PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
DECEMBER 31, 2021 AND 2020 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

Contents		Page

PHOENIX SILICON INTERNATIONAL CORPORATION

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Additionally, relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

PHOENIX SILICON INTERNATIONAL CORPORATION

Representative: Mike Yang

February 23, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR21000429

To the Board of Directors and Shareholders of Phoenix Silicon International Corporation.

Opinion

We have audited the accompanying consolidated balance sheets of Phoenix Silicon International Corporation and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Accuracy of revenue recognition

Description

Please refer to Note 4(29) for accounting policies on revenue recognition and Note 6(20) for details of operating revenue account.

The Group is primarily engaged in the professional processing of semiconductor wafer, such as reclaim, thinning and other services. Service revenue were derived from the transfer of services over time and satisfied performance obligation. The Group measured the completion degree of performance obligation with the invested cost which is for satisfying the performance obligation relative to the expected total cost for satisfying the performance obligation as the basic determination. Considering the estimates of expected total cost were uncertain and will affect the accuracy of revenue recognition based on the completion degree of performance obligation of unfinished orders, thus, we consider the accuracy of revenue recognition as a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included :

Obtained an understanding and assessed the accounting policy of revenue recognition and tested the effectiveness of related internal control's design and execution. Checked the related evidence and calculation of the completion degree measurement of performance obligation

Audit of capitalisation of property, plant and equipment

Description

Please refer to Note 4(14) for accounting policies on property, plant and equipment and Note 6(7) for details of property, plant and equipment.

The Group is primarily engaged in the professional processing of semiconductor wafer, such as reclaim, thinning and other services. In order to continuously develop advanced technical capacity to satisfy customers' demand, the Group has to increase its capital expenditure. Considering the amount of capital expenditure of current year was material, thus, we consider the capitalisation of property, plant and equipment as a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included :

Evaluated and tested the effectiveness of related internal control of the timing of additions and recognition of depreciation of property, plant and equipment. Sampled and verified related purchase orders, invoices and others to confirm that the transaction has been adequately approved and the accuracy of accounted amount is correct. Sampled the acceptance report to confirm that the assets have reached usable state and whether the timing of listing into general inventory and recognising depreciation were adequate.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the consolidated financial statements of PHOENIX SILICON INTERNATIONAL CORPORATION as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Liu, Chien-Yu

Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan
February 23, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,081,999	17	$ 1,140,746	22
1110	Financial assets at fair value through profit or loss - current	6(2)	17,750	-	595	-
1136	Current financial assets at amortised cost	6(3) and 8	-	-	3,500	-
1140	Current contract assets	6(20)	77,591	1	128,884	3
1150	Notes receivable, net	6(4)	185	-	100	-
1170	Accounts receivable, net	6(4)	462,950	8	359,570	7
1180	Accounts receivable due from related parties, net	6(4) and 7	331	-	-	-
1200	Other receivables		2,733	-	2,020	-
1220	Current income tax assets		-	-	2,277	-
130X	Inventories	6(5)	165,659	3	247,462	5
1410	Prepayments		16,510	-	14,207	-
1470	Other current assets		1,578	-	2,071	-
11XX	**Current Assets**		1,827,286	29	1,901,432	37
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(3) and 8	12,417	-	12,417	-
1550	Investments accounted for under equity method	6(6)	125,503	2	-	-
1600	Property, plant and equipment	6(7)(9) and 8	3,635,757	57	2,819,389	55
1755	Right-of-use assets	6(8)	324,312	5	245,422	5
1780	Intangible assets	6(9)	30,184	1	29,506	1
1840	Deferred income tax assets	6(28)	31,349	1	20,229	-
1900	Other non-current assets		341,171	5	94,934	2
15XX	**Non-current assets**		4,500,693	71	3,221,897	63
1XXX	**Total assets**		$ 6,327,979	100	$ 5,123,329	100

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11) and 8	$ -	-	$ 30,000	-
2120	Financial liabilities at fair value through profit or loss - current	6(12)	-	-	1,258	-
2130	Current contract liabilities	6(21)	157	-	32,642	1
2170	Accounts payable		153,441	3	149,408	3
2200	Other payables	6(13)	373,734	6	300,872	6
2220	Other payables to related parties	6(13) and 7	5	-	-	-
2230	Current income tax liabilities		12,440	-	-	-
2280	Current lease liabilities		11,462	-	14,367	-
2320	Long-term liabilities, current portion	6(14)(15)	1,156,060	18	1,217,023	24
2399	Other current liabilities, others		1,861	-	1,220	-
21XX	**Current Liabilities**		1,709,160	27	1,746,790	34
	Non-current liabilities					
2540	Long-term borrowings	6(15) and 8	1,734,296	27	764,315	15
2550	Provisions for liabilities - non-current	6(17)	16,600	-	22,383	-
2570	Deferred tax liabilities	6(28)	1,510	-	-	-
2580	Non-current lease liabilities		316,037	5	234,578	5
2600	Other non-current liabilities	6(16)	33,320	1	31,367	1
25XX	**Non-current liabilities**		2,101,763	33	1,052,643	21
2XXX	**Total Liabilities**		3,810,923	60	2,799,433	55
	Equity					
	Share capital	6(18)				
3110	Share capital - common stock		1,403,525	22	1,324,080	26
	Capital surplus	6(19)				
3200	Capital surplus		610,258	10	634,768	12
	Retained earnings	6(20)				
3310	Legal reserve		141,374	2	127,863	3
3350	Unappropriated retained earnings		361,899	6	220,854	4
31XX	**Equity attributable to owners of the parent**		2,517,056	40	2,307,565	45
36XX	Non-controlling interest		-	-	16,331	-
3XXX	**Total equity**		2,517,056	40	2,323,896	45
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Disaster Loss	10				
3X2X	**Total liabilities and equity**		$ 6,327,979	100	$ 5,123,329	100

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

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
4000	Sales revenue	6(21)	$ 2,651,386	100	$ 2,267,585	100
5000	Operating costs	6(5)(26)	(1,984,744)	(75)	(1,732,382)	(76)
5950	Net operating margin		666,642	25	535,203	24
	Operating expenses	6(26)(27)				
6100	Selling expenses		(36,034)	(1)	(37,798)	(1)
6200	General and administrative expenses		(265,669)	(10)	(220,548)	(10)
6300	Research and development expenses		(132,689)	(5)	(129,086)	(6)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	304	-	(257)	-
6000	Total operating expenses		(434,088)	(16)	(387,689)	(17)
6900	Operating profit		232,554	9	147,514	7
	Non-operating income and expenses					
7100	Interest income	6(22)	1,129	-	3,088	-
7010	Other income	6(23)	2,389	-	46,861	2
7020	Other gains and losses	6(24)	47,219	2	(10,889)	(1)
7050	Finance costs	6(25)	(20,922)	(1)	(29,919)	(1)
7000	Total non-operating income and expenses		29,815	1	9,141	-
7900	**Profit before income tax**		262,369	10	156,655	7
7950	Income tax (expense) benefit	6(28)	(7,195)	-	21,383	1
8000	**Profit for the year from continuing operations**		255,174	10	178,038	8
	Discontinued operations					
8100	Loss from discontinued operations	6(10)	(37,711)	(2)	(62,480)	(3)
8200	**Profit for the year**		$ 217,463	8	$ 115,558	5

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31 2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
	Other comprehensive income Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(16)	($ 2,066)	-	$ 697	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	413	-	(139)	-
8300	**Other comprehensive (loss) income for the year**		($ 1,653)	-	$ 558	-
8500	**Total comprehensive income for the year**		$ 215,810	8	$ 116,116	5
	Profit (loss), attributable to :					
8610	Owners of the parent		$ 235,654	9	$ 134,553	6
8620	Non-controlling interest		(18,191)	(1)	(18,995)	(1)
	Total comprehensive income for the year		$ 217,463	8	$ 115,558	5
	Comprehensive income, attributable to :					
8710	Owners of the parent		$ 234,001	9	$ 135,111	6
8720	Non-controlling interest		(18,191)	(1)	(18,995)	(1)
	Profit before income tax, net		$ 215,810	8	$ 116,116	5
	Basic earnings per share	6(29)				
9710	Basic earnings (loss) per share from continuing operations		$ 1.85		$ 1.30	
9720	Basic earnings (loss) per share from discontinued operations		(0.17)		(0.34)	
9750	Total basic earnings per share		$ 1.68		$ 0.96	
	Diluted earnings per share	6(29)				
9810	Diluted earnings (loss) per share from continuing operations		$ 1.74		$ 1.26	
9820	Diluted earnings (loss) per share from discontinued operations		(0.15)		(0.31)	
9850	Total diluted earnings per share		$ 1.59		$ 0.95	

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

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent						
				Retained Earnings				
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Total unappropriated retained earnings (accumulated deficit)	Total	Non-controlling interest	Total equity
Year 2020								
Balance at January 1, 2020		$ 1,324,080	$ 634,768	$ 95,022	$ 383,400	$ 2,437,270	$ 35,326	$ 2,472,596
Profit (loss)		-	-	-	134,553	134,553	(18,995)	115,558
Other comprehensive income		-	-	-	558	558	-	558
Total comprehensive income (loss)		-	-	-	135,111	135,111	(18,995)	116,116
Distribution of 2019 earnings:	6(20)							
Legal reserve		-	-	32,841	(32,841)	-	-	-
Cash dividends		-	-	-	(264,816)	(264,816)	-	(264,816)
Balance at December 31, 2020		$ 1,324,080	$ 634,768	$ 127,863	$ 220,854	$ 2,307,565	$ 16,331	$ 2,323,896
Year 2021								
Balance at January 1, 2021		$ 1,324,080	$ 634,768	$ 127,863	$ 220,854	$ 2,307,565	$ 16,331	$ 2,323,896
Profit (loss)		-	-	-	235,654	235,654	(18,191)	217,463
Other comprehensive loss		-	-	-	(1,653)	(1,653)	-	(1,653)
Total comprehensive income (loss)		-	-	-	234,001	234,001	(18,191)	215,810
Distribution of 2020 earnings:	6(20)							
Legal reserve		-	-	13,511	(13,511)	-	-	-
Cash dividends		-	-	-	(79,445)	(79,445)	-	(79,445)
Capital Surplus Transferred to Capital	6(18)(19)	79,445	(79,445)	-	-	-	-	-
Changes in shares of affiliates and joint ventures recognized under the equity method	6(19)(30)	-	54,935	-	-	54,935	(54,935)	-
Non-controlling interests capital increase	6(30)	-	-	-	-	-	200,000	200,000
Share-based payment transactions		-	-	-	-	-	1,830	1,830
Reduction in non-controlling interests in mergers	6(30)	-	-	-	-	-	(145,035)	(145,035)
Balance at December 31, 2021		$ 1,403,525	$ 610,258	$ 141,374	$ 361,899	$ 2,517,056	$ -	$ 2,517,056

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

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		$ 262,369	$ 156,655
Loss from discontinued operations before tax	6(10)	(37,711)	(62,480)
Profit before tax		224,658	94,175
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(26)	549,632	477,189
Amortization	6(26)	17,026	17,972
Expected credit impairment benefit / bad debt expenses	12(2)	(304)	257
Gain on financial assets at fair value through profit or loss	6(2)(12)(24)	(12,707)	(4,800)
Interest expense	6(25)	24,031	32,986
Share-based payment transaction		1,830	-
Interest income	6(22)	(1,147)	(3,112)
Gain on disposals of property, plant and equipment	6(24)	(1,406)	(3,718)
Impairment loss on property, plant and equipment	6(24)	1,960	2,143
Impairment (return benefit) loss on intangible asset	6(24)	(101)	541
Gain on disposal of investments	6(24)	(53,524)	-
Loss on financial assets at amortized cost	6(24)	73	-
Customer default payments with assets		-	(28,912)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial asset or financial liability at fair value through profit or loss		4,694	6,324
Contract assets		51,293	42,175
Notes receivable		(85)	56
Accounts receivable		(116,948)	(5,221)
Accounts receivable－related parties		(336)	-
Other receivables		(791)	22,470
Inventories		(31,924)	(1,904)
Prepayments		(7,618)	(1,166)
Other current assets		448	(335)
Changes in operating liabilities			
Contract liabilities		(19,333)	19,654
Notes payable		1,050	-
Accounts payable		13,560	6,581
Accounts payable- related parties		331	-
Other payables		47,556	(66,986)
Other payables- related parties		5	-
Provision of liabilities	6(17)	361	(363)
Other current liabilities		1,205	657
Net defined benefit liability		(1,016)	(601)
Long-term payables		925	1,478
Cash inflow generated from operations		693,398	607,540
Interest received		1,225	3,263
Interest paid		(15,007)	(17,044)
Income tax paid		(1,675)	(37,357)
Net cash flows from operating activities		677,941	556,402

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		($ 2,000)	($ 2,123)
Proceeds from disposal of financial assets at amortized cost		500	-
Acquisition of financial assets at fair value through profit or loss		(10,400)	-
Decrease in cash in the accounts of subsidiaries	6(31)	(169,407)	-
Acquisition of property, plant and equipment	6(31)	(1,629,004)	(913,332)
Proceeds from disposal of property, plant and equipment		10,182	9,795
Acquisition of intangible assets	6(31)	(21,834)	(14,781)
Increase in refundable deposits		(3,718)	(5,919)
Decrease in refundable deposits		549	1,965
Net cash flows used in investing activities		(1,825,132)	(924,395)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(32)	752,057	104,829
Decrease in short-term borrowings	6(32)	(741,407)	(111,175)
Repayment of convertible corporate bonds	6(32)	(5,426)	-
Increase in long-term borrowings	6(32)	1,216,690	618,203
Repayment of long-term borrowings	6(32)	(238,379)	(635,317)
Increase in guarantee deposits	6(32)	78	290
Decrease in guarantee deposits	6(32)	(100)	(146)
Repayment of principal portion of lease liabilities	6(32)	(15,624)	(14,525)
Cash dividends paid	6(20)	(79,445)	(264,816)
Cash increase in non-controlling equity in subsidiaries	6(30)	200,000	-
Net cash flows from (used in) financing activities		1,088,444	(302,657)
Net decrease in cash and cash equivalents		(58,747)	(670,650)
Cash and cash equivalents at beginning of year	6(1)	1,140,746	1,811,396
Cash and cash equivalents at end of year	6(1)	$ 1,081,999	$ 1,140,746

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

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Phoenix Silicon International Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C) in March 1997 and has begun operations in June 1998. The Company is primarily engaged in the research, development, manufacture and sale of regenerative wafers, test wafers, product wafers, solar cells, energy storage lithium batteries and the import and export trade related to the Company's business.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on February 23, 2022.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021(Note)

Note：Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2021	December 31, 2020	Description
Phoenix Silicon International Corporation	Phoenix Battery Corporation	Battery manufacturing business	-	71.51%	Note

Note: Phoenix Battery Corporation increased its capital by issuing new shares on November 15, 2021. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest from 71.51% to 33.42%. The company re-elected the directors and supervisors as resolved at the first shareholders' special meeting on December 29, 2021. The Group is the single largest shareholder of the company. However, the new directors and supervisors have not been appointed by the Group and the combined ownership of other substantial shareholders exceeds that of the Group, which indicates that the Group has no current ability to direct the relevant activities. Therefore, the Group lost control over the company from that date, and the relationship with the Group was changed from a subsidiary to an associate and the company was no longer included in the Group's consolidated financial statements.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2020, the non-controlling interest amounted to $16,331. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
		December 31, 2021		December 31, 2020		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
Phoenix Battery Corporation	Taiwan	$ -	-	$ 16,331	28.49%	None

Summarised financial information of the subsidiaries:

Balance sheets

	Phoenix Battery Corporation
	December 31, 2020
Current assets	$ 155,110
Non-current assets	130,695
Current liabilities	(160,013)
Non-current liabilities	(68,470)
Total net assets	$ 57,322

Statements of comprehensive income

	Phoenix Battery Corporation
	Year ended December 31, 2020
Revenue	$ 174,781
Loss before income tax	(66,672)
Income tax expense	-
Loss for the year	(66,672)
Other comprehensive income ,net of tax	-
Total comprehensive income for the year	($ 66,672)
Comprehensive income attributable to non-controlling interest	($ 18,995)

Statements of cash flows

		Phoenix Battery Corporation
		Year ended December 31, 2020
Net cash provided by operating activities	$	14,195
Net cash used in investing activities	(	5,337)
Net cash used in financing activities	(	35,205)
Decrease in cash and cash equivalents	(	26,347)
Cash and cash equivalents, beginning of year		42,514
Cash and cash equivalents, end of year	$	16,167

(4) Foreign currency translation

The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional and the Group's presentation currency.

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets arising mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

All assets that do not meet the above criteria are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Assets arising mainly for trading purposes;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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 liabilities that do not meet the above criteria are classified as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group’s business model is achieved by collecting contractual cash flows.

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structure	4 ~ 51 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	2 ~ 6 years
Office equipment	3 ~ 6 years
Leasehold improvements	2 ~ 20 years
Leased assets	6 years
Other equipment	3 ~ 6 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments consists of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Intangible assets

A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

B. Other intangible assets are line subsidies and other expenses are amortised using the straight-line method over 3 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares) ,call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

(a) The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

(b) The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

(c) The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

(d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

(e) When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - share options.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(24) Provisions

Provisions (including warranties and decommissioning liabilities, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales revenue

(a) The Group provides manufacturing and sales of semiconductor wafers and energy storage lithium batteries. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

The Group provides semiconductor subcontracting services and other related businesses. In the process of providing subcontracting services, the Group considers that :

(a) Customers control the raw materials they provided and the Group accepts instructions from customers for subcontracting services for the formerly disclosed assets.

(b) The Group may only use assets provided by customers and controlled by customers for subcontracting services to create or enhance such assets and may not convert such assets to other uses.

Since the customer owns the asset, assumes the significant risks and rewards of ownership and has the right to decide the disposal of the asset, the Group recognises revenue for subcontracting services based on the degree of completion of performance obligations during the service period. The degree of completion of the Group's subcontracting services is determined based on the service costs actually incurred as a percentage of the estimated total service costs. The Group provides subcontracting services according to the specifications required by the customers and therefore the service costs incurred are not averaged over the period of service provision. The Group believes that the aforementioned approach is appropriate to measure the degree of completion of performance obligations to customers.

The customer pays the price of the subcontracting service according to the agreed payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

C. Financing components

As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2021, the carrying amount of inventories was $165,659.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 322	$ 600
Checking accounts	-	1,266
Demand deposits	1,081,677	769,280
Time deposits	-	369,600
	$ 1,081,999	$ 1,140,746

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others. For pledged time deposits that were accounted as financial assets at amortised cost, please refer to Note 8.

(2) Financial assets at fair value through profit or loss

items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 10,400	$ -
Derivative instruments	550	595
Convertible bonds/ put options	(199)	-
Value adjustment - Listed stocks	6,700	-
Value adjustment - Convertible bonds/ put options	299	-
Total	$ 17,750	$ 595

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 6,700	$ -
Derivative instruments	7,581	7,218
Convertible bonds/ put options	300	-
Total	$ 14,581	$ 7,218

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

(units: in thousands of shares)

	December 31, 2021		December 31, 2020	
Derivative financial assets for non-hedging	Contract amount (notional principal)	Contract period	Contract amount (notional principal)	Contract period
Current items:				
Forward exchange contracts	USD 5,900	2021.11.24~ 2022.02.11	USD 1,880	2020.11.11~ 2021.2.19

The Group entered into forward foreign exchange contracts to sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits maturing over three months	$ -	$ 500
Restricted bank deposits	-	3,000
	$ -	$ 3,500
Non-current items：		
Pledged time deposits	$ 12,417	$ 12,417

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2021	2020
Interest income	$ 98	$ 128

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 185	$ 100
Accounts receivable	$ 462,950	$ 359,874
Less: Allowance for uncollectible accounts	-	(304)
	462,950	359,570
Accounts receivable – related parties	331	-
	$ 463,281	$ 359,570

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 462,366	$ 185	$ 347,075	$ 100
Up to 30 days	915	-	12,394	-
31 to 90 days	-	-	-	-
91 to 180 days	-	-	-	-
Over 180 days	-	-	405	-
	$ 463,281	$ 185	$ 359,874	$ 100

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to $354,762.

C. The Group has no notes and accounts receivable pledged to others as collateral.

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was $185 and $100; $463,281 and $359,570, respectively.

E. As of December 31, 2021 and 2020, the Group held commercial papers provided by customers as collaterals for accounts receivable credit limits, both amounting to $11,000.

F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 191,551	($ 44,582)	$ 146,969
Work in progress	2,717	(4)	2,713
Finished goods	16,184	(207)	15,977
Total	$ 210,452	($ 44,793)	$ 165,659

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Products	$ 12,579	($ 6,508)	$ 6,071
Raw materials	179,521	(45,351)	134,170
Work in progress	29,943	(343)	29,600
Finished goods	134,841	(57,220)	77,621
Total	$ 356,884	($ 109,422)	$ 247,462

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2021	2020
Cost of goods sold	$ 2,175,800	$ 1,918,414
Loss on decline in market value	11,879	10,715
Revenue from sales of scraps	(693)	(443)
Others	(13,360)	(13,911)
	2,173,626	1,914,775
Less: Cost of goods from discontinued operations	(188,882)	(182,393)
	$ 1,984,744	$ 1,732,382

(6) Investments accounted for under equity method

		2021
At January 1	$	-
Addition of investments accounted for using equity method		125,503
At December 31	$	125,503

A. Phoenix Battery Corporation increased its capital by issuing new shares on November 15, 2021. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest from 71.51% to 33.42%. The company re-elected the directors and supervisors as resolved at the first shareholders' special meeting on December 29, 2021. The Group is the single largest shareholder of the company. However, the new directors and supervisors have not been appointed by the Group and the combined ownership of other substantial shareholders exceeds that of the Group, which indicates that the Group has no current ability to direct the relevant activities. Therefore, the Group lost control over the company from that date but has significant influence over the company, and the relationship with the Group was changed from a subsidiary to an associate. The Group recognised the retained 33.42% share of the investment as the investment accounted for using equity method – associate at fair value on that day, and recognised gain on disposal of investments of $53,524, and the company is no longer included in the Group's consolidated financial statements.

B. As of December 31, 2021, the carrying amount of the Group's individually immaterial associates amounted to $125,503.

(7) Property, plant and equipment

	2021								
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Leased assets	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1									
Cost	$ 1,480,677	$ 3,491,861	$ 11,336	$ 22,571	$ 53,416	$ 538	$ 84,604	$ 348,180	$ 5,493,183
Accumulated depreciation	(526,454)	(2,049,304)	(7,935)	(12,955)	(33,498)	(538)	(40,967)	-	(2,671,651)
Accumulated impairment	-	(101)	-	-	(1,969)	-	(73)	-	(2,143)
	$ 954,223	$ 1,442,456	$ 3,401	$ 9,616	$ 17,949	$ -	$ 43,564	$ 348,180	$ 2,819,389
At January 1	$ 954,223	$ 1,442,456	$ 3,401	$ 9,616	$ 17,949	$ -	$ 43,564	$ 348,180	$ 2,819,389
Additions	637,758	218,672	-	489	-	-	4,856	572,181	1,433,956
Disposals	-	(8,776)	-	-	-	-	-	-	(8,776)
Reclassifications (transfers)	54,287	171,067	-	-	-	-	220	(225,574)	-
Depreciation charge	(121,739)	(388,292)	(1,029)	(3,718)	(4,470)	-	(13,683)	-	(532,931)
Impairment loss	-	(906)	-	-	(970)	-	(84)	-	(1,960)
Transfer out due to changes in consolidated entities	-	(59,638)	-	-	(12,509)	-	(1,774)	-	(73,921)
At December 31	$ 1,524,529	$ 1,374,583	$ 2,372	$ 6,387	$ -	$ -	$ 33,099	$ 694,787	$ 3,635,757
At December 31									
Cost	$ 2,012,590	$ 3,371,258	$ 9,172	$ 21,760	$ -	$ 110	$ 72,997	$ 694,787	$ 6,182,674
Accumulated depreciation	(488,061)	(1,996,675)	(6,800)	(15,373)	-	(110)	(39,898)	-	(2,546,917)
	$ 1,524,529	$ 1,374,583	$ 2,372	$ 6,387	$ -	$ -	$ 33,099	$ 694,787	$ 3,635,757

	2020								
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Leased assets	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1									
Cost	$ 1,342,948	$ 3,115,196	$ 10,646	$ 39,154	$ 52,094	$ 538	$ 81,167	$ 215,654	$ 4,857,397
Accumulated depreciation	(489,396)	(1,877,665)	(6,980)	(26,326)	(28,448)	(501)	(39,173)	-	(2,468,489)
	$ 853,552	$ 1,237,531	$ 3,666	$ 12,828	$ 23,646	$ 37	$ 41,994	$ 215,654	$ 2,388,908
At January 1	$ 853,552	$ 1,237,531	$ 3,666	$ 12,828	$ 23,646	$ 37	$ 41,994	$ 215,654	$ 2,388,908
Additions	169,694	402,481	690	940	1,460	-	13,213	311,163	899,641
Disposals	-	(6,018)	-	-	(59)	-	-	-	(6,077)
Impairment loss	-	(101)	-	-	(1,969)	-	(73)	-	(2,143)
Reclassifications (transfers)	31,752	145,274	-	-	-	-	1,611	(178,637)	-
Depreciation charge	(100,775)	(336,711)	(955)	(4,152)	(5,129)	(37)	(13,181)	-	(460,940)
At December 31	$ 954,223	$ 1,442,456	$ 3,401	$ 9,616	$ 17,949	$ -	$ 43,564	$ 348,180	$ 2,819,389
At December 31									
Cost	$ 1,480,677	$ 3,491,861	$ 11,336	$ 22,571	$ 53,416	$ 538	$ 84,604	$ 348,180	$ 5,493,183
Accumulated depreciation	(526,454)	(2,049,304)	(7,935)	(12,955)	(33,498)	(538)	(40,967)	-	(2,671,651)
Accumulated impairment	-	(101)	-	-	(1,969)	-	(73)	-	(2,143)
	$ 954,223	$ 1,442,456	$ 3,401	$ 9,616	$ 17,949	$ -	$ 43,564	$ 348,180	$ 2,819,389

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31,	
	2021	2020
Amount capitalised	$ 7,629	$ -
Range of the interest rates for capitalisation	1.12%~1.28%	None

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

C. Impairment information about the property, plant and equipment is provided in Note 6(9).

(8) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and business vehicles, Rental contracts are typically made for periods of 2 to 19 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise employees' dorms, parking lots and warehouse. Low-value assets comprise furniture and fixtures and other equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	$ 322,927	$ 230,867
Buildings	-	13,728
Transportation equipment (Business vehicles)	1,385	827
	$ 324,312	$ 245,422

	Year ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 9,066	$ 8,330
Buildings	6,588	6,589
Transportation equipment (Business vehicles)	1,047	1,330
	$ 16,701	$ 16,249

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $103,184 and $37,675, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 4,267	$ 4,124
Expense on short-term lease contracts	3,225	2,847
Expense on leases of low-value assets	618	395

F. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were $23,734 and $21,891, respectively.

G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Impairment of non-financial assets

A. The Group recognised impairment loss for the years ended December 31, 2021 and 2020 was $1,859 and $2,684, respectively. Details of such loss are as follows:

	Year ended December 31,	
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss－machinery	$ 906	$ 101
Impairment loss－Leasehold improvement	970	1,969
Impairment loss－other equipment	84	73
(Gain on reversal of) impairment loss －intangible assets	(101)	541
	$ 1,859	$ 2,684

B. The subsidiary, Phoenix Battery Corporation, did not meet the economic scale for the years ended December 31, 2021 and 2020, that resulted in an impairment in the Phoenix Battery Corporation's property, plant and equipment and intangible assets. Phoenix Battery Corporation wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of $1,859 and $2,684, respectively. The recoverable amount is the property's fair value less costs of disposal. The fair value is classified as a level 3 fair value.

(10) Discounted operations

A. On December 29, 2021, the Group lost control over the Phoenix Battery Corporation (please refer to Note 4(3)B Note.). Phoenix Battery Corporation is an energy business segment(please refer to Note 14 for details), which have been reclassified as discontinued operations for meeting the definition of discontinued operations.

B. The cash flow information of the discontinued operations is as follows:

	Period from January 1, 2021 to December 29, 2021	Year ended December 31, 2020
Operating cash flows	($ 46,615)	$ 14,195
Investing cash flows	(4,611)	(5,337)
Financing cash flows	204,466	(35,205)
Total cash flows	$ 153,240	($ 26,347)

C. Analysis of the result of discontinued operations:

	Period from January 1, 2021 to December 29, 2021	Year ended December 31, 2020
Revenue	$ 193,834	$ 174,591
Operating costs and expenses	($ 256,666)	($ 246,213)
Non-operating revenue and expenses	25,121	9,142
Loss before tax of discontinued operations	(37,711)	(62,480)
Income tax	-	-
Loss after tax of discontinued operations	($ 37,711)	($ 62,480)

D. Profit from continuing and discontinued operations attributable to owners of the parent: Please refer to Note 6(29).

(11) Short-term borrowings

December 31, 2021: None

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Bank secured borrowings (note)	$ 10,000	2.22%	Reserve account and credit guarantee fund
Bank secured borrowings (note)	20,000	1.72%	Credit guarantee fund
	$ 30,000		

A. Interest expense recognised in profit or loss amounted to $1,667 and $565 for the years ended December 31, 2021 and 2020, respectively.

B. Information about collateral for secured borrowing is provided in Note 8.

Note: According to the loan agreement signed by Phoenix Battery Corporation, the parent company's shareholding in the company shall not be less than 65% during the loan period.

(12) Financial liabilities at fair value through profit or loss

Items	December 31, 2021	December 31, 2020
Current items:		
Financial liabilities held for trading		
Derivative instruments	$ -	$ 1,058
Convertible bonds call/ put options	-	200
Valuation adjustment	-	-
Total	$ -	$ 1,258

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	Year ended December 31, 2021	2020
Net gains (losses) recognised in profit;		
Financial liabilities held for trading		
Derivative instruments	($ 1,874)	($ 2,518)
Convertible bonds call/ put options	-	100
Total	($ 1,874)	($ 2,418)

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

(units: in thousands of dollars)

	December 31, 2021		December 31, 2020	
Non-derivative financial liabilities	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)	Contract period
Current items:				
Forward foreign exchange	-		USD 5,500	2020.11.26 ~2021.2.4

The Group entered into forward foreign exchange contracts to sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(13) Other payables

	December 31, 2021	December 31, 2020
Wages and salaries payable	$ 132,236	$ 115,675
Employees' compensation and directors' remuneration payable	58,310	31,769
Payable on machinery and equipment	92,918	48,390
Payable on repair expenses	24,810	25,182
Other accrued expenses	65,465	79,856
Total	$ 373,739	$ 300,872

(14) Bonds payable

	December 31, 2021	December 31, 2020
Bonds payable	$ 1,002,078	$ 1,007,519
Less: Discount on bonds payable	(13,452)	(28,875)
	988,626	978,644
Less: Current portion or exercise of put options	(988,626)	(978,644)
	$ -	$ -

A. Issuance of domestics convertible bonds by the Group

(a) The terms of the first unsecured convertible bonds issued by the Group are as follows:

The competent authority has approved the Group's first time raising and issuance of overseas unsecured corporate bonds. The bonds are with a total issuance amount of $1,000,000 and a coupon rate of 0%, cover a 3-year period of issuance and a circulation period from November 13, 2019 to November 13, 2022. The Group will redeem the bonds at the face value and pay in full amount using cash at the maturity date. The bonds were listed on the Taipei Exchange on November 13, 2019.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Group during the period from the date after three month of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. As of December 31, 2021, the Company adjusted the conversion price to NTD 68.60 per share.

(d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5001% of the interests compensation upon two years from the issue date.

(e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value within 30 trading days after the issuance at any time after the following event occurs: the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 30 days before the maturity date.

(f) The Company may repurchase all the bonds outstanding in cash at the bonds' face value within 30 trading days after the issuance at any time after the following event occurs: the closing price of the Company's common shares is less than the conversion price by 10% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 30 days before the maturity date.

(g) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $132,294 were separated from the liability component and were recognised in ‘capital surplus—share options’ in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective annual interest rate of the bonds after separation was 1.56%.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Plant loan (Note 1)	2019.04.25~2022.04.25 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	$ 37,600
Plant loan	2017.12.08~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	219,190
Mid-term secured loan (Note 1)	2019.04.15~2024.08.14 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	35,250
Mid-term secured borrowings	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,089,690
Unsecured borrowings	2019.06.27~2024.12.08 Repayment by installments and installments over the agreed period	Floating rate	None	520,000
				1,901,730
Less: Current portion				(167,434)
				$ 1,734,296
Annual interest rate range				0.55%~1.20%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Plant loan (Note 1)	2019.04.25~2022.04.25 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	$ 112,800
Plant loan	2017.12.08~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	252,459
Mid-term secured loan (Note 1)	2019.04.15~2024.08.14 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	62,000
Mid-term secured borrowings	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	403,000
Mid-term secured loan (Note 2)	2018.12.20~2024.12.20 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment and credit guarantee fund	50,000
Mid-term secured loan	2017.11.28~2021.11.28 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment and credit guarantee fund	3,675
Mid-term secured loan (Note 3)	2018.09.28~2024.09.28 Repayment by installments and installments over the agreed period	Floating rate	Credit guarantee fund	13,897
Unsecured borrowings	2019.06.27~2022.06.27 Repayment by installments and installments over the agreed period	Floating rate	None	97,500
Unsecured borrowings	2018.03.30~2022.05.14 Repayment by installments and installments over the agreed period	Fixed rate	None	7,363
				1,002,694
Less: Current portion				(238,379)
				$ 764,315
Annual interest rate range				0.55%~3.57%

Information about collateral for long-term borrowing is provided in Note 8.

Note 1: According to the agreement, the Company should maintain a specific net liabilities ratio and ability of interest repayment every six months during the loan period.

Note 2: According to the loan agreement signed by Phoenix Battery Corporation, the parent company’s shareholding in the company shall not be less than 65% during the loan period.

Note 3: In May 2010, the Group applied for and obtained consent from the bank to extend the principal repayment period for one year in response to the relief package provided by the bank in connection with the Covid-19.

(16) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method; to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 42,165	$ 39,555
Fair value of plan assets	(22,300)	(20,740)
Net defined benefit liability	$ 19,865	$ 18,815

(c) Movements in net defined benefit liabilities are as follows:

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 39,555	($ 20,740)	$ 18,815
Current service cost	84	-	84
Interest expense (income)	198	(106)	92
	39,837	(20,846)	18,991
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(262)	(262)
Change in demographic assumptions	1,147	-	1,147
Change in financial assumptions	-	-	-
Experience adjustments	1,181	-	1,181
	2,328	(262)	2,066
Pension fund contribution	-	(1,192)	(1,192)
At December 31	$ 42,165	($ 22,300)	$ 19,865

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 39,226	($ 19,113)	$ 20,113
Current service cost	91	-	91
Interest expense (income)	343	(171)	172
	39,660	(19,284)	20,376
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(592)	(592)
Change in demographic assumptions	108	-	108
Change in financial assumptions	1,998	-	1,998
Experience adjustments	(2,211)	-	(2,211)
	(105)	(592)	(697)
Pension fund contribution	-	(864)	(864)
At December 31	$ 39,555	($ 20,740)	$ 18,815

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	0.500%	0.500%
Future salary increases	3.500%	3.500%

Assumptions regarding future mortality experience are set based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2021 and 2020, respectively.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the Changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 1,344)	$ 1,406	$ 1,343	($ 1,292)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 1,348)	$ 1,413	$ 1,350	($ 1,296)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to $1,428.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 12.9 years. The analysis of timing of the future pension payment over the next 10 years was as follows:

Within 1 year	$ 1,001
1-2 year(s)	1,402
2-5 years	8,673
5-10 years	4,821
	$ 15,897

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) For the aforementioned pension plan, the Group recognised pension costs of $29,705 and $28,988 for the years ended December 31, 2021 and 2020, respectively.

(17) Provisions

	Warranty	Decommissioning liabilities	Total
At January 1, 2021	$ 586	$ 21,797	$ 22,383
Additional provisions	361	983	1,344
Unwinding of discount	-	1,160	1,160
Transfers out due to changes in consolidated entities	(947)	(7,340)	(8,287)
At December 31, 2021	$ -	$ 16,600	$ 16,600

Analysis of total provisions:

	December 31, 2021	December 31, 2020
Non-current	$ 16,600	$ 22,383

A. Warranty

The Group gives warranties on energy storage lithium battery products sold. Provision for warranty is estimated based on historical warranty data of the products.

B. Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Group bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will start to be used within the next 5 to 40 years.

(18) Share capital

A. As of December 31, 2021, the Company's authorised capital was $4,000,000, consisting of 400,000 thousand shares of ordinary stock (including 40,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,403,525 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: share

	2021	2020
At January 1	132,408,000	132,408,000
Capitalisation of capital surplus	7,944,480	-
At December 31	140,352,480	132,408,000

B. The capitalisation of capital surplus amounting to $79,445 was proposed by the Board of Directors on April 13, 2021, resolved by the shareholders on July 5, 2021 and approved by the regulatory authority on July 29, 2021. Its effective date was set on September 8, 2021 as resolved by the Board of Directors on August 6, 2021.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021		
	Share premium	Changes in ownership interests in subsidiaries	Options
At January 1	$ 486,616	$ 15,858	$ 132,294
Capitalisation of capital surplus	(79,445)	-	-
Changes in ownership interests in subsidiaries	-	54,935	-
At December 31	$ 407,171	$ 70,793	$ 132,294

	2020		
	Share premium	Changes in ownership interests in subsidiaries	Options
At January 1/December 31	$ 486,616	$ 15,858	$ 132,294

(20) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reversed and the remainder, if any, along with prior year's undistributed earnings shall be resolved by the shareholders.

B. The Company's dividend distribution policy aligns with the current and future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year, at least 10% of the Company's distributable earnings shall be appropriated as dividends and bonuses, and cash dividends and bonuses shall account for at least 50% of the total dividends and bonuses distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2020 and 2019 earnings as resolved by the shareholders at their meetings on July 5, 2021 and May 25, 2020 are as follows:

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 13,511	$ -	$ 32,841	$ -
Cash dividends	79,445	0.60	264,816	2.00
Total	$ 92,956	$ 0.60	$ 297,657	$ 2.00

(21) Operating revenue

	Year ended December 31,	
	2021	2020
Revenue from contracts with customers	$ 2,651,386	$ 2,267,585

A. Disaggregation of revenue from contracts with customers

Revenue of the Group can be disaggregated as follows:

	Year ended December 31,	
	2021	2020
Total segment revenue - semiconductor business	$ 2,656,741	$ 2,272,675
Inter-segment revenue	(5,355)	(5,090)
Revenue from external customer contracts	$ 2,651,386	$ 2,267,585
Timing of revenue recognition		
At a point in time	$ 126,187	$ 115,350
Over time	2,525,199	2,152,235
	$ 2,651,386	$ 2,267,585

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets	$ 77,591	$ 128,884	$ 171,059
Contract liabilities			
- advance sales receipts	$ 157	$ 32,642	$ 12,988

	Year ended December 31,	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 32,642	$ 6,019

(22) Interest income

	Year ended December 31,	
	2021	2020
Interest income from bank deposits	$ 1,042	$ 2,976
Interest income from financial assets measured at amortised cost	98	128
Other interest income	7	8
	1,147	3,112
Less: Interest income from the discontinued operations	(18)	(24)
	$ 1,129	$ 3,088

(23) Other income

	Year ended December 31,	
	2021	2020
Rent income	$ 1,218	$ 1,146
Income from counter-party default	-	40,671
Other income, others	13,467	13,010
	14,685	54,827
Less: Other income from the discontinued operations	(12,296)	(7,966)
	$ 2,389	$ 46,861

(24) Other gains and losses

	Year ended December 31,	
	2021	2020
Gains on disposals of property, plant and equipment	$ 1,406	$ 3,777
Gains on disposals of investments (Note 6(6))	53,524	-
Foreign exchange losses	(18,390)	(19,363)
Gains on financial assets (liabilities) at fair value through profit or loss	12,707	4,800
Impairment loss recognised in profit or loss, property, plant and equipment	(1,960)	(2,143)
Reversal of impairment loss (Impairment loss) recognised in profit or loss, intangible assets other than goodwill	101	(541)
Losses on financial liabilities at amortised cost	(73)	-
Other gains and losses(Note 10)	15,821	6,859
	63,136	(6,611)
Less: Other gains and losses from the discontinued operations	(15,917)	(4,278)
	$ 47,219	($ 10,889)

(25) Finance costs

	Year ended December 31,	
	2021	2020
Borrowings from financial institutions	$ 3,269	$ 12,585
Bonds payable	15,335	15,145
Lease liabilities	4,267	4,124
Provisions - unwinding of discount	1,160	1,132
	24,031	32,986
Less: Finance costs of the discontinued operations	(3,109)	(3,067)
	$ 20,922	$ 29,919

(26) Expenses by nature

	Year ended December 31,	
	2021	2020
Employee benefit expense	$ 878,011	$ 769,324
Depreciation charges	549,632	477,189
Amortisation charges on intangible assets	17,026	17,972
	1,444,669	1,264,485
Less: Expenses of the discontinued operations	(116,842)	(121,960)
	$ 1,327,827	$ 1,142,525

(27) Employee benefit expense

	Year ended December 31,	
	2021	2020
Wages and salaries	$ 733,554	$ 638,966
Labour and health insurance fees	66,794	58,935
Pension costs	29,881	29,251
Other personnel expenses	47,782	42,172
	878,011	769,324
Less: Expenses of the discontinued operations	(84,201)	(86,069)
	$ 793,810	$ 683,255

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees ‘compensation and directors’ remuneration. The ratio shall be 10%~15% for employees’ compensation and shall not be higher than 2% for directors’ remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $43,888 and $12,860, respectively; while directors' remuneration was accrued at $5,852 and $2,572, respectively. The aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2021, the employees' compensation and directors' remuneration were estimated and accrued based on 15% and 2% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration of 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit):

	Year ended December 31, 2021	Year ended December 31, 2020
Current tax:		
Current tax on profits for the year	$ 12,450	$ 17,081
Tax on undistributed surplus earnings	-	1,537
Prior year income tax under (over)estimation	3,942	(36,176)
Total current tax	16,392	(17,558)
Deferred tax:		
Origination and reversal of temporary differences	(9,197)	(3,825)
Total deferred tax	(9,197)	(3,825)
Income tax expense (benefit)	$ 7,195	($ 21,383)

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Remeasurement of defined benefit obligations	($ 413)	$ 139

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2021	Year ended December 31, 2020
Tax calculated based on profit before tax and statutory tax rate	$ 40,123	$ 9,300
Effect from items (allowed) disallowed by tax regulation	(30,075)	9,177
Tax exempt income by tax regulation	(2,329)	(1,145)
Temporary difference not recognised as deferred tax assets	(1,644)	2,064
Taxable loss not recognised as deferred tax assets	11,155	12,415
Prior year income tax under (over) estimation	3,942	(36,176)
Effect from investment tax credits	(16,002)	(18,555)
Tax on undistributed surplus earnings	-	1,537
Effect from Alternative Minimum Tax	2,025	-
Income tax expense (benefit)	$ 7,195	($ 21,383)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2021	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
- Deferred tax assets:				
Temporary differences:				
Loss on slow-moving inventories and valuation loss	$ 7,477	$ 1,481	$ -	$ 8,958
Discount on bonds payable	3,425	3,067	-	6,492
Unused compensated absence	717	(178)	-	539
Seniority bonus	2,304	185	-	2,489
Decommissioning liabilities	2,692	408	-	3,100
Pensions	3,764	(203)	413	3,974
Unrealised loss (gain) on valuation of financial assets	73	(73)	-	-
Unrealised exchange loss (gain)	(223)	443	-	220
Investment tax credits	-	5,577	-	5,577
Subtotal	20,229	10,707	413	31,349
- Deferred tax liabilities:				
Unrealised gain on valuation of financial liabilities	-	(1,510)	-	(1,510)
Total	$ 20,229	$ 9,197	$ 413	$ 29,839

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
- Deferred tax assets:				
Temporary differences:				
Loss on slow-moving inventories and valuation loss	$ 6,806	$ 671	$ -	$ 7,477
Discount on bonds payable	396	3,029	-	3,425
Unused compensated absence	653	64	-	717
Seniority bonus	2,008	296	-	2,304
Decommissioning liabilities	2,487	205	-	2,692
Pensions	4,023	(120)	(139)	3,764
Unrealised loss (gain) on valuation of financial assets	(212)	285	-	73
Unrealised exchange loss (gain)	382	(605)	-	(223)
Total	$ 16,543	$ 3,825	($ 139)	$ 20,229

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets for the subsidiary, Phoenix Battery Corporation, are as follows:

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	Amount assessed	$ 43,243	$ 43,243	2027
2018	Amount assessed	150,289	150,289	2028
2019	Amount filed	44,286	44,286	2029
2020	Amount filed	62,077	62,077	2030

E. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2021			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investments in smart machinery and the fifth-generation mobile system	$ 5,577	$ -	2020-2022

There were no such transactions as of December 31, 2020.

F. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	$ -	$ 97,352

G. The Company’s income tax returns through 2019 have been assessed and approved by the Tax

Authority.

(29) Earnings per share

Basic earnings per share	Year ended December 31, 2021 Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Profit from continuing operations attributable to ordinary shareholders of the parent	$ 259,718	140,352	$ 1.85
Loss from discontinued operations attributable to the parent	(24,064)		(0.17)
Profit attributable to ordinary shareholders of the parent	$ 235,654		$ 1.68
Diluted earnings per share			
Profit from continuing operations attributable to ordinary shareholders of the parent	$ 259,718	140,352	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	11,948	14,608	
Employees' compensation	-	788	
Profit from continuing operations attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	271,666	155,748	$ 1.74
Loss from discontinued operations attributable to the parent	(24,064)		(0.15)
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 247,602		$ 1.59

	Year ended December 31, 2020 Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit from continuing operations attributable to ordinary shareholders of the parent	$ 182,176	140,352	$ 1.30
Loss from discontinued operations attributable to the parent	(47,623)		(0.34)
Profit attributable to ordinary shareholders of the parent	$ 134,553		$ 0.96
Diluted earnings per share			
Profit from continuing operations attributable to ordinary shareholders of the parent	$ 182,176	140,352	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	12,036	13,587	
Employees' compensation	-	401	
Profit from continuing operations attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	194,212	154,340	$ 1.26
Loss from discontinued operations attributable to the parent	(47,623)		(0.31)
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 146,589		$ 0.95

(30) Transactions with non-controlling interest

A. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

Subsidiary of the Group, Phoenix Battery Corporation, increased its capital by issuing new shares on November 15, 2021. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 38.09%. The transaction increased non-controlling interest by $145,065 and increased the equity attributable to owners of parent by $54,935. The effect of changes in interests in Phoenix Battery Corporation on the equity attributable to owners of the parent for the year ended December 31, 2021 is shown below:

	Year ended December 31, 2021
Cash	$ 200,000
Increase in the carrying amount of non-controlling interest	(145,065)
Capital surplus	
- recognition of changes in ownership interest in subsidiaries	$ 54,935

B. Disposal of subsidiaries

The Group had no substantial control over the Phoenix Battery Corporation starting from December 29, 2021 (please refer to Note 4(3)B.Note) and resulted in a decrease in the non-controlling interest by $140,035.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	2021	2020
Purchase of property, plant and equipment	$ 1,433,956	$ 899,641
Add: Opening balance of payable on equipment	48,390	107,184
Add: Ending balance of prepayments for equipment	334,257	87,052
Less: Ending balance of payable on equipment	(92,918)	(48,390)
Less: Opening balance of prepayments for equipment	(87,052)	(103,243)
Less: Capitalisation of interest	(7,629)	-
Less: Credits of income from counter-party default	-	(28,912)
Cash paid during the year	$ 1,629,004	$ 913,332

	Year ended December 31	
	2021	2020
Purchase of intangible assets	$ 17,888	$ 14,781
Add: Ending balance of prepayments	3,946	-
Cash paid during the year	$ 21,834	$ 14,781

B. The Group lost control over the subsidiary, Phoenix Battery Corporation, on December 29, 2021 (please refer to Note 4(3)B.Note). The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	December 31, 2021
Cash	$ 169,407
Current financial assets at amortised cost	5,000
Accounts receivable (including related parties)	13,877
Inventories	113,727
Other current assets	5,360
Property, plant and equipment	73,921
Right-of-use assets	11,601
Other non-current assets	8,368
Short-term borrowings	(40,650)
Current contract liabilities	(13,152)
Accounts payable (including related parties)	(9,858)
Other payables	(19,381)
Other current liabilities	(1,614)
Long-term borrowings (including current portion)	(79,275)
Non-current provisions	(8,287)
Lease liabilities (including current portion)	(12,126)
	$ 216,918

(32) Changes in liabilities from financing activities

	2021					
	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 30,000	$ 978,644	$ 1,002,694	$ 248,945	$ 1,032	$ 2,261,315
Changes in cash flow from financing activities	10,650	(5,426)	978,311	(15,624)	(22)	967,889
Interest paid on lease liabilities	-	-	-	(4,267)	-	(4,267)
Amortisation of interest expense on lease liabilities	-	-	-	4,267	-	4,267
Increase in lease liabilities	-	-	-	102,202	-	102,202
Decrease in lease modification	-	-	-	(38)	-	(38)
Amortisation of interest expense on bonds payable	-	15,335	-	-	-	15,335
Adjustment for exercise of put options	-	73	-	-	-	73
Transfers out due to changes in consolidated entities	(40,650)	-	(79,275)	(7,986)	-	(127,911)
At December 31	$ -	$ 988,626	$ 1,901,730	$ 327,499	$ 1,010	$ 3,218,865

	2020					
	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 36,346	$ 963,499	$ 1,019,808	$ 225,795	$ 888	$ 2,246,336
Changes in cash flow from financing activities	(6,346)	-	(17,114)	(14,525)	144	(37,841)
Interest paid on lease liabilities	-	-	-	(4,124)	-	(4,124)
Amortisation of interest expense on lease liabilities	-	-	-	4,124	-	4,124
Increase in lease liabilities	-	-	-	37,675	-	37,675
Amortisation of interest expense on bonds payable	-	15,145	-	-	-	15,145
At December 31	$ 30,000	$ 978,644	$ 1,002,694	$ 248,945	$ 1,032	$ 2,261,315

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Phoenix Battery Corporation (Note)	Associate
All directors, president, vice presidents	Key management compensation

Note: Phoenix Battery Corporation increased its capital by issuing new shares on November 15, 2021. The Company did not acquire shares proportionally to its interest. As a result, the Company decreased its share interest from 71.51% to 33.42%. In addition, the investee re-elected its directors and supervisors at its first shareholders' special meeting on December 29, 2021. Although the Company is the single largest shareholder of the investee, its new directors and supervisors were not appointed by the Company and other major shareholders hold more shares than the Company, which indicates that the Company has no current ability to direct the relevant activities of the investee, the Company has no control over the investee and the relationship of the investee with the Company is changed from a subsidiary to an associate.

(2) Significant related party transactions

A. Receivables from related parties:

	December 31, 2021	December 31, 2020
Purchases of goods:		
Phoenix Battery Corporation	$ 331	$ -

The receivables from related parties arise mainly from sales of supplies. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

B. Payables to related parties:

	December 31, 2021	December 31, 2020
Other payables:		
Phoenix Battery Corporation	$ 5	$ -

(3) Key management compensation

	Year ended December 31,	
	2021	2020
Short-term employee benefits	$ 35,341	$ 28,438
Post-employment benefits	853	1,070
	$ 36,194	$ 29,508

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2021	December 31, 2020	Purpose
Time deposits (shown as 'non-current financial assets at amortised cost')	$ 2,000	$ 2,000	Guarantee for duty paid after customs release
Time deposits (shown as 'non-current financial assets at amortised cost')	10,417	10,417	Guarantee for land lease in science park
Reserve account (shown as 'current financial assets at amortised cost')	-	3,000	Short-term borrowings
Buildings and structures	1,038,803	954,223	Long-term borrowings
Machinery and equipment (including 'equipment under acceptance')	246,847	371,093	Long-term borrowings
	$ 1,298,067	$ 1,340,733	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A.Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2021	December 31, 2020
Property, plant and equipment	$ 2,386,646	$ 356,550

B. As of December 31, 2021 and 2020, the Group's total unused letters of credit for the import of equipment and inventory were approximately $0 and $7,400, respectively.

10. Significant Disaster Loss

The leased plant (mainly used for battery cell production) of the Group's subsidiary, Phoenix Battery Corporation, located on Zhonghua Rd., Hsinchu City was damaged by a fire that occurred on May 7, 2018, resulting in damage in certain plant, equipment and inventories. As of December 31, 2021, loss arising from the fire was $103,482 (including loss on equipment of $29,296, loss on inventories of $53,233, actual post-disaster repair expenses of $11,953 and actual loss on compensation for enhancing the building claimed by the landlord amounting to $9,000). As of December 31, 2021, Phoenix Battery Corporation had accumulatively received $126,273 of insurance compensation, as it had purchased property insurance and had actively negotiated with the insurance company for the claims. Phoenix Battery Corporation recognised other (losses) gains amounting to ($18,368), $11,629,$8,701 and $20,829 under other gains and losses for the years ended December 31, 2018, 2019, 2020 and 2021, respectively. The aforementioned repair compensation and claim had been fully settled.

In addition, as the abovementioned fire incident had also caused damage to other floors, some users, their owners and the management committee requested Phoenix Battery Corporation for compensation for damage. As of December 31, 2021, net loss on compensation was $5,400. Phoenix Battery Corporation recognised other losses amounting to $0, $3,882 and $1,518 under other gains and losses for the years ended December 31, 2018, 2019 and 2020, respectively. Phoenix Battery Corporation had purchased relevant commercial general liability insurance with an insured amount of US$1 million and had fully settled the compensation for this part.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During the year ended December 31, 2021, the Group's strategy, which was unchanged from 2020, was to maintain the gearing ratio at a reasonable level of risks and to adjust according to the future operating strategy. The gearing ratios at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total borrowings	$ 2,890,356	$ 2,011,338
Less: Cash and cash equivalents	(1,081,999)	(1,140,746)
Net debt	1,808,357	870,592
Total equity	2,517,056	2,323,896
Total capital	$ 4,325,413	$ 3,194,488
Gearing ratio	41.81%	27.25%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 17,750	$ 595
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,081,999	$ 1,140,746
Financial assets at amortised cost	12,417	15,917
Notes receivable	185	100
Accounts receivable (including related parties)	463,281	359,570
Other receivables	2,733	2,020
Guarantee deposits paid	2,968	7,882
	$ 1,563,583	$ 1,526,235
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 1,258
Financial liabilities at amortised cost		
Short-term borrowings	$ -	$ 30,000
Accounts payable	153,441	149,408
Other payables (including related parties)	373,739	300,872
Bonds payable (including current portion)	988,626	978,644
Long-term borrowings (including current portion)	1,901,730	1,002,694
Guarantee deposits received	1,010	1,032
	$ 3,418,546	$ 2,462,650
Lease liabilities (including current portion)	$ 327,499	$ 248,945

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The Board provides policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

ii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(12).

iii The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 20,158	27.67	$ 557,772
JPY:NTD	1,983	0.2406	477
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	$ 1,697	27.67	$ 46,956
JPY:NTD	117,384	0.2406	28,243
Non-monetary items: None			

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 15,163	28.48	$ 431,839
JPY:NTD	208,579	0.2767	57,703
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	$ 1,570	28.48	$ 44,707
JPY:NTD	4,704	0.2767	1,302
Non-monetary items: None			

iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to ($18,390) and ($19,363), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 5,578	$ -
JPY:NTD	1%	5	-
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 470)	$ -
JPY:NTD	1%	(282)	-
Non-monetary items: None			

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 4,318	$ -
JPY:NTD	1%	577	-
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 447)	$ -
JPY:NTD	1%	(13)	-
Non-monetary items: None			

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars. The long-term corporate bonds with fixed rate issued by the Group are not exposed to interest rate risk and fair value interest rate risk.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have increased/decreased by $4,754 and $2,581, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients and other counterparties on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.

ii. The Group regularly monitors and reviews its credit limits based on market conditions and the credit status of its counterparties and makes timely adjustments to manage credit risk. The Group only transacts with banks and financial institutions with high credit quality, so it does not expect to be exposed to credit risk.

iii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iv. The Group considers that a default has occurred when the contract payments are not expected to be recovered and are transferred to overdue receivables.

v. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with credit risk on trade. The Group applies the modified approach using loss rate methodology to estimate the expected credit loss.

vi The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii)Default or delinquency in interest or principal repayments.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets, notes receivable and other receivables. On December 31, 2021 and 2020, the loss rate methodology is as follows:

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
December 31, 2021						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	$ 543,790	$ -	$ -	$ -	$ -	$ 543,790
Loss allowance	$ -	$ -	$ -	-	$ -	$ -
	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
December 31, 2020	0~1%	25%	50%	75%	100%	
Expected loss rate	$ 490,473	$ -	$ -	$ 405	$ -	$ 490,878
Total book value	$ -	$ -	$ -	$ 304	$ -	$ 304

viii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, accounts receivable due from related parties, contract assets and other receivables are as follows:

	2021
	Accounts receivable
At January 1	$ 304
Provision for impairment	101
Reversal of impairment loss	(405)
At December 31	$ -

	2020
	Accounts receivable
At January 1	$ 47
Provision for impairment	304
Reversal of impairment loss	(47)
At December 31	$ 304

ix. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	December 31, 2021	December 31, 2020
	12 months	12 months
Financial assets at amortised cost	$ 12,417	$ 15,917

(c) Liquidity risk

i. Cash flow forecasting is performed by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

ii. Group treasury invests surplus cash held by the Group over and above balance required for working capital management in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2021 and 2020, the Group held money market position of $1,081,677 and $1,138,880, respectively, and current financial assets at amortised cost of $0 and $3,500, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii The Group has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate:		
Expiring within one year	$ 780,635	$ 1,462,116
Expiring beyond one year	618,110	1,218,800
Fixed rate:		
Expiring within one year	-	-
Expiring beyond one year	-	-
	$ 1,398,745	$ 2,680,916

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:				
Accounts payable	$ 153,441	$ -	$ -	$ -
Other payables	182,031	1,162	-	-
Lease liability	8,189	8,189	16,258	372,115
Bonds payable	-	1,002,078	-	-
Long-term borrowings (including current portion)	127,818	52,755	477,239	1,287,578
Guarantee deposits received	-	-	874	136
Derivative financial liabilities: None				

December 31, 2020	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 30,170	$ -	$ -	$ -
Accounts payable	149,408	-	-	-
Other payables	150,889	120	-	-
Lease liability	9,115	9,126	17,768	268,038
Bonds payable	-	1,007,519	-	-
Long-term borrowings (including current portion)	129,290	117,194	123,634	662,907
Guarantee deposits received	-	-	910	122
Derivative financial liabilities:				
Forward exchange contracts	1,058	-	-	-
Convertible bonds Call/put options	200	-	-	-

(d) The impact of the Covid-19 pandemic on the Group's operation

The Covid-19 pandemic had no significant impact on the Group's ability to continue as a going concern, impairment of assets and financing risks based on the Group's assessment of relevant operational and financial information.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 17,100	$ -	$ -	$ 17,100
Forward exchange contracts	-	550	-	550
Convertible bonds				
Call/put options	-	-	100	100
Total	$ 17,100	$ 550	$ 100	$ 17,750
Liabilities				
Recurring fair value measurements: None				

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 595	$ -	$ 595
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 1,058	$ -	$ 1,058
Convertible bonds				
Call/put options	-	-	200	200
	$ -	$ 1,058	$ 200	$ 1,258

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

iii. Forward exchange contracts are usually valued based on the current forward exchange rate.

C. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

D. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021	2020
	Convertible bonds	Convertible bonds
At January 1	$ 200	$ 300
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	(300)	(100)
At December 31	($ 100)	$ 200
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2021 (Note)	($ 300)	($ 100)

Note: Recorded as non-operating income and expenses.

E. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

F. Group treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3 by the external valuer, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bonds Call/put options	($ 100)	Binary tree valuation model	Volatility	45.15%	The higher the stock price volatility, the higher the fair value

	Fair value at December 31. 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bonds Call/put options	$ 200	Binary tree valuation model	Volatility	45.77%	The higher the stock price volatility, the higher the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Convertible bonds Call/put options	Volatility	±5%	$ 10	$ -	$ -	$ -

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Convertible bonds Call/put options	Volatility	±5%	$ 30	$ (20)	$ -	$ -

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 3.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: The Group entered into a forward foreign exchange contract with financial institution for the year ended December 31, 2021 to buy NTD and sell USD. Hedging was the main purpose of the contract. Net profit arising from trading in forward foreign exchange contract for the year ended December 31, 2021 was approximately $4,694.

J.Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to Note 4.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Reportable operating segments of the Group are strategic business units that provide various products and services. As each strategic business unit requires different technologies and marketing strategies, it must be managed separately. The Group has two reportable operating segments: semiconductor business and power business.

(2) Measurement of segment information

The Board of Directors evaluates the performance of individual operating segment based on profit (loss) after tax of individual strategic business unit. This measurement basis is in agreement with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2021	Semiconductor business	Power business (discontinued operation)	Total
Revenue from external customers	$ 2,656,741	$ 194,059	$ 2,850,800
Inter-segment revenue	(5,355)	(225)	(5,580)
Total segment revenue	$ 2,651,386	$ 193,834	$ 2,845,220
Segment income (loss)	$ 255,174	($ 37,711)	$ 217,463
Segment income (loss), including:			
Interest income	$ 1,129	$ 18	$ 1,147
Interest expense	$ 20,922	$ 3,109	$ 24,031
Depreciation and amortisation	$ 534,017	$ 32,641	$ 566,658
Expense of income tax	$ 7,195	$ -	$ 7,195
Segment assets	$ 6,327,979	$ -	$ 6,327,979
Other increasing (decreasing) amount of non-current assets (not including financial instrument and deferred income tax)	$ 1,265,088	$ -	$ 1,265,088
Segment liabilities	$ 3,810,923	$ -	$ 3,810,923

Year ended December 31, 2020	Semiconductor business	Power business (discontinued operation)	Total
Revenue from external customers	$ 2,272,675	$ 174,781	$ 2,447,456
Inter-segment revenue	(5,090)	(190)	(5,280)
Total segment revenue	$ 2,267,585	$ 174,591	$ 2,442,176
Segment income (loss)	$ 178,038	($ 62,480)	$ 115,558
Segment income (loss), including:			
Interest income	$ 3,088	$ 24	$ 3,112
Interest expense	$ 29,919	$ 3,067	$ 32,986
Depreciation and amortisation	$ 459,270	$ 35,891	$ 495,161
Expense of income tax	($ 21,383)	$ -	($ 21,383)
Segment assets	$ 4,845,630	$ 277,699	$ 5,123,329
Other increasing (decreasing) amount of non-current assets (not including financial instrument and deferred income tax)	$ 467,523	($ 31,585)	$ 435,938
Segment liabilities	$ 2,579,758	$ 219,675	$ 2,799,433

(4) Reconciliation for segment income (loss), assets and liabilities

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(5) Information on products and services

Please refer to Note 6 (21) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 2,315,860	$ 4,328,456	$ 1,929,579	$ 3,181,369
Others	335,526	-	338,006	-
Total	$ 2,651,386	$ 4,328,456	$ 2,267,585	$ 3,181,369

(7) Major customer information

Revenue of the Group for the year ended December 31, 2021 amounted to $2,845,220, of which $1,541,497 and $288,352 were derived from the Group's largest customers, customer A and customer B, respectively. Apart from this, there was no other revenue from a single customer that accounts for more than 10% of the Group's total revenue.

Revenue of the Group for the year ended December 31, 2020 amounted to $2,442,176, of which $1,178,508 and $233,249 were derived from the Group's largest customers, customer A and customer B, respectively. Apart from this, there was no other revenue from a single customer that accounts for more than 10% of the Group's total revenue.

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
LOANS TO OTHERS
YEAR ENDED DECEMBER 31, 2021

Table 1

Expressed in thousands to NTD
(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Ending Balance	Actual amount drawn down	Interest rate range	Nature of loan (Note 2)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for losses	Name	Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Note
0	PHOENIX SILICON INTERNATIONAL CORPORATION	Phoenix battery Corporation	Other receivables due from related parties	Y	$5,000	$ -	$ -	2.366%	2	$ -	Operating capital	$ -	Inventories	$10,000	$503,411	$755,117	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’. The same company will have the same number.
Note 2: Details of the nature of the loan as follows:
(1) Business transaction is 1.
(2) Demand for short-term financing is 2.
Note 3:Limit on the total amount of loans and loans to individuals are as follows:
(1)The ceiling on total loans to others is 40% of the Company's net assets.
(2) For business relationship, the limit amount for a single party shall not exceed 10% of the net assets value of the Company. Financial limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower. Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing.
(3)The ceiling on total loans granted to others related to short-term financing is 30% of the the Company’s net assets. The limit on loans granted to a single party is 20% of the Company's net assets.
(4)The Company provides loans to subsidiaries or loans between subsidiaries, except for the resolution of the Board of Directors that can authorise the chairman to provide loans to individual at specific amount after resolv the Board of Directors and loans in instalment within one year or redraw. Aforementioned specific amount can not exceed 10% of the Company’s net assets, except if it meets the requirements of Article 5.

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2021

Table 2

Expressed in thousands to NTD
(Except as otherwise indicated)

				Ending Balance				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Shares	Book value	Percentage of ownership	Fair Value	Note
PHOENIX SILICON INTERNATIONAL CORPORATION	Stock	Wafer Technology Co., Ltd.	Current financial assets at fair value through profit or loss	200,000	$ 17,100	0.04	$ 17,100	

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
ACQUISITION OF REAL ESTATE REACHING NT$300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
YEAR ENDED DECEMBER 31, 2021

Table 3

Expressed in thousands to NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Transaction date or date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
PHOENIX SILICON INTERNATIONAL CORPORATION	Buildings and structures	110/3/16	$ 490,000	Pays in accordance with the contract terms	AUO CRYSTAL CORP.	Non-related parties	-	-	-	-	Appraisal report of property and market price	For operation	None

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIODS
YEAR ENDED DECEMBER 31, 2021

Table 4

Expressed in thousands to NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2 and 6)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	PHOENIX SILICON INTERNATIONAL CORPORATION	Phoenix battery Corporation	1	Sales revenue	$ 5,355	At sales price and conditions available to the third party	0.20%
0	PHOENIX SILICON INTERNATIONAL CORPORATION	Phoenix battery Corporation	1	rental revenue	3,912	At transaction price and conditions available to the third party	0.15%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

Note 3: Ratios of asset/liability are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Only amounts exceeding $1 million will be disclosed.

Note 6: On November 15, 2021, Phoenix Battery Corporation increased capital by issuing new shares, but the Company did not acquire shares proportionally to the Company’s interest. As a result, the Company’s ownership of Phoenix Battery Corporation dropped from 71.51% to 33.42%. In addition, on December 29, 2021, Phoenix Battery Corporation re-elected its directors and supervisors, the Company was the first major shareholder of Phoenix Battery Corporation, however, the new directors and supervisors were not appointed by the Company and the total shareholding ratio of other major shareholders exceeded the Company, this showed that the Company has no actual conduct ability to related event. Thus, starting from the date, the Company lost control over this company which was classified as associates instead of subsidiary.

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEES
YEAR ENDED DECEMBER 31, 2021

Table 5

Expressed in thousands to NTD
(Except as otherwise indicated)

Investor	Name of investor	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net income of investee as of December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Note
				Balance as at December 31, 2021	Balance as at December 31, 2020	Shares	Ownership (%)	Book value			
PHOENIX SILICON INTERNATIONAL CORPORATION	Phoenix Battery Corporation	Taiwan	Battery manufacturing business	$ 125,500	$ 251,000	12,550,302	33.42	$ 125,503	($ 42,235)	($ 24,064)	

PHOENIX SILICON INTERNATIONAL CORPORATION AND SUBSIDIARIES
MAJOR SHAREHOLDERS INFORMATION
DECEMBER 31, 2021

Table 6

	Share	
Name of major shareholders	Name of shares held	Percentage of ownership
Applied Materials,Inc.	16,140,909	11.50%