$140,800	$178,677	$569,867	$-	$15,785,942
1 Jan. 2020	$731,049	$9,716	$1,774,993	$1,341,050	$10,426,609	$137,190	$177,603	$541,232	$-	$15,139,442
Addition	-	-	5,064	114,824	1,341,153	2,331	10,028	12,837	1,571	1,487,808
Disposal	-	-	-	(15,990)	(883,421)	-	(10,278)	(595)	-	(910,284)
Other	-	-	936	-	-	635	-	-	(1,571)	-
30 Dec. 2020	$731,049	$9,716	$1,780,993	$1,439,884	$10,884,341	$140,156	$177,353	$553,474	$-	$15,716,966
Depreciation and impairment										
1 Jan. 2021	$-	$3,781	$774,012	$1,103,447	$6,913,352	$125,854	$78,368	$337,109	$-	$9,335,923
Depreciation	-	740	45,639	57,040	1,117,222	3,090	16,311	37,187	-	1,277,229
Disposal	-	-	(440)	(32,764)	(909,703)	-	(2,515)	(2,608)	-	(948,030)
30 Dec. 2021	$-	$4,521	$819,211	$1,127,723	$7,120,871	$128,944	$92,164	$371,688	$-	$9,665,122
1 Jan. 2020	$-	$3,041	$728,517	$1,062,626	$6,672,509	$121,117	$71,756	$301,168	$-	$8,960,734
Depreciation	-	740	45,495	56,810	1,124,248	4,737	16,890	36,537	-	1,285,457
Disposal	-	-	-	(15,989)	(883,405)	-	(10,278)	(596)	-	(910,268)
30 Dec. 2020	$-	$3,781	$774,012	$1,103,447	$6,913,352	$125,854	$78,368	$337,109	$-	$9,335,923
Net book value:										
30 Dec. 2021	$731,049	$5,195	$963,867	$292,666	$3,831,495	$11,856	$86,513	$198,179	$-	$6,120,820
31 Dec. 2020	$731,049	$5,935	$1,006,981	$336,437	$3,970,989	$14,302	$98,985	$216,365	$-	$6,381,043

The amount of capitalized interests and interest rates are as follows:

Items	2021	2020
Construction in progress and prepayment for equipments	$9,483	$13,127
The interest rate interval of borrowing cost capitalization	0.73%~0.97%	0.93%~1.18%

The material components of the Company's building that have different useful life are the main buildings and factories, which are depreciated based on useful life of 60 years and 35 years, respectively.

The material components of the Company's equipment are mainly the processing equipment, and are depreciated based on useful life of 10 years.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

10. Intangible assets

	Trademark right	Patent	Software	Royalty	Total
Cost:					
1 Jan. 2021	$11,894	$9,719	$105,653	$22,400	$149,666
Addition - acquired separately	885	2,059	7,096	4,687	14,727
Decrease	(515)	(422)	(7,194)	(17,590)	(25,721)
31 Dec. 2021	$12,264	$11,356	$105,555	$9,497	$138,672
1 Jan. 2020	$11,345	$7,664	$96,181	$17,591	$132,781
Addition - acquired separately	549	2,055	9,472	4,809	16,885
31 Dec. 2020	$11,894	$9,719	$105,653	$22,400	$149,666
Amortization and impairment:					
1 Jan. 2021	$5,484	$2,461	$66,801	$17,591	$92,337
Amortization	1,676	921	24,384	4,808	31,789
Decrease	(515)	(422)	(7,194)	(17,590)	(25,721)
31 Dec. 2021	$6,645	$2,960	$83,991	$4,809	$98,405
1 Jan. 2020	$3,715	$1,607	$38,379	$12,385	$56,086
Amortization	1,769	854	28,422	5,206	36,251
31 Dec. 2020	$5,484	$2,461	$66,801	$17,591	$92,337
Net book value:					
31 Dec. 2021	$5,619	$8,396	$21,564	$4,688	$40,267
31 Dec. 2020	$6,410	$7,258	$38,852	$4,809	$57,329

Amortization expense of intangible under the statement of comprehensive income:

	2021	2020
Operating cost	$11,008	$11,134
Operating expense	20,781	25,117
Total	$31,789	$36,251

11. Short-term Borrowings

	Interest rate	31 Dec. 2021	31 Dec. 2020
Unsecured Loans	0.82%	$958,000	$375,590

12. Short-term notes and bills payable

	31 Dec. 2021		
Guarantors	Interest rate	Amount	Pledge or Collateral
Commercial paper payable			
International Bills Finance Corporation	0.85%	$170,000	none
Mega Bills Finance Corporation	0.85%	160,000	none
Dah Chung Bills Finance Corporation	0.84%	150,000	none
China Bills Finance Corporation	0.84%	160,000	none
Subtotal		640,000	
Less: Discount of commercial paper payable		(192)	
Net		$639,808	

31 Dec. 2020: None

13. Financial liabilities at fair value through profit or loss

	31 Dec. 2021	31 Dec. 2020
Held for trading：		
Derivatives not designated as hedging instruments		
Forward exchange agreement	$-	$917
Cross currency swaps agreement	3,577	16,103
Total	$3,577	$17,020
Current	$3,577	$17,020

14. Long-term Borrowing

Details are as follows:

	31 Dec. 2021		
Creditors	Amount	Interest rate	Redemption
First Bank	$800,000	0.45%	From 1 Jul. 2019 to 15 Sep. 2026. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
First Bank	300,000	0.90%	From 16 Aug. 2021 to 16 Aug. 2023. Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	700,000	0.50%	From 9 Aug. 2019 to 15 Aug. 2029. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
Bank of Taiwan	200,000	0.90%	From 6 Jul. 2021 to 15 Jun. 2023. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan	450,000	0.72%	From 6 Jul. 2021 to 15 Jun. 2026. The grace period is 2 years. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank	300,000	0.57%	From 6 Nov. 2019 to 15 Oct. 2024. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
DBS Bank	270,000	0.85%	From 14 Apr. 2021 to 14 Apr. 2023. After applying for each drawdown within the credit line, pay off all principal and interest payable of each drawn down facility on the expiry date of each principal loan.
KGI Bank	200,000	0.89%	From 29 Dec. 2021 to 10 Jan. 2024. Interests are repaid monthly and bullet repayment on expiry date.
Yuanta Bank	550,000	0.85%	From 27 Aug. 2021 to 27 Aug. 2023. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank	500,000	0.46%~0.66%	From 24 Jul. 2020 to 24 Jul. 2025. Principal are repaid monthly, starting from 15 Aug. 2023, and interests are repaid monthly.

	31 Dec. 2021		
Creditors	Amount	Interest rate	Redemption
Hua Nan Bank	100,000	0.88%	From 5 Feb. 2021 to 5 Feb. 2023. Interests are repaid monthly and bullet repayment on expiry date.
Taipei Fubon Bank	350,000	0.85%	From 26 Sep. 2021 to 26 Sep. 2023. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
DBS Bank	249,570 (USD 9,000)	0.60%	From 14 Apr. 2021 to 14 Apr. 2023. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Subtotal	4,969,570		
Less: current portion	(111,301)		
Total	$4,858,269		

	31 Dec. 2020		
Creditors	Amount	Interest rate	Redemption
First Bank	$800,000	0.45%	From 1 Jul. 2019 to 15 Sep. 2026. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
First Bank	200,000	0.95%	From 14 Aug. 2020 to 14 Aug. 2022. Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	700,000	0.50%	From 9 Aug. 2019 to 15 Aug. 2029. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
Bank of Taiwan	200,000	0.96%	From 24 Jun. 2020 to 24 Jun. 2022. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
DBS Bank	300,000	0.57%	From 6 Nov. 2019 to 15 Oct. 2024. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.

Creditors	31 Dec. 2020 Amount	Interest rate	Redemption
DBS Bank	280,000	0.91%	From 14 Apr. 2020 to 14 Apr. 2022. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank	150,000	0.92%	From 14 Jun. 2020 to 13 Jun. 2022. Interests are repaid monthly and bullet repayment on expiry date.
KGI Bank	340,000	0.92%	From 29 Nov. 2020 to 29 Nov. 2022. Interests are repaid monthly and bullet repayment on expiry date.
Mizuho Bank	600,000	0.90%	From 20 Nov. 2020 to 20 Nov. 2022. Interests are repaid monthly and bullet repayment on expiry date.
Yuanta Bank	520,000	0.95%	From 19 Aug. 2020 to 18 Aug. 2022. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Shin Kong Bank	100,000	0.90%	From 24 Jul. 2020 to 24 Jul. 2025, each drawdown must not exceed 90 days, Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank	200,000	0.46%	From 24 Jul. 2020 to 24 Jul. 2025. Principal are repaid monthly, starting from 15 Aug. 2023, and interests are repaid monthly.
DBS Bank	114,120 (USD 4,000)	0.80%	From 14 Apr. 2020 to 14 Apr. 2022. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
KGI Bank	57,060 (USD 2,000)	0.85%	From 29 Nov. 2020 to 29 Nov. 2022. Interests are repaid monthly and bullet repayment on expiry date.
Subtotal	4,561,180		
Less: current portion	-		
Less: unamortized expense	(2,567)		
Total	$4,558,613		

Note：

(1) On 31 Jan. 2018, the Company and its subsidiary, JUOKU TECHNOLOGY CO., LTD. reached a syndicated loan agreement with Chang Hwa Bank (the syndicated loan agreement lead bank) and other 12 banks, amounting to NT$3,980,000 thousand. The period of the loan agreement is five years starting from the first drawdown day of the loan within 6 months from the agreement execution date. The loan has been repaid in advance in the third quarter of 2021, and the loan amount has been written off. The Company's annual and semi-annual consolidated financial statements shall maintain specific current ratio, debt ratio, interest coverage multiple and other financial ratios during the term of the agreement and until the obligations under the agreement are fully paid off. The consolidated financial statements of the Company comply with the above joint loan covenant.

(2) In 2019, the Company financed with designated banks in accordance with the "Project Loan Guidelines to Welcoming Overseas Taiwanese Businesses Return to Invest in Taiwan", and entered into contract terms and normative matters, and completed them in accordance with the approval letter.

15. Other Long-term Borrowing

31 Dec. 2021: None

		31 Dec. 2020	
Guarantors	Contract period	Interest rate	Amount
Commercial paper payable			
Chang Hwa Bank (The syndicated loan agreement led)	From 31 Jun. 2018 to 31 Jun. 2023.	1.48%	$2,000,000
Less: Discount of commercial paper payable			(561)
Net			$1,999,439

16. Post-Employment Benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 were NT$39,061 thousand and NT$36,403 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 3% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before end of each year, the Company make estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT$53,354 thousand to its defined benefit plan during the 12 months beginning after December 31 2021.

The defined benefit obligations were expected to mature in 6 years and 10 years as of December 31 2021 and 2020, respectively.

Pension costs recognized in profit or loss are as follows:

	2021	2020
Current service cost	$2,339	$2,531
Net interest on the net defined benefit liabilities	707	1,466
Total	$3,046	$3,997

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 Dec. 2021	31 Dec. 2020	1 Jan. 2020
Defined benefit obligation	$393,957	$428,432	$417,387
Plan assets at fair value	(218,698)	(207,627)	(188,263)
Net defined benefit liabilities	$175,259	$220,805	$229,124

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2020	$417,387	$(188,263)	$229,124
Pension costs recognized in profit or loss:			
Current service cost	2,531	-	2,531
Interest expense (income)	2,671	(1,205)	1,466
Subtotal	5,202	(1,205)	3,997
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	1,774	-	1,774
Actuarial gains and losses arising from changes in financial assumptions	11,214	-	11,214
Experience adjustments	5,048	-	5,048
Remeasurements of the defined benefit assets	-	(6,616)	(6,616)
Subtotal	18,036	(6,616)	11,420
Payment of benefit obligation	(12,193)	12,193	-
Contribution by employer	-	(23,736)	(23,736)
As of 31 December 2020	428,432	(207,627)	220,805
Pension costs recognized in profit or loss:			
Current service cost	2,339	-	2,339
Interest expenses (income)	1,371	(664)	707
Subtotal	3,710	(664)	3,046
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(2,272)	-	(2,272)
Actuarial gains and losses arising from changes in financial assumptions	(16,024)	-	(16,024)
Experience adjustments	3,561	-	3,561
Remeasurements of the defined benefit assets	-	(3,068)	(3,068)
Subtotal	(14,735)	(3,068)	(17,803)
Payment of benefit obligation	(23,450)	23,450	-
Contribution by employer	-	(30,789)	(30,789)
As of 31 December 2021	$393,957	$(218,698)	$175,259

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	31 Dec. 2021	31 Dec. 2020
Discount Rate	0.64%	0.32%
Expected rate of salary increase	1.00%	1.00%

A sensitivity analysis for significant assumption as at 31 December 2021 and 2020 is, as show below:

	Jan. 1, 2021~ Dec. 31, 2021		Jan. 1, 2020~ Dec. 31, 2020	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount Rate increase by 0.5%	$-	$(484)	$-	$(12,988)
Discount Rate decrease by 0.5%	25,056	-	30,064	-
Rate of future salary increase by 0.5%	52,253	-	61,816	-
Rate of future salary decrease by 0.5%	-	(484)	-	(12,988)

The sensitivity analysis above was based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

17. Equity

(1) Capital

As of 31 December 2021 and 2020, TYC BROTHER INDUSTRIAL CO., LTD.'s registered capital was both NT$4,000,000 thousand with par value at NT$10 per share and has issued 400,000 thousand common shares, and had issued ordinary share capital in the amount of $3,128,979 with 400,000 thousand common shares. The Company has also issued preferred share capital of $300,000 and $0, 30,000 thousand shares and 0 shares respectively.

Preferred stock

On March 21, 2021, the Company's board of directors resolved to increase each capital by issuing preference shares A, which was approved by the FSC under a letter dated 26 May, 2021, and the record date of capital increase was determined as of 5 August, 2021, it was expected to issue 30,000 thousand shares having a face value of $10 per share at the issue price of NT$50 per share. The right and obligation of this issue are as follows:

A. Maturity date: No maturity date. The preferred shareholders have no rights to request the Company to buy back Preferred Share A. The Company has rights to buy back all or part of the Preferred Share A as of five years after the issue date. The preferred shares still outstanding will retain the aforementioned rights and obligations. If the Company pays out dividends in the year of buyback, the dividend amount will be prorated based on the outstanding days.

B. Dividends: The dividend yield of the preferred share A is 4% (annual rate), (5-year interest rate swap (IRS) rate, 0.64275% + fixed rate, 3.35725%) and calculated at the issue price per share. The five-year IRS rate will be reset on the next business day five years after the issue date and every five years thereafter. The record date of the reset is two business days of financial institutions in Taipei prior to the reset date. The five-year IRS rate is the arithmetic mean of the offer prices of Reuter's TAIFXIRS and COSMOS3 at 11 a.m. on the record date of the reset (business day of financial institutions in Taipei). If the aforesaid offer prices are unavailable on the record date of the reset, the five-year IRS rate shall be determined by the Company based on the principle of good faith and reasonable market conditions.

C. Dividend payment: The preferred share dividends are fully distributed in cash every year. After the financial statements are adopted in an annual general meeting, the Board of Directors shall authorize the chairman to set the record date for paying the preferred share dividends of the previous year. The number of dividends issued in the year of issue and in the year of redemption is calculated based on the actual number of days of issue in the current year.

D. The Company shall apply the current year's earnings, if any, to pay for taxes as stipulated by laws and regulations, offset accumulated losses of previous years, and allocate 10% as legal reserve pursuant to laws and regulations. Special reserve shall be set aside or reversed from net shareholder's equity reduction in current or accumulative in prior years in accordance with related regulations. The remaining earnings along with the accumulated unappropriated earnings in prior years as shareholder bonus, and shall be appropriated as preferred share dividends in accordance with the Article 7-1, Articles of Incorporation.

E. The Company has discretion over the distribution of preferred stock dividends. If the Company does not generate any or sufficient profits during the year for the distribution of preferred stock dividends, it may resolve not to pay out the dividends and preferred stockholders have no rights to object. The Board of Directors shall propose a surplus earnings distribution in accordance with Article 32-1, Articles of Incorporation to be adopted by the annual general meeting. After the surplus earnings distribution is adopted, the distributable amount of preferred share and common shares shall be distributed to preferred shares first.

F. The preferred shares A issued are non-cumulative; that is, the undistributed dividends or shortages in dividends distributed shall not be accumulated and paid in subsequent years when profits are generated.

G. Participating privilege: The preferred shareholders A are not entitled to common shares' cash or share dividends derived from earnings or capital reserve.

H. Distribution of residual property: Preferred shareholders A have a higher claim to the Company's residual properties than common stockholders. Different types of preferred shares issued by the Company grant holders the same rights to claims, and preferred shareholders stay subordinate to general creditors. The amount preferred shareholders are entitled to is capped at the product of number of outstanding preferred shares at the time of distribution and issuance price.

I. Voting rights: Preferred shareholders A have neither voting nor election rights. However, they may be elected as Directors. They have voting rights in preferred shareholders' meetings or with respect to agendas associated with the rights and obligations of preferred shareholders in shareholders' meetings.

J. Conversion to ordinary shares: Preferred Share A is non-convertible.

K. Capital reserve issued at preferred share A premium shall not be used as capital during the issuance of the preferred share.

L. For cash offering of new shares, the preferred shareholders have the same preemptive rights as the common shareholders.

(2) Capital surplus

	As at	
	31 Dec. 2021	31 Dec. 2020
Issuance of shares		
Common stock	$1,023,509	$1,023,509
Preferred stock	1,195,878	-
Subtotal	2,219,387	1,023,509
Treasury stock transactions	28,891	28,891
Bond conversion	239,469	239,469
Share of changes in net assets of associate and joint ventures accounted for using the equity method	73,530	73,530
Adjustments for dividends subsidiaries received from parent company	12,583	12,019
Other	4,017	3,845
Total	$2,577,877	$1,381,263

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

As of 31 December 2021, 31 December 2020, the Company's shares held by the subsidiary, Company TI FU INVESTMENT CO., LTD. was NT$5,996 thousand, respectively, and the number of treasury stock held by TI FU INVESTMENT CO., LTD. was 940 thousand, respectively. These shares held by Company TI FU INVESTMENT CO., LTD. were acquired for the purpose of financing before the amendment of the Company Act on 12 November 2001.

(4) Retained earnings and dividend policies

The Company's Articles of Incorporation provide that the current net income, after deducting the previous years' losses, shall appropriate 10% as legal reserve, and set aside or reverse special reserve based on the net deduction of shareholders' equity that occurred in the current year and accumulated in the previous period according to the company laws and other regulations of R.O.C. If there is still more than the accumulated undistributed income in the previous year, If there is a balance, and the accumulated undistributed surplus is a shareholder dividend, the balance shall be distributed after the distribution of special dividends (not less than 50% of the available surplus for the current year, of which the cash dividend shall not be less than 10%). The board of directors shall draft a distribution proposal and submit it to the shareholders meeting for a resolution of distribution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The appropriations of earnings for 2021 were resolved at the board of directors' meeting on 24 March 2022. The appropriations of earning for 2020 were resolved at the general shareholders' meeting on 3 August 2021. The plans were as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$20,992	$25,226		
Special reserve	53,990	39,013		
Common stock -cash dividend	156,449	187,739	NT$0.50/ per share	NT$0.60/ per share
Preferred stock -cash dividend (Note)	23,671	-	NT$0.80/ per share	

Note: Calculated based on the number of days outstanding in 2021 and the interest rate of shares at 4%.

Please refer to Note 6.(21) for relevant information on estimation basis and recognized amount of employees compensations and remunerations to directors and supervisors.

18. Operating revenue

Revenue from contracts with customers	2021	2020
Sale of goods	$10,255,505	$8,687,181
Other revenue	938,494	704,569
Total	$11,193,999	$9,391,750

Analysis of revenue from contracts with customers during the year is as follows:

Disaggregation of revenue

A. The company is a single operating department; please refer to the previous paragraph for the income information that should be disclosed by the reporting department.

B. The types of revenue from contracts signed with customers in 2021 and 2020 are both recognized at a certain point in time.

19. Expected credit losses / (gains)

	2021	2020
Operating Expense- Expected credit losses(gains)		
Notes Receivables	$(3)	$3
Accounts Receivables	1,705	2,082
Total	$1,702	$2,085

Please refer to Note 12 for more details on credit risk.

The credit risk for measured at amortized cost is assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. As the Company transacts with are financial institutions with good credit, no allowance for losses has been provided in this period.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2021 and 2020 is as follows:

The Company considers trade receivables that the credit loss is actually included in the impairment loss except for individual customers by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using provision matrix, details are as follow:

As at 31 December 2021

		Overdue				
	Not yet due (Note)	<=90 days	91-180 days	181-270 days	>=271 days	Total
Gross carrying amount	$3,715,720	$100,708	$923	$-	$147,747	$3,965,098
Loss ratio	0%~1%	1%~5%	100%	-	100%	
Lifetime expected credit losses	(4,721)	(5,465)	(923)	-	(147,747)	(158,856)
Carrying amount	$3,710,999	$95,243	$-	$-	$-	$3,806,242

As at 31 December 2020

		Overdue				
	Not yet due (Note)	<=90 days	91-180 days	181-270 days	>=271 days	Total
Gross carrying amount	$2,947,052	$61,777	$-	$-	$155,437	$3,164,266
Loss ratio	0%~1%	1%~5%	-	-	100%	
Lifetime expected credit losses	(6,441)	(380)	-	-	(155,437)	(162,258)
Carrying amount	$2,940,611	$61,397	$-	$-	$-	$3,002,008

Note：The Company's note receivables are not overdue.

The movement in the provision for impairment of note receivables and accounts receivables during the year ended 2021 and 2020 is as follows:

	Note receivables	Accounts receivables
1 Jan. 2021	$139	$162,119
Addition/(reversal) for the current period	(3)	1,705
Write off	-	(5,104)
31 Dec. 2021	$136	$158,720

	Note receivables	Accounts receivables
1 Jan. 2020	$136	$179,468
Addition/(reversal) for the current period	3	2,082
Write off	-	(19,431)
31 Dec 2020	$139	$162,119

20. Leases

(1) The Company as a lessee

The Company leases various properties, including real estate such as land, and buildings. The lease terms range from 5 to 20 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 Dec. 2021	31 Dec. 2020
Land	$625,688	$626,250
Buildings	57,521	70,236
Total	$683,209	$696,486

(b) Lease liabilities

	As at	
	31 Dec. 2021	31 Dec. 2020
Current	$39,388	$38,832
Non-current	575,440	614,829
Total	$614,828	$653,661

Please refer to Note 6.22(3) for the interest on lease liabilities recognized for the year ended 31 December 2021 and 2020 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2021 and 2020.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2021	2020
Land	$562	$562
Buildings	12,715	12,716
Total	$13,277	$13,278

C. Income and costs relating to leasing activities

	2021	2020
The expenses relating to short-term leases	$104	$2,077
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	838	867

D. Cash outflow relating to leasing activities

For the year ended 31 December 2021 and 2020, the Company's total cash outflows for leases amounting to NT$48,830 thousand and NT$48,353 thousand.

21. For the year ended 31 December 2021 and 2020, the Company's personnel, depreciation and amortization expenses are summarized as follows:

Function / Character	2021			2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense						
Salaries	$573,205	$317,488	$890,693	$517,574	$329,829	$847,403
Insurances	67,752	35,678	103,430	58,083	34,389	92,472
Pensions	25,012	17,095	42,107	22,714	17,686	40,400
Director's remuneration	-	5,200	5,200	-	7,250	7,250
Other personnel expenses	30,060	17,896	47,956	26,448	17,591	44,039
Depreciations	1,223,631	66,875	1,290,506	1,230,398	68,337	1,298,735
Amortization	11,008	20,781	31,789	11,134	25,117	36,251

(1) The number of employees of Company as of December 31, 2021 and 2020 were 1,630 and 1,651, respectively, including 7 and 6 directors who were not concurrently employees.

(2) Companies which have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:

A. Average employee benefits of 2021 and 2020 were NT$668 thousand and NT$623 thousand, respectively.

B. Average salaries of 2021 and 2020 were NT$549 thousand and NT$515 thousand, respectively.

C. The Company's average salary expense adjustment for the year ended December 31, 2021 decreased by 6.60%.

D. The Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.

E. The salary and remuneration policy of the Company:

Director's remuneration established pursuant to Articles 32 of the Company's Articles of Incorporation is as follows:

The Company shall allocate no more than 3% of annual profit as director's remuneration; however, the Company's accumulated losses shall have been covered first. The managers' remuneration and employees compensation are determined based on the salary level of the position in the industry, the position's responsibilities and contribution to the Company's operation goals. In addition to the Company's overall operating performance, factors such as personal performance achievement and contribution to the corporate performance are also considered when determining remuneration to provide reasonable compensation to employees.

According to the Articles of Incorporation, 1% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit level, the Company estimated NT$12,000 thousand employees' compensation and NT$5,200 thousand remuneration to directors and supervisors as salaries expenses. A resolution was approved at a Board of Directors meeting held on 24 March 2022 to distribute NT$ 12,000 thousand and NT$5,200 thousand in cash as employee's compensation and remuneration to directors and supervisors, respectively.

There is no significant difference between the actual employee bonuses and remuneration to directors and supervisors distributed from the 2020 earnings and the estimated amount in the financial statements for the year ended 2020.

22. Non-operating income and expenses

(1) Other income

	2021	2020
Rent income	$2,002	$1,590
Interest income	203	674
Dividend income	2,473	979
Government subsidy income	-	68,216
Other income-other	27,957	42,923
Total	$32,635	$114,382

(2) Other gains and losses

	2021	2020
Gains on disposal of property, plant and equipment	$1,889	$515
Foreign exchange (losses) gains, net	(139,538)	(54,279)
Gains (Losses) on financial assets or liabilities at fair value through profit or loss	19,604	(1,387)
Other losses	(9,310)	(12,049)
Total	$(127,355)	$(67,200)

(3) Finance costs

	2021	2020
Interest on borrowings from bank	$(50,808)	$(61,046)
Interest on lease liabilities	(9,055)	(9,592)
Total	$(59,863)	$(70,638)

23. Components of other comprehensive income (loss)

Year ended Dec. 31, 2021	Arising during the period	Income tax profit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans	$17,804	$(3,561)	$14,243
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	2,058	-	2,058
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(3,073)	-	(3,073)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(77,907)	15,581	(62,326)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	14,698	(2,939)	11,759
Total other comprehensive income	$(46,420)	$9,081	$(37,339)

Year ended Dec. 31, 2020	Arising during the period	Income tax profit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans	$(11,420)	$2,284	$(9,136)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	16,521	-	16,521
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	32,732	-	32,732
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(101,035)	20,207	(80,828)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(10,827)	2,166	(8,661)
Total other comprehensive income	$(74,029)	$24,657	$(49,372)

24. Income Tax

The major components of income tax expense (income) for 2021 and 2020 are as follows:

Income tax recorded in profit or loss

	2021	2020
Current income tax expense (benefit):		
Current income tax charge	$9,093	$1,091
Adjustments in respect of current income tax of prior periods	24,592	(27,313)
Deferred tax expense (income):		
Deferred income tax expense (income) related to origination and reversal of temporary differences	772	49,953
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	7,787	(51,201)
Total Income tax expense	$42,244	$(27,470)

Income tax relating to components of other comprehensive income

	2021	2020
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	$(15,581)	$(20,207)
Remeasurements of the defined benefit plan	3,561	(2,284)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	2,939	(2,166)
Income tax relating to components of other comprehensive income	$(9,081)	$(24,657)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	2021	2020
Accounting profit before tax from continuing operations	$235,515	$235,146
Tax at the domestic rates applicable to profits in the country concerned	$47,103	$47,029
Tax effect of revenues exempt from taxation	(16,261)	(22,034)
Tax effect of expenses not deductible for tax purposes	20	-
Tax effect of deferred tax assets/liabilities	(13,210)	(25,152)
Adjustments in respect of current income tax of prior periods	24,592	(27,313)
Total income tax expenses recorded in profit or loss	$42,244	$(27,470)

Significant components of deferred income tax assets and liabilities are as follows:

For the year ended December 31, 2021

	As of 1 Jan. 2021	Recognized in income	Recognized in other comprehensive income	As of 31 Dec. 2021
Temporary differences				
Unrealized exchange losses (gains)	$2,896	$2,845	$-	$5,741
Allowance for doubtful debts	30,802	3	-	30,805
Allowance for inventory valuation losses	14,170	1,382	-	15,552
Exchange differences on translation of foreign operations	97,568	-	12,642	110,210
Financial assets at fair value through profit or loss	3,404	(2,895)	-	509
Unrealized profits or losses on transactions with associates	91,420	6,478	-	97,898
Reserve for land value increment tax	(38,717)	-	-	(38,717)
Compensated absences provisions	6,620	242	-	6,862
Net defined benefit liabilities, non-current	44,161	(5,548)	(3,561)	35,052
Impairment loss of assets	2,598	(2,598)	-	-
Depreciation difference for tax purpose	3,757	(597)	-	3,160
Impairment on property, plant and equipment	6,284	(84)	-	6,200
Unused tax losses	51,201	(7,787)	-	43,414
Deferred income tax (expenses)		$(8,559)	$9,081	
Deferred tax assets and liabilities net	$316,164			$316,686
As presented on the financial statement:				
Deferred tax assets	$354,881			$355,403
Deferred tax liabilities	$(38,717)			$(38,717)

For the year ended December 31, 2020

	As of 1 Jan. 2020	Recognized in income	Recognized in other comprehensive income	As of 31 Dec. 2020
Temporary differences				
Unrealized exchange losses (gains)	$14,919	$(12,023)	$-	$2,896
Allowance for doubtful debts	35,282	(4,480)	-	30,802
Allowance for inventory valuation losses	13,311	859	-	14,170
Exchange differences on translation of foreign operations	75,195	-	22,373	97,568
Financial assets at fair value through profit or loss	600	2,804	-	3,404
Unrealized profits or losses on transactions with associates	94,469	(3,049)	-	91,420
Reserve for land value increment tax	(38,717)	-	-	(38,717)
Compensated absences provisions	6,617	3	-	6,620
Net defined benefit liabilities, non-current	45,825	(3,948)	2,284	44,161
Impairment loss of assets	2,598	-	-	2,598
Depreciation difference for tax purpose	33,279	(29,522)	-	3,757
Impairment on property, plant and equipment	6,881	(597)	-	6,284
Unused tax losses	-	51,201	-	51,201
Deferred income tax (expenses)		$1,248	$24,657	
Deferred tax assets and liabilities net	$290,259			$316,164
As presented on the financial statement:				
Deferred tax assets	$330,327			$354,881
Deferred tax liabilities	$(40,068)			$(38,717)

The following table contains information of the unused tax losses:

		Unused tax losses as at		
Year	Tax losses for the period	31 Dec. 2021	31 Dec. 2020	Expiration year
2021	$220,069	$217,069	$256,006	2030

The assessment of income tax returns

As of 31 December 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	2018

25. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2021	2020
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$193,271	$262,616
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	311,958	311,958
Basic earnings per share (NT$)	$0.62	$0.84

	2021	2020
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$193,271	$262,616
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	311,958	311,958
Effect of dilution:		
Employee bonus－stock (in thousands)	759	1,064
Weighted average number of ordinary shares outstanding after dilution (in thousands)	312,717	313,022
Diluted earnings per share (NT$)	$0.62	$0.84

During the reporting date and the date the financial statement was prepared, no other transactions affected the common shares and dilutive potential ordinary shares.

VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follow:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
FORTOP INDUSTRIAL CO., LTD.	Substantive related party
GENERA CORPORATION	Subsidiary
JUOKU TECHNOLOGY CO., LTD.	Subsidiary
T.I.T. INTERNATIONAL CO., LTD.	Subsidiary
DBM REFLEX OF TAIWAN CO., LTD.	Subsidiary
TYC EUROPE B.V.	Subsidiary
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	Director of the company
I YUAN PRECISION INDUSTRIAL CO., LTD.	Associate
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	Subsidiary
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD	Subsidiary
KUN SHAN TYC HIGH PERFORMANCE TECH CO., LTD.	Subsidiary
TAYIH KENMOS AUTO PARTS CO., LTD.	Substantive related party
JNS AUTO PARTS LIMITED	Associate
VARROC TYC AUTO LAMPS CO., LTD.	Joint Venture
TA YIH INDUSTRIAL CO., LTD.	Substantive related party
BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party
HANGZHOU SUNNYTECH CO., LTD.	Associate
JING TAI TECHNOLOGY CO., LTD.	(Note)

(Note) The subsidiary of the Company: JING TAI merged with JUOKU TECHNOLOGY via short-form merger as of 30 September 2020. JUOKU TECHNOLOGY is the surviving company.

1. Significant related party transactions

(1) Sales

	2021	2020
Subsidiaries		
GENERA CORPORATION	$4,253,801	$3,561,717
TYC EUROPE B.V.	1,909,486	1,518,614
Other	308,635	217,742
Subtotal	6,471,922	5,298,073
Joint Ventures	236	221
Other related parties	68,802	67,651
Total	$6,540,960	$5,365,945

The company sold products to some related parties is mainly based on the US OEM price × 0.24 as the reference price. The payment term was T/T 135 days; some related parties who were single manufacturers, therefore the price could not be compared. The payment term was T/T 150 days; the sales price of some related parties is equivalent to that of non-related parties, and the terms of collection are every other month, payable between 1 to 3 months, which is equivalent to ordinary transactions.

(2) Purchases

	2021	2020
Subsidiaries		
JUOKU TECHNOLOGY CO., LTD.	$305,392	$109,751
T.I.T. INTERNATIONAL CO., LTD.	237,798	210,520
JING TAI TECHNOLOGY CO., LTD.	-	134,555
Other	58,850	36,412
Subtotal	602,040	491,238
Associates		
I YUAN PRECISION INDUSTRIAL CO., LTD.	506,930	527,904
Other	1,745	3,145
Subtotal	508,675	531,049
Other related parties		
FORTOP INDUSTRIAL CO., LTD.	873,087	716,526
BUILDUP INTERNATIONAL TRADING CO., LTD.	236,306	174,664
Other	22,080	19,608
Subtotal	1,131,473	910,798
Total	$2,242,188	$1,933,085

The company purchases goods from related parties, the bargaining method for purchase is the same as that of non-related parties, the payment terms are the next month of the purchase, payable between 1 to 3 months, which is equivalent to ordinary transactions.

(3) Notes receivables - related parties

	31 Dec. 2021	31 Dec. 2020
Other related parties		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	$9,686	$11,438
FORTOP INDUSTRIAL CO., LTD.	1,371	-
Subtotal	11,057	11,438
Less: allowance for doubtful accounts	(55)	(57)
Net	$11,002	$11,381

(4) Accounts receivables - related parties

	31 Dec. 2021	31 Dec. 2020
Subsidiaries		
GENERA CORPORATION	$1,988,403	$1,664,485
TYC EUROPE B.V.	534,600	320,396
Other	251,378	206,432
Subtotal	2,774,381	2,191,313
Joint ventures	37	16
Other related parties	11,551	10,757
Total	2,785,969	2,202,086
Less: allowance for doubtful accounts	(58)	(54)
Net	$2,785,911	$2,202,032

(5) Other receivables - related parties

	31 Dec. 2021	31 Dec. 2020
Subsidiaries		
GENERA CORPORATION	$15,393	$10,983
TYC EUROPE B.V.	6,467	2,741
Other	5,072	1,564
Subtotal	26,932	15,288
Joint ventures	1,941	6,417
Associates	-	12
Other related parties	923	145
Total	29,796	21,862
Less: allowance for doubtful accounts	(144)	(1,992)
Net	$29,652	$19,870

(6) Accounts payables - related parties

	31 Dec. 2021	31 Dec. 2020
Subsidiary		
JUOKU TECHNOLOGY CO., LTD.	$123,573	$114,074
Other	139,831	115,255
Subtotal	263,404	229,329
Associates		
I YUAN PRECISION INDUSTRIAL CO., LTD.	179,521	250,946
Other	634	216
Subtotal	180,155	251,162
Other related parties		
FORTOP INDUSTRIAL CO., LTD.	294,294	292,804
Other	34,997	28,082
Subtotal	329,291	320,886
Total	$772,850	$801,377

(7) Significant asset transactions

Acquisition of property, plant and equipment

	Purchase price	
Subsidiaries	2021	2020
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD.	$166,905	$196,852
JUOKU TECHNOLOGY CO., LTD.	45,716	159,767
DBM REFLEX OF TAIWAN CO., LTD.	58,918	45,481
T.I.T. INTERNATIONAL CO., LTD.	214	160
Subtotal	271,753	402,260
Other related parties	25,611	19,930
Total	$297,364	$422,190

(8) Key management personnel compensation

	2021	2020
Short-term employee benefits	$40,677	$39,911
Post-employment benefits	728	670
Total	$41,405	$40,581

VIII. ASSETS PLEDGED AS SECURITY

Item	Amount 2021	Amount 2020	Purpose of pledge
Property, plant and equipment-Land	$161,590	$161,590	Bank borrowings
Property, plant and equipment-Buildings	248,539	258,193	Bank borrowings
Refundable Deposits	16,450	16,450	Collateral for land lease
Total	$426,579	$436,233	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

As of 31 December 2021, the Company was involved in the following activities that were not shown in the financial statements:

1. In order to assist the subsidiary T.I.T. INTERNATIONAL CO., LTD. in obtaining loan credit line, the Company issued a Stand-by L/C USD 2,000 thousand as a guarantee.

2. According to "The Regulations Governing the Establishment and Management of Bonded Warehouses", the Company paid guarantee payable of bonded warehouse registration in the amount of NT$ 8,000 thousand.

3. On 8 July 2020, the Court of California in the United States of America dismissed all claims brought in the United States by Pilot Inc.(Pilot) in relation to commercial disputes including distribution contracts between Pilot and the Company and its subsidiary GENERA and its employees. Pilot again submitted the same dispute to the Singapore International Arbitration Centre for arbitration. The Company's appointed counsel, based on the available information, assessed that Pilot's claim for damages was not supported by relevant evidence and was not legally justified. As of the financial report adoption date of 24 March, 2022, it is not possible to assess the impact of the lawsuit on the Company's financials and business based on the information currently available.

4. In June 2021, the Company was informed that HYUNDAI MOTOR COMPANY and KIA CORPORATION filed a patent infringement lawsuit in the Court of California in the United States, claiming that the Company and its subsidiary GENERA infringed its lamp patents nos. 478 and 931. Having been made aware of the content of the action, the Company, together with its subsidiary GENERA, has appointed lawyers to carry out the proceedings in the interests of the Company. As of the financial report adoption date of 24 March, 2022, it is not possible to assess the impact of the lawsuit on the Company's financials and business based on the information currently available.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

XII. OTHER

1. Categories of financial instruments

Financial Assets

	31 Dec. 2021	31 Dec. 2020
Financial assets at fair value through profit or loss：		
Mandatorily measured at fair value through profit or loss	$1,034	$-
Financial assets at fair value through other comprehensive income	133,178	83,775
Financial assets measured at amortized cost:		
Cash and cash equivalents (excludes cash on hand)	278,941	231,100
Financial assets measured at amortized cost	55,540	-
Notes receivables (related parties included)	23,982	27,650
Accounts receivables(related parties included)	3,782,260	2,974,358
Other receivables	151,546	103,402
Refundable deposits	17,835	17,836
Subtotal	4,310,104	3,354,346
Total	$4,444,316	$3,438,121

Financial Liabilities

	31 Dec. 2021	31 Dec. 2020
Financial liabilities measured at amortized cost:		
Short-term borrowings and short-term notes and bills payable	$1,597,808	$375,590
Payables	3,010,539	3,165,645
Long-term borrowings (current portion included)	4,969,570	4,558,613
Other long-term borrowings	-	1,999,439
Lease liabilities	614,828	653,661
Guarantee deposit (under the account of other non-current liabilities-others)	592	315
Subtotal	10,193,337	10,753,263
Financial liabilities at fair value through profit or loss:		
Held for trading	3,577	17,020
Total	$10,196,914	$10,770,283

2. Financial risk management objectives and policies

The Company's risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity instruments related risks).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly affected by USD and EUR. Sensitivity analysis is as follows:

(a) When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2021 and 2020 decreases/increases by NT$28,805 thousand and NT$19,081 thousand, respectively.

(b) When NTD strengthens/weakens against EUR by 1%, the profit for the years ended 31 December 2021 and 2020 decreases/increases by NT$6,458 thousand and NT$4,426 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investment at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2021 and 2020 to increase/decrease by NT$5,979 thousand and NT$4,434 thousand, respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

At the reporting date, a change of 10% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$26 thousand and NT$16 thousand on the equity attributable to the Company for years ended 31 December 2021 and 2020, respectively.

Please refer to Note 12.(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

As at 31 December 2021 and 2020, accounts receivables from top ten customers represented 76.62% and 74.05% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

5. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	3 to 4 years	> 5 years	Total
31 Dec. 2021					
Borrowings	$1,076,071	$3,706,780	$945,581	$280,772	$6,009,204
Short-term notes and bills	640,000	-	-	-	640,000
Payables	3,010,539	-	-	-	3,010,539
Lease liabilities(Note)	47,887	88,389	80,035	467,241	683,552
31 Dec. 2020					
Borrowings	$378,099	$5,197,172	$903,830	$543,550	$7,022,651
Payables	3,165,645	-	-	-	3,165,645
Lease liabilities(Note)	47,887	95,774	80,520	507,259	731,440

Note：Information about the maturities of lease liabilities is provided in the table below:

	Maturities			
	Less than 5 years	5 to 10 years	10 to 15 years	Total
31 Dec. 2021	$216,311	$183,138	$284,103	$683,552
31 Dec. 2020	224,181	191,400	315,859	731,440

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2021 and 2020:

	Short-term borrowings	Short-term notes and bills payable	Long-term Borrowings (Current portion included)	Other borrowings	Lease liabilities	Total liabilities from financing activities
1 Jan. 2021	$375,590	$-	$4,558,613	$1,999,439	$653,661	$7,587,303
Cash flows	582,410	639,808	410,957	(1,999,439)	(38,833)	(405,097)
Non-cash change	-	-	-	-	-	-
31 Dec. 2021	$958,000	$639,808	$4,969,570	$-	$614,828	$7,182,206
1 Jan. 2020	$744,000	$589,354	$3,686,432	$1,998,616	$689,478	$7,707,880
Cash flows	(368,410)	(589,354)	872,181	823	(35,817)	(120,577)
Non-cash change	-	-	-	-	-	-
31 Dec. 2020	$375,590	$-	$4,558,613	$1,999,439	$653,661	$7,587,303

7. Fair value of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, trade receivables, refundable deposits, accounts payable, guarantee deposit and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities etc.) at the reporting date.

C. Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities)

D. Fair value of debt instruments without market quotations, bank loans, short-term notes and bills payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(2) Fair value of financial instruments measured at amortized cost

The book value of financial assets and liabilities at fair value through profit or loss approaches fair value.

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(9) for fair value measurement hierarchy for financial instruments of the Company.

8. Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2021 and 2020 is as follows:

Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items (by contract)	Notional Amount	Contract Period
As at 31 Dec. 2021		
Forward currency contract	Sell foreign currency USD 6,000 thousand	From 14 Dec. 2021 to 24 Jan. 2022
Forward currency contract	Sell foreign currency EUR 2,000 thousand	From 16 Dec. 2021 to 14 Feb. 2022
As at 31 Dec. 2020		
Forward currency contract	Sell foreign currency EUR 1,000 thousand	From 30 Nov. 2020 to 25 Feb. 2021

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

Cross Currency Swaps Contract

Cross currency swaps contract is used to avoid exchange rate and interest rate risks, but these contracts were not designated as hedging instruments. The unexpired cross currency swaps contract that the Company did not apply hedging accounting are as follows:

31 December 2021：

Contract amount	Contract period	Interest rate paid	Charge interest rate	During the exchange
Swap out USD 6,000 thousand Exchange into NT$ 168,000 thousand	From 17 Apr. 2020 to 17 Apr. 2022	- 0.66%	0.61% -	From 18 Jan. 2021 to 28 Jan. 2022

Contract amount	Contract period	Interest rate paid	Charge interest rate	During the exchange
Swap out USD 3,000 thousand Exchange into NT$ 84,600 thousand	From 17 Apr. 2020 to 17 Apr. 2022	- 0.66%	0.61% -	From 26 Mar. 2021 to 28 Mar. 2022

31 December 2020：

Contract amount	Contract period	Interest rate paid	Charge interest rate	During the exchange
Swap out USD 4,000 thousand Exchange into NT$ 119,840 thousand	From 17 Apr. 2019 to 17 Apr. 2021	- 0.80%	0.81% -	From 10 Mar. 2020 to 10 Mar. 2021

Contract amount	Contract period	Interest rate paid	Charge interest rate	During the exchange
Swap out USD 2,000 thousand Exchange into NT$ 59,856 thousand	From 29 Nov. 2019 to 29 Nov. 2021	- 0.74%	0.85% -	From 13 Mar. 2020 to 4 Mar. 2021

Contract amount	Contract period	Interest rate paid	Charge interest rate	During the exchange
Swap out USD 3,000 thousand Exchange into NT$ 90,645 thousand	From 3 Jun. 2019 to 3 Jun. 2030	- 0.50%	0.75% -	From 20 Mar. 2020 to 17 Mar. 2021

The aforementioned derivatives transaction counterparties are well-known domestic and foreign banks with good credit, so the credit risk is not high.

9. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

31 Dec. 2021

	Level	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contracts	$-	$1,034	$-	$1,034
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	25,700	-	107,478	133,178
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Cross currency swaps contract	-	3,577	-	3,577

31 Dec. 2020

	Level	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$16,264	$-	$67,511	$83,775
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contracts	-	917	-	917
Cross currency swaps contract	-	16,103	-	16,103

Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	At fair value through other comprehensive income - stocks	At fair value through other comprehensive income - stocks
	2021	2020
Beginning balances	$67,511	$57,192
Total gains and losses recognized:		
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	2,444	10,319
Acquired in the period	50,000	-
Proceeds from capital reduction in the period	(12,477)	-
Ending balances	$107,478	$67,511

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Company's profit or loss by NT$12,958 thousand

As at 31 December 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Company's profit or loss by NT$ 8,069 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

10. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	31 Dec. 2021		
	Foreign Currency	Exchange	NTD
Financial Assets			
Monetary items:			
USD	$126,236	27.687853	$3,495,204
EUR	20,565	31.403533	645,814
CNY	47,128	4.350654	205,038
Non- monetary items:			
USD	131,207	27.687853	3,632,828
VND	69,674,092	0.001212	84,445
Financial Liabilities			
Monetary items:			
USD	$22,199	27.687853	$614,643

	31 Dec. 2020		
	Foreign Currency	Exchange	NTD
Financial Assets			
Monetary items:			
USD	$91,534	28.077249	$2,570,023
EUR	11,855	34.433169	408,205
CNY	42,446	4.294707	182,293
Non- monetary items:			
USD	130,677	28.077249	3,669,052
VND	70,116,049	0.001215	85,191
Financial Liabilities			
Monetary items:			
USD	$23,573	28.077249	$661,865

The Company has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2021 and 2020, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT$139,538 thousand, NT$54,279 thousand1 respectively.

The above information is disclosed based on the carrying amounts of the foreign currencies (after conversion to the functional currency).

11. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

12. Other

In order to facilitate the comparison of financial statements, some accounts of the previously prepared financial statements have been reclassified.

XIII. ADDITIONAL DISCLOSURES

(1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:

(a) Financing provided to others for the year ended 31 December 2021: Please refer to Attachment 1.

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2021: Please refer to Attachment 2.

(c) Securities held as of December 31, 2021 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 3.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock f for the year ended 31 December 2021: Please refer to Attachment 4.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2021: Please refer to Attachment 5.

(i) Names, locations and related information of investees as of December 31, 2021(excluding investment in Mainland China): Please refer to Attachment 6.

(j) Financial instruments and derivative transactions: Please refer to Note6(2)、Note6(13) and Note12(8).

(2) Investment in Mainland China:

(a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.

(b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 1, Attachment 2 and Attachment 7.

(3) Information on major shareholders:

Name of major shareholders, number of shares held and proportion of shares held: Please refer to Attachment 8.

XIV. OPERATING SEGMENT INFORMATION

In accordance with Article 22 of the Regulations, the Company is not required to prepare operating segment information for the parent company only financial statements. Please refer to the consolidated financial statements of TYC BROTHER INDUSTRIAL CO., LTD. and subsidiaries for operating segment information.

Attachment 1: Financing provided to others

No. (Note 1)	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period (Note 7)	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)	Note
													Item	Value			
1	SUPRA-ATOMIC	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	Other receivables	Y	$24,867 (USD 900)	$24,867 (USD 900)	$24,867 (USD 900)	2.70%	2	$-	Need for operating	$-	-	$-	1,369,401	1,369,401	-

(Note 1) The financial information of the parent company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) Limit of financing amount for individual counterparty:

(1) Business contacts: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net asste's value and the amount needed for operation. The amount of operation is the amount of business transaction in recent year between the lender and the counterparty.

(2) Necessary of need for operating：Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.

(3) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 20% of the lender's net assets value as of the period, but is limited to 100% of total assets.

(Note 3) Limit of total financing amount shall not exceed 40% of the subsidiary's net asset value.

(1) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 40% of the lender's net asset of thef period, but is limited to 100% total assets.

(Note 4) The financing provided to others are coded as follows:

(1) Business contacts is coded "1".

(2) Short-term financing is coded "2".

(Note 5) If financing provided to others is coded "1" , the amount of business transactions should be filled in. The amount of operation is the amount of business transaction in recent year between lender and the counterparty.

(Note 6) If financing provided to others is coded "2". The reasons for the necessary loans and funds and the use of the loans and counterparty shall be specified, such as repayment, purchasing equipments, necesarry for operating, etc.

(Note 7) The balance of which is the maximum balance of financing provided to others in the current year.

(Note 8) The exchange rate of the USD to the NTD is 1:27.63.

Attachment 2: Endorsement/Guarantee provided to others

No. (Note1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/ endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 5)	Ending balance (Note 6)	Actual amount provided (Note7)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Guarantee/ endorsement amount to company in Mainland China
		Company name	Releationship (Note 2)										
0	The Company	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	(2)	$1,577,951	$524,970 (USD 19,000)	$524,970 (USD 19,000)	$442,080 (USD 16,000)	-	6.65%	$3,155,902	Y	N	Y
0	The Company	T.I.T. INTERNATIONAL CO., LTD.	(2)	1,577,951	138,150 (USD 5,000)	138,150 (USD 5,000)	138,150 (USD 5,000)	-	1.75%	3,155,902	Y	N	N
0	The Company	JUOKU TECHNOLOGY CO., LTD	(2)	1,577,951	900,000	-	-	-	0%	3,155,902	Y	N	N

(Note 1) The Company and its subsidiaries are coded as follows:
(1)The Company is coded "0".
(2)The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, the receiving parties shall be disclosed as one of the following:
(1) A company with which it does business.
(2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.
(3) A company that directly and indirectly holds more than 50 % of the voting shares in the public company.
(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3) Limit of guarantee/endorsement amount for receiving party is 20% of the net worth of the financial report reviewed by the certified public accountants as of 31 December 2021.

(Note 4) Limit of total guarantee/ endorsement amount is 40% of the net worth of the financial report reviewed by the certified public accountants as of 31 December 2021.

(Note 5) The balance of which is the maximum balance of endorsement/guarantee provided to others in the current year.

(Note 6) The amount the Company and its subsidiaries approved through the board of directors for the endorsements for others.

(Note 7) The actual amount drawn within endorsement balance by the endorsed company.

(Note 8) The exchange rate of USD to NTD is 1:27.63.

Attachment 3: Securities held as of 31 December 2021. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities(Note1)	Relationship	Financial statement account	as of 31 December 2021				Note
				Shares(per)	Book value	Percentage of ownership (%)	Fair value	
The Company	Unlisted stock-FORTOP INDUSTRIAL CO.,LTD	Substantive related parties of the company	Financial assets measured at fair value through other comprehensive gains and losses, non-current	391,722	$43,157	19.59%	$43,157	No guarantee or pledge
	Unlisted stock-BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The parent company is its corporate director	Financial assets measured at fair value through other comprehensive gains and losses, non-current	360,000	13,327	18.00%	13,327	No guarantee or pledge
	Unlisted stock-WK Technology Fund IV Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	170,467	255	1.60%	255	No guarantee or pledge
	Unlisted stock-WK Technology Fund Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	4,219	41	0.42%	41	No guarantee or pledge
	Unlisted stock- WK Technology Fund V Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	476,850	470	1.67%	470	No guarantee or pledge
	Unlisted stock-WK Technology Fund VI Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	289,000	228	1.14%	228	No guarantee or pledge
	Listed stock-LSC Ecosystem Corporation	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	3,333,333	50,000	2.82%	50,000	No guarantee or pledge
	Listed stock-LASTER TECHCO., LTD	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	583,421	25,700	0.60%	25,700	No guarantee or pledge
JUOKU TECHNOLOGY CO., LTD.	Unlisted stock-WK Technology Fund VI Ltd.	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses, non-current	144,500	1,041	0.57%	1,041	No guarantee or pledge
TSM TECH CO., LTD.	Fuzhou Ching Ho Automobile Accessory Co., Ltd.	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses, non-current	-	8,010	3.73%	8,010	No guarantee or pledge
TI YUAN INVESTMENT CO., LTD.	Unlisted stock- WK Technology Fund VII Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	179,200	964	1.06%	964	No guarantee or pledge
	Listed stock-I YUAN PRECISION INDUSTRIAL CO., LTD.	The Company measured at fair value for using equity method.	Investment accounting for using equity method	900,914	38,152	2.51%	-	No guarantee or pledge(Note 2)
TI FU INVESTMENT CO., LTD.	Listed stock-T.Y.C. BROTHER INDUSTRIAL CO., LTD.	Holding company's parent company	Financial assets measured at fair value through other comprehensive gains and losses, non-current	939,707	18,230	-	18,230	No guarantee or pledge
	Unlisted stock-WK Technology Fund V Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	238,425	1,761	0.83%	1,761	No guarantee or pledge
	Unlisted stock-WK Technology Fund VI Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	72,250	517	0.29%	517	No guarantee or pledge
	Listed stock-LASTER TECH CO., LTD.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	1,883,216	82,955	1.95%	82,955	No guarantee or pledge

(Note 1)Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments’.

(Note 2)The investment was accounted for using the equity method in the consolidated financial statement.

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock as of 31 December 2021

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	GENERA CORPORATION	Subsidiary of the Company	Sales	$4,253,801	38.00%	T/T 135 days	The price is determined according to the US OEM price×0.24 as the reference price	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivable $1,988,403	50.15%	-
	TYC EUROPE BV.	Subsidiary of the Company	Sales	1,909,486	17.06%	T/T 120 days	A single manufacturer and no other manufacturers to compare	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivable 534,600	13.48%	-
	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	Subsidiary of the Company	Sales	171,673	1.53%	T/T 120 days	comparable to general customers		Accounts receivable 194,146	4.90%	-
	T.I.T. INTERNATIONAL CO., LTD.	Subsidiary of the Company	Sales	108,365	0.97%	T/T 150 days	comparable to general customers		Accounts receivable 47,230	1.19%	-
	JUOKU TECHNOLOGY CO., LTD.	Subsidiary of the Company	Purchases	305,392	3.86%	credit on 90 days	comparable to general customers		Accounts payable 123,573	4.70%	-
	T.I.T. INTERNATIONAL CO., LTD.	Subsidiary of the Company	Purchases	237,798	3.01%	credit on 60 days	comparable to general customers		Accounts payable 68,181	2.60%	-
	FORTOP INDUSTRIAL CO.,LTD	Substantive related parities of the Company	Purchases	873,087	11.03%	credit on 90 days	comparable to general customers		Accounts payable 294,294	11.20%	-
	I YUAN PRECISION INDUSTRIAL CO., LTD.	The Company measured at fair value for using equity method.	Purchases	506,930	6.41%	credit on 90 days	comparable to general customers		Accounts payable 179,521	6.83%	-
	BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related parties of the Company	Purchases	236,306	2.99%	credit on 20 days	comparable to general customers		Accounts payable 21,200	0.81%	-
JUOKU TECHNOLOGY CO., LTD	The Company	Holding company's parent company	Sales	404,213	20.98%	T/T 90 days	N/A		Accounts receivable 123,552	26.67%	-
JUOKU TECHNOLOGY CO., LTD	PT ASTRA JUOKU INDONESIA	Joint ventures of the Company	Sales	132,162	6.86%	credit on 90 days	N/A		Accounts receivable 60,246	13.80%	-
T.I.T. INTERNATIONAL CO., LTD.	The Company	Holding company's parent company	Sales	211,833 (THB 260,014)	47.01%	T/T 90 days	N/A		Accounts receivable 69,247 (THB 84,997)	49.41%	-
CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD.	The Company	Holding company's parent company	Sales	194,211 (USD 7,029)	71.82%	T/T 90 days	N/A		Accounts receivable 157,187 (USD 5,689)	75.89%	-
KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	The Company	Holding company's parent company	Purchases	176,104 (CNY 40,774)	62.50%	T/T 120 days	N/A		Accounts payable 194,796 (CNY 45,102)	85.54%	-
GENERA CORPORATION	The Company	Holding company's parent company	Purchases	4,106,870 (USD 148,638)	75.27%	T/T 135 days	N/A		Accounts payable 1,828,473 (USD 66,177)	83.83%	-
TYC EUROPE BV.	The Company	Holding company's parent company	Purchases	1,800,466 (EUR 57,856)	100.00%	T/T 120 days	N/A		Accounts payable 504,611 (EUR 16,215)	100.00%	-
T.I.T. INTERNATIONAL CO., LTD.	The Company	Holding company's parent company	Purchases	103,038 (THB 126,473)	39.18%	T/T 90 days	N/A		Accounts payable 40,106 (THB 49,228)	49.87%	-

(Note 1)The exchange rate of USD to NTD is 1:27.63.
The exchange rate of EUR to NTD is 1:31.12.
The exchange rate of THB to NTD is 1:0.8147.
The exchange rate of CNY to NTD is 1:4.319.

Attachment 5: Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2021

Related party	Counterparty	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Amount received in subsequent period	Allowance for doubtful debts
					Amount	Processing method		
The Company	GENERA CORPORATION	Subsidiary of the Company	$1,988,403	2.33	$371,309	Collection has been strengthened	$882,379	$-
	TYC EUROPE BV.	Subsidiary of the Company	534,600	4.47	30	Collection has been strengthened	226,612	-
	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	Subsidiary of the Company	194,146	0.95	164,265	Collection has been strengthened	10,911	-
JUOKU TECHNOLOGY CO., LTD.	The Company	Holding company's parent company	123,552	3.32	-	Collection has been strengthened	63,154	-

(Note 1)The exchange rate of the USD to the NTD is 1:27.63

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2021, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2021: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2021			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
The Company	JUOKU TECHNOLOGY CO.,LTD.	No. 25, Gongye 3rd Rd., Annan Dist., Tainan City	Manufacturing and sale of automobile parts	$313,730	$313,730	27,923,401	72.10%	$227,157	$56,406	$40,669	Subsidiary of the Company
	TI YUAN INVESTMENT CO., LTD.	12F., No. 212, Yuping Rd., Anping Dist., Tainan City	Marketable securities trading business	30,053	30,053	5,731	100.00%	53,313	1,623	1,623	Subsidiary of the Company
	TI FU INVESTMENT CO., LTD.	12F., No. 212, Yuping Rd., Anping Dist., Tainan City	Marketable securities trading business	30,076	30,076	12,000	100.00%	187,003	26,312	26,312	Subsidiary of the Company (Note 3)
	TAMAU MANAGEMENT CONSULTANCY CO., LTD.	18F., No. 573, Qingping Rd., Anping Dist., Tainan City	Management consult	1,000	1,000	260,000	100.00%	4,327	120	120	Subsidiary of the Company
	SUPRA-ATOMIC CO., LTD.	British Virgin Islands	Reinvestment holding activities	2,819,741 (Note 4)	2,836,371	65,932,450	100.00%	1,104,756	(15,760)	(15,760)	Subsidiary of the Company
	BESTE MOTOR CO., LTD.	British Virgin Islands	Reinvestment holding activities	322,939	322,939	12,072,000	100.00%	1,336,457	29,547	29,547	Subsidiary of the Company
	CONTEK CO., LTD.	British Virgin Islands	Reinvestment holding activities	66,512	66,512	2,186,000	100.00%	56,080	(5,054)	(5,054)	Subsidiary of the Company
	I YUAN PRECISION INDUSTRIAL CO., LTD	No. 25, Zhongxing S. St., Sanchong Dist., New Taipei City	Manufacturing, processing and sale of automobile parts	126,907	126,907	5,617,854	15.66%	198,606	51,086	9,282	The Company measured at fair value for using equity method.
	INNOVA HOLDING CORP.	Delaware, U.S.A	Reinvestment holding activities	745,370	745,370	5,549	100.00%	1,135,535	94,051	94,051	Subsidiary of the Company
	TYC VIETNAM INDUSTRIAL CO., LTD.	Vietnam	Manufacture and sale automobile lights	88,740	88,740	-	60.00%	84,445	954	572	Subsidiary of the Company

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2021, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2021: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2021			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
JUOKU TECHNOLOGY CO., LTD.	TSM TECH CO., LTD.	British Virgin Islands	Reinvestment holding activities	$10,122	$10,122	300,000	100.00%	$9,284	-	-	Sub Subsidiary of the Company
	PT ASTRA JUOKU INDONESIA	Indonesia	Manufacture and sale automobile lights	276,640	276,640	1,126,500	50.00%	166,913	20,486	10,243	Joint ventures of the Company
TI FU INVESTMENT CO., LTD.	DBM REFLEX OF TAIWAN CO., LTD.	No. 54, Xinle Rd., Tainan City	Manufacture tooling mold and international trading business	25,500	25,500	8,750,000	50.00%	138,975	53,114	26,557	Sub Subsidiary of the Company
SUPRA-ATOMIC CO., LTD.	EUROPILOT CO., LTD.	British Virgin Islands	Reinvestment holding activities	396,767 (USD 14,360)	396,767 (USD 14,360)	14,359,821	100.00%	483,690	37,054	37,054	Sub Subsidiary of the Company
	MOTOR-CURIO CO., LTD.	British Virgin Islands	Reinvestment holding activities	52,304 (USD 1,893)	52,304 (USD 1,893)	1,893,400	100.00%	160,313	28,814	28,814	Sub Subsidiary of the Company
	SPARKING CO., LTD.	British Virgin Islands	Reinvestment holding activities	992,359 (USD 35,916)	992,359 (USD 35,916)	30,915,717	100.00%	224,212	(105,413)	(105,413)	Sub Subsidiary of the Company
	EUROLITE CO., LTD.	British Virgin Islands	Reinvestment holding activities	573,544 (USD 20,758)	573,544 (USD 20,758)	14,697,972	100.00%	161,240	21,248	21,248	Sub Subsidiary of the Company
	UNIMOTOR CO., LTD.	British Virgin Islands	Reinvestment holding activities	190,288 (USD 6,887)	190,288 (USD 6,887)	6,887,000	100.00%	312,223	1,953	1,953	Sub Subsidiary of the Company
EUROPILOT CO., LTD.	TYC EUROPE BV.	Henery Moorest roat 25 1328 LS Almere	Sale automobile lights	396,767 (USD 14,360)	396,767 (USD 14,360)	120,000	100.00%	483,658	46,195	46,195	Sub Subsidiary of the Company
EUROLITE CO., LTD.	T.I.T. INTERNATIONAL CO., LTD.	350/132 Srikrung House Rama 3 Road Chongnonsi Yannawa Bangkok, Thailand	Manufacture and sale of lighting fixtures and daily-use product for automobile	573,544 (USD 20,758)	573,544 (USD 20,758)	4,994,900	99.98%	161,183	21,253	21,249	Sub Subsidiary of the Company
BESTE MOTOR CO., LTD.	VARROC TYC CORPORATION	British Virgin Islands	Reinvestment holding activities	388,809 (USD 14,072)	388,809 (USD 14,072)	14,072,000	50.00%	1,336,424	59,100	29,550	Joint ventures of the Company
CONTEK CO., LTD.	ATECH INTERNATIONAL CO., LTD.	Cayman Islands	Reinvestment holding activities	62,168 (USD 2,250)	62,168 (USD 2,250)	2,250,000	25.00%	54,475	(19,243)	(4,811)	The Company measured at fair value for using equity method.
INNOVA HOLDING CORP.	GENERA CORPORATION	State of California, U.S.A.	Sale of automobile lights and parts	342,308 (USD 12,389)	342,308 (USD 12,389)	12,388,505	100.00%	1,499,176 (USD 54,259)	117,179 (USD 4,241)	117,179 (USD 4,241)	Sub Subsidiary of the Company
	W&W REAL PROPERTY, INC.	State of California, U.S.A.	Sale of and rental of real estate	27,630 (USD 1,000)	27,630 (USD 1,000)	1,000,000	100.00%	86,454 (USD 3,129)	6,300 (USD 228)	6,300 (USD 228)	Sub Subsidiary of the Company

(Note 1)The book value of the investment using the equity method is the net amount after deducting the unrealized gains and losses of downstream transactions.

(Note 2)The investment income recognized didn't eliminate unrealized gain or loss on transactions between the Company and its investees.

The Group recognized I YUAN PRECISION INDUSTRIAL CO., LTD at 18.17% investment gains and losses

(Note 3) The company treats shares of the Company that the subsidiaries hold as treasury stocks.

The book value of the investment using the equity method is the net amount after deducting the treasury stocks.

(Note4)SUPRA-ATOMIC CO., LTD. applied for a capital reduction on 5 August, 2021 and returned the share price of NT$16,630 thousand.

(Note 5)The exchange rate of USD to NTD is 1:27.63.

Attachment 7: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of 1 January 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 Decembe 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of 31 December 2021	Accumulated Inward Remittance of Earnings as of 31 December 2021
					Outflow	Inflow						
VARROC TYC AUTO LAMPS CO.,LTD.	Manufacture automobile lights	$746,010 (USD 27,000)	(1)VARROC TYC CORPORATION	$351,730 (USD 12,730)	$-	$-	$351,730 (USD 12,730)	$54,150	50%	$27,075	$2,672,749	$523,243
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD.	Manufacture and sale of precision molds	178,683 (USD6,467)	(1)UNIMOTOR INDUSTRIAL CO., LTD.	178,683 (USD 6,467)	-	-	178,683 (USD 6,467)	1,957	100%	1,957	312,053	-
HANGZHOU SUNNYTECH CO., LTD.	Industrial styling and product design	8,077 (CNY 1,870)	(1)SPARKING CO., LTD.	4,587 (USD 166)	-	-	4,587 (USD 166)	(3,655)	30%	(1,097)	10,758	-
JNS AUTO PARTS LIMITED	Manufacture automobile parts	276,300 (USD 10,000)	(1)MOTOR-CURIO CO., LTD.	55,260 (USD 2,000)	-	-	55,260 (USD 2,000)	154,721	20%	30,944	157,439	-
KUN SHAN TYC HIGH PERFORMANCE	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	828,900 (USD30,000)	(1)SPARKING CO., LTD.	967,050 (USD 35,000)	-	-	967,050 (USD 35,000)	(104,215)	100%	(104,215)	213,426	-
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO., LTD.	Design amd manufacture high-efficiency energy-saving lamps	12,434 (USD 450)	(2)CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD.	-	-	-	-	-	30%	-	-	-
KUNSHAN ATECH AUTOPARTS MANUFACTURING CO.,	Manufacture automobile parts	193,410 (USD 7,000)	(1)ATECH INTERNATIONAL CO., LTD.	48,353 (USD 1,750)	-	-	48,353 (USD 1,750)	(13,069) (USD (473))	25%	(3,260) (USD (118))	88,913 (USD 3,218)	-
ATECH(JIANGSU) INDUSTRIAL TECHNOLOGY CO., LTD.	Manufacture automobile parts	55,260 (USD 2,000)	(1)ATECH INTERNATIONAL CO., LTD.	13,815 (USD 500)	-	-	13,815 (USD 500)	(2,514) (USD (91))	25%	(635) (USD (23))	56,282 (USD 2,037)	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$1,947,086 (USD 70,470)	$1,771,884 (USD 64,129)	(Note 3)

(Note 1) Methods of investment are divided into three:
(1)Indirectly investment in Mainland China through companies registered in a third region
(2)Reinvest with Mainland China company's own funds.
(3)Other

(Note 2) The investment income recognized didn't eliminate unrealized gain or loss on transactions between the Company and its investees.

(Note 3) According to 97.8.22 “Regulations Governing Permission for Investment or Technical Cooperation in Mainland China" and the amendment to “Review Principles of Investment or Technical Cooperation in Mainland china", the cumulative amount of investors' investment in Mainland China according to the upper limit set for other enterprises: 60% of its net value or the consolidated net value, whichever is higher. However, enterprises for which the Industrial Development Bureau of the Ministry of Economic Affairs issued the certificate of compliance or the Taiwan subsidiaries of international enterprises shall not be subject to the restriction. The Company qualifies as business headquarters therefore the upper limit does not apply.

(Note 4) The exchange rate of the USD to the NTD is 1:27.63.
The exchange rate of the CNY to the NTD is 1:4.319.

Attachment 8:Information on major shareholders

Name of ordinary shares / Name of major shareholders	Number of shares held	Percentage of ownership
TA YIH TA INVESTMENT CO., LTD.	64,655,288	18.85%
YIH HENG INVESTMENT CO., LTD.	57,420,654	16.74%

(Note 1) The main shareholder information in this table is calculated based on the information available from the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter.The total number of ordinary shares and special shares held by the shareholders which have completed the dematerialized delivery and registration of the shares of the Company (including treasury shares) is more than 5%.

The share capital recorded in the Company's financial report and the number of shares actually delivered by the Company with dematerialized registration may differ because the calculation bases were different.

(Note 2) If the above information included the shareholders' shares transferred to a trust, it is disclosed by the individual settlor account opened by the trustee. Where the shareholders declared insider equity holding for more than 10% shareholding according to the Securities and Exchange Act, such holdings shall include the shares held by shareholders and the trusted assets with right to use. For information regarding insider shareholding declaration, please refer to the Market Observation Post System of the Taiwan Stock Exchange Corporation.

TYC BROTHER INDUSTRIAL CO., LTD.

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31 December 2021

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TYC BROTHER INDUSTRIAL CO., LTD.

1.STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Item	Description		Amount	Note
Cash and Petty cash			$1,617	The exchange rate
				of the USD to
Bank Deposits				the NTD is 1:27.63
Savung account			41,288	The exchange rate
Foreign currency cash	USD	7,800,656	215,532	of the EUR to the
	EUR	202,151	6,291	NTD is 1:31.12
	JPY	6,737,217	1,607	The exchange rate
	GBP	116,221	4,312	of the JPY to the
	SGD	33,533	683	NTD is 1:0.2385
	RMB	1,128,875	4,876	The exchange rate
Subtotal			274,589	of the GBP to the
Time deposits			4,352	NTD is 1:37.10
				The exchange rate
				of the SGD to the
				NTD is 1:20.37
				The exchange rate
Total			$280,558	of the RMB to the
				NTD is 1:4.319

TYC BROTHER INDUSTRIAL CO., LTD.

2.STATEMENT OF ACCONUTS RECEIVABLE

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
Client A	USD 2,462,757	$68,046	1. The exchange rate
Client B	USD 2,085,042	57,610	of the USD to the
Client C	USD 1,921,807	53,100	NTD is 1:27.63
Others		976,255	2. The amount of individual
Subtotal		1,155,011	client in others does not exceed
Less:Allowance for doubtful debts		(158,662)	5% of the account balance.
Net amount		$996,349	

TYC BROTHER INDUSTRIAL CO., LTD.

3.STATEMENT OF ACCOUNTS RECEIVABLES-RELATED PARTIES

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
GENERA CORPORATION	USD 71,965,360	$1,988,403	1.The exchange rate of the USD
TYC EUROPE B.V.	EUR 16,076,143	500,289	to the NTD is 1:27.63
	USD 1,241,791	34,311	The exchange rate of the EUR
KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	RMB 44,951,703	194,146	to the NTD is 1:31.12
Others		68,820	The exchange rate of the RMB
Subtotal		2,785,969	to the NTD is 1:4.319
Less:Allowance for doubtful debts		(58)	2.The amount of individual client
Net		$2,785,911	in others does not exceed 5%.

TYC BROTHER INDUSTRIAL CO., LTD.

4.STATEMENT OF INVENTORIES

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		$587,473	$587,473	1. Inventories were not pledged.
Work in process		48,844	48,844	
Finished goods		652,297	727,329	2. Inventories are valued at lower of cost and net realizable value item by item.
Merchandise		31,014	32,265	
Subtotal		1,319,628	$1,395,911	
Less:Allowance for inventory valuation losses		(77,761)		
Total		$1,241,867		

TYC BROTHER INDUSTRIAL CO., LTD.

5.STATEMENT OF OTHER CURRENT ASSETS

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Prepayment of purchases		$98,346	The amount of individual title
Payment on behalf	Payment on behalf for mold repair and vender complaint.	25,029	in others does not exceed 5% of
Prepaid expense	Prepaid expense for repair, maintentance and	12,769	the account balance.
Temporary paymants	Temprary payments for freight.	8,068	
Other		1,649	
Total		$145,861	

TYC BROTHER INDUSTRIAL CO., LTD.

6.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

DECEMBER 31, 2021

In Thousands of New Taiwan Dollars

Investee Company	Beginning Balance		Additions		Decrease		Ending Balance			Fair value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Unit price (NTD)	Total Amount		
JUOKU TECHNOLOGY CO., LTD.	27,923,401	$189,474		$40,161 (Note1) 1,105 (Note5) 636 (Note6)		$(4,219) (Note2)	27,923,401	72.10%	$227,157	13.59	$379,510	None	
TI YUAN INVESTMENT CO., LTD.	5,731	51,690		1,623 (Note1)			5,731	100.00%	53,313	9,302.56	53,313	None	
TI FU INVESTMENT CO., LTD.	12,000	183,648		27,397 (Note1) 620 (Note5) 564 (Note7)		(20,428) (Note3) (4,798) (Note4)	12,000	100.00%	187,003	20,857.42	250,289	None	
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	260,000	4,835		120 (Note1)		(628) (Note3)	260,000	100.00%	4,327	16.64	4,327	None	
I YUAN PRECISION INDUSTRIAL CO., LTD.	5,617,854	200,542		9,300 (Note1)		(11,236) (Note3)	5,617,854	15.66%	198,606	39.50	221,905	None	
CONTEK CO., LTD.	2,186,000	60,665		469 (Note2)		(5,054) (Note1)	2,186,000	100.00%	56,080	25.65	56,080	None	
INNOVA HOLDING CORP.	5,549	1,111,681		89,826 (Note1)		(21,093) (Note2) (44,879) (Note6)	5,549	100.00%	1,135,535	USD 10,008.29	USD 55,536	None	
SUPRA-ATOMIC CO., LTD.	66,532,450	1,131,620		32,148 (Note1) 11,842 (Note6)	(600,000) (Note8)	(54,224) (Note2) (16,630) (Note8)	65,932,450	100.00%	1,104,756	20.77	1,369,401	None	
BESTE MOTOR CO ., LTD.	12,072,000	1,365,086		29,547 (Note1) 16,518 (Note2) 11 (Note6)		(74,705) (Note3)	12,072,000	100.00%	1,336,457	110.71	1,336,467	None	
TYC VIETNAM INDUSTRIAL CO., LTD.	-	85,191				(86) (Note1) (660) (Note2)	-	60.00%	84,445	-	-	None	
Total		$4,384,432		$261,887		$(258,640)			$4,387,679				

Note1：Net investment income or loss accounted for using equity method.(Included unrealized gain or loss on the transaction between the Company and its investees.)

Note2：Exchange differences resulting from translating the financial statement of foreign poerations.

Note3：Cash dividends paid by subsidiaries.

Note4：Unrealized gains or losses on financial assets at fair value through other comprehensive income.

Note5：Profits or losses of the defined benefit plan.

Notr6：Downstream transactions are written off.

Note7：Adjustments for dividends subsidiaries received from parent company.

Note8：Refund of capital reduction.

TYC BROTHER INDUSTRIAL CO., LTD.

7.STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPERCIATION

FOR THE YEAR ENDED DECEMBER 31, 2021

In Thousands of New Taiwan Dollars

Item	Beginning Balance	Additions	Decrease	Ending Balance	Note
Cost					
Land	$627,374	$-	$-	$627,374	
Buildings	95,668	-	-	95,668	
Total	$723,042	$-	$-	$723,042	
Accumulated depreciation					
Land	$1,124	$562	$-	$1,686	
Buildings	25,432	12,715	-	38,147	
Total	$26,556	$13,277	$-	$39,833	

TYC BROTHER INDUSTRIAL CO., LTD.

8.STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Type	Description	Balance, End of Year	Contract Period	Interest rates applied	Loan Commitments or Collateral	Note
Unsecured borrowings	Mizuho Bank	$820,000	110/12/29-111/3/29	0.82%	None	
Unsecured borrowings	Cathay United Bank	138,000	110/12/28-111/1/27	0.82%	None	
Total		$958,000				

TYC BROTHER INDUSTRIAL CO., LTD.

9.STATEMENT OF NOTES PAYABLE

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		$86,292	The amount of individual client
Client B		76,266	in others does not exceed 5%
Client C		33,985	of the account balance.
Client D		32,971	
Client E		29,610	
Client F		19,739	
Other		7,088	
Total		$285,951	

TYC BROTHER INDUSTRIAL CO., LTD.

10.STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		$85,712	The amount of individual client
Client B		84,291	in others does not exceed 5%
Others		1,397,961	of the account balance.
Total		$1,567,964	

TYC BROTHER INDUSTRIAL CO., LTD.

11.STATEMENT OF ACCOUNTS PAYABLE-RELATED PPARTIES

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Client	Description		Amount	Note
FORTOP INDUSTRIAL CO., LTD.			$294,294	1.The exchange rate of the USD
I YUAN PRECISION INDUSTRIAL CO., LTD.	USD	6,440,528	178,596	to the NTD is 1:27.73
			925	
JUOKU TECHNOLOGY CO., LTD.			123,573	2.The amount of individual client
T.I.T. INTERNATIONAL CO., LTD.	USD	2,458,746	68,181	in others does not exceed 5%
Other			107,281	of the account balance.
Total			$772,850	

TYC BROTHER INDUSTRIAL CO., LTD.

12.STATEMENT OF OTHER PAYABLES

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Other payables			
Salaries payable and bonuses		$166,864	The amount of individual account title in others does not exceed 5% of the account balance.
Employee's compensation		80,835	
Accrued expenses	Freight	61,833	
Others	Deposit for mold	63,185	
Other payables-related parties	Deposit for mold	11,057	
Total		$383,774	

TYC BROTHER INDUSTRIAL CO., LTD.

13.STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Contract liabilites	Advance sales receipts	$81,130	The amount of individual account title
Other unearned revenue	Advance mold receipts	177,991	in others does not exceed 5% of the
Receipts under custody	Receipts under custody for mold	52,364	account balance.
Other		135	
Total		$311,620	

TYC BROTHER INDUSTRIAL CO., LTD.

14.STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Creditors	Description	Amount due within one year	Amount due in one year	Contract Period	Interest rates applied	Loan Commitments or Collateral	Redemption
First Bank	Unsecured Borrowing	$50,000	$750,000	2019/07/01-2026/09/15	0.45%	None	Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
First Bank	Unsecured Borrowing	-	300,000	2021/08/16-2023/08/16	0.90%	None	Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	Unsecured Borrowing	25,301	674,699	2019/08/09-2029/08/15	0.50%	None	Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
Bank of Taiwan	Unsecured Borrowing	-	200,000	2021/07/06-2023/07/06	0.90%	None	After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry
Bank of Taiwan	Unsecured Borrowing	-	450,000	2021/07/06-2026/06/15	0.72%	None	The grace period is 2 years. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank	Unsecured Borrowing	36,000	264,000	2019/11/06-2024/10/15	0.57%	None	Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
DBS Bank	Unsecured Borrowing	-	270,000	2021/04/14-2023/04/14	0.85%	None	After applying for each drawdown within the credit line, pay off all principal and interest payable of each drawn down facility on the expiry date of each principal loan.
KGI Bank	Unsecured Borrowing	-	200,000	2021/12/29-2024/01/10	0.89%	None	Interests are repaid monthly and bullet repayment on expiry date.
Yuanta Bank	Unsecured Borrowing	-	550,000	2021/08/27-2023/08/27	0.85%	None	Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank	Unsecured Borrowing	-	500,000	2020/07/24-2025/07/24	0.46%-0.66%	None	Principal are repaid monthly, starting from 15 Aug. 2023, and interests are repaid monthly.
Hua Nan Bank	Unsecured Borrowing	-	100,000	2021/02/05-2023/02/05	0.88%	None	Interests are repaid monthly and bullet repayment on expiry date.
Taipei Fubon Bank	Unsecured Borrowing	-	350,000	2021/09/26-2023/09/26	0.85%	None	Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
DBS Bank	Unsecured Borrowing	-	249,570	2021/04/14-2023/04/14	0.60%	None	After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Total		$111,301	$4,858,269				

TYC BROTHER INDUSTRIAL CO., LTD.

15.STATEMENT OF LEASE LIABILITIES

DECEMBER 31,2021

In Thousands of New Taiwan Dollars

Item	Description	Contract Periods	Discount rates applies	Amount	Note
Land		5~20 years	1.42%	$556,089	
Buildings		5~10 years	1.42%	58,739	
Subtotal				614,828	
(Less):Current portion				(39,388)	
Lease liabilties, non current				$575,440	

TYC BROTHER INDUSTRIAL CO., LTD.

16.STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2021

In Thousands of New Taiwan Dollars

Item	Amount	Note
Automobile lights	$8,949,497	The amount of individual account title
Automobile light parts	464,079	in others does not exceed 5% of the account balance.
Others	1,780,423	Sells for water pump, fan and equipment.
Total	$11,193,999	

TYC BROTHER INDUSTRIAL CO., LTD.

17.STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

In Thousands of New Taiwan Dollars

Item	Amount	Note
Cost of Goods Sold of Self-made Product		
Direct material		
Beginning of year	$483,172	
Add: Raw material purchased	4,340,722	
Gains on physical inventories	993	
Less: Raw material, end of year	(587,473)	
Scrapped	(24,156)	
Sell	(446,487)	
Transfer to other account title	(115,778)	
Supplies and parts used	3,650,993	
Direct labor	442,945	
Factory overheads	1,964,521	
Manufacturing cost	6,058,459	
Add: Work in process, beginning of year	53,191	
Less: Work in process, end of year	(48,844)	
Transfer to other account title	(29,997)	
Cost of finished goods	6,032,809	
Add: Finished goods, beginning of year	561,306	
Finished goods purchased	1,852,528	
Transfer from other account title	55	
Less: Finished goods, end of year	(652,297)	
Losses on physical inventories	(63)	
Scrapped	(2,451)	
Transfer to other account title	(567)	
Cost of Goods Sold of Self-made Product	7,791,320	
Cost of Goods sold of Merchandise		
Merchandise: Beginning of year	36,166	
Add: Merchandise purchased	1,719,078	
Transfer from other account title	39	
Less: Merchandise, end of year	(31,014)	
Losses on physical inventories	(26)	
Scrapped	(4)	
Transfer to other account title	(16)	
Cost of Goods sold of Merchandise	1,724,223	
Other operating costs		
Sell raw materials	446,487	
Losses on scrap of inventories	26,611	
Net gains (losses) on physical inventories	(904)	
Losses on Inventory Valuation	6,911	
Other	15,099	
Total Operating Costs	$10,009,747	

TYC BROTHER INDUSTRIAL CO., LTD.

18.STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

In Thousands of New Taiwan Dollars

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected credit impairment losses	Total
Payroll expenses	$84,867	$113,192	$124,629	$-	$322,688
Freight	115,466	37	2,230	-	117,733
Expected credit impairment losses	-	-	-	1,702	1,702
Repair and maintenance expenses	3,191	16,853	16,214	-	36,258
Depreciation	22,350	39,977	4,548	-	66,875
Amortization expense	1,724	10,192	21,689	-	33,605
Research expense	-	-	56,666	-	56,666
Commission expense	34,850	-	-	-	34,850
Export and import expense	83,214	-	-	-	83,214
Professional service fee	6,665	23,308	1,002	-	30,975
Insurance expense	13,011	13,370	14,683	-	41,064
Other expense	60,696	64,160	35,898	-	160,754
Total	$426,034	$281,089	$277,559	$1,702	$986,384

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