Phihong Technology Co., Ltd. And Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Phihong Technology Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the audit of the Group's consolidated financial statements as of and for the year ended December 31, 2021 is as follows.

The Accuracy of Sales Revenue from Telecom Brand Operation

Description of the key audit matter:
The turbulent fluctuation regarding sales to customers of our telecom brand operation resulted in impacts on the sales of the Group for the year; therefore, we identified the authenticity of sales revenue from the telecom brand as a key audit matter for the year. Refer to Note 4 to the accompanying consolidated financial statements for the related disclosures.

Our audit procedures performed in respect of the key audit matter include the following:
We understood the internal control of the Group's recognition related to sales revenue and evaluated the design of key control. We determined whether the key control has been implemented and tested the operating effectiveness of key control. We sample tested transactions, reviewed the records of correspondence and reviewed significant subsequent sales returns and allowances of sales revenue from the telecom brand operation to confirm its existence.

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

Responsibilities of Management and Those Charged with Governance of 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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Those charged with governance, including 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ker-Chang Wu and Kuo-Tien Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2022

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

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

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$3,590,920	26	$2,545,804	25
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	43,600	-
Financial assets at amortized cost - current (Notes 4 and 9)	224,588	2	-	-
Notes receivables (Notes 4 and 10)	16,886	-	-	-
Trade receivables (Notes 4 and 10)	2,229,231	16	2,019,406	20
Other receivables	21,905	-	25,329	-
Inventories (Notes 4 and 11)	3,204,432	24	2,015,069	20
Non-current assets held for sale (Note 12)	244,696	2	245,819	2
Other current assets	146,685	1	102,907	1
Total current assets	9,679,343	71	6,997,934	68
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	87,226	1	65,828	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	20,458	-	37,100	-
Investments accounted for using equity method (Notes 4 and 14)	111,326	1	152,366	1
Property, plant and equipment (Notes 4 and 15)	3,262,587	24	2,590,539	25
Right-of-use assets (Notes 4 and 16)	294,723	2	282,788	3
Other intangible assets (Notes 4 and 17)	30,540	-	27,679	-
Deferred tax assets (Notes 4 and 24)	53,114	-	57,043	1
Other non-current assets	73,343	1	151,394	1
Total non-current assets	3,933,317	29	3,364,737	32
TOTAL	$13,612,660	100	$10,362,671	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$962,781	7	$256,320	2
Trade payables	3,200,680	24	2,846,732	27
Trade payables to related parties (Note 29)	61,122	-	82,497	1
Other payables (Note 20)	613,750	5	570,038	6
Current tax liabilities (Notes 4 and 24)	23,612	-	19,558	-
Lease liabilities - current (Notes 4 and 16)	20,547	-	7,786	-
Current portion of long-term borrowings (Notes 18 and 19)	832,930	6	1,064,620	10
Other current liabilities (Notes 12 and 20)	417,868	3	291,113	3
Total current liabilities	6,133,290	45	5,138,664	49
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 19)	698,283	5	-	-
Long-term borrowings (Note 18)	766,108	6	303,944	3
Deferred tax liabilities (Notes 4 and 24)	56,520	-	67,820	1
Lease liabilities - non-current (Notes 4 and 16)	24,704	-	12,665	-
Net defined benefit liability - non-current (Notes 4 and 21)	87,092	1	94,068	1
Other non-current liabilities	9,305	-	629	-
Total non-current liabilities	1,642,012	12	479,126	5
Total liabilities	7,775,302	57	5,617,790	54
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)				
Ordinary shares	3,752,084	28	3,376,884	33
Capital surplus	2,179,372	16	1,044,017	10
Retained earnings				
Legal reserve	612,916	4	767,660	7
Special reserve	230,859	2	230,859	2
Accumulated deficits	(316,924)	(2)	(154,744)	(1)
Total retained earnings	526,851	4	843,775	8
Other equity				
Exchange differences on translating the financial statements of foreign operations	(523,866)	(4)	(448,879)	(4)
Unrealized loss on financial assets at fair value through other comprehensive income	(88,412)	(1)	(62,007)	(1)
Total other equity	(612,278)	(5)	(510,886)	(5)
Total equity attributable to owners of the Company	5,846,029	43	4,753,790	46
NON-CONTROLLING INTERESTS (Note 21)	(8,671)	-	(8,909)	-
Total equity	5,837,358	43	4,744,881	46
TOTAL LIABILITIES AND EQUITY	$13,612,660	100	$10,362,671	100

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE(Notes 4 and 35)	$12,284,041	100	$9,243,618	100
OPERATING COSTS (Notes 4, 11 and 29)	10,810,739	88	8,066,422	87
OPERATING GROSS PROFIT	1,473,302	12	1,177,196	13
OPERATING EXPENSES				
Sales and marketing expenses	549,147	5	442,814	5
General and administration expenses	502,237	4	474,929	5
Research and development expenses	760,997	6	632,909	7
Expected credit loss recognized (reversed)	245	-	(825)	-
Total operating expenses	1,812,626	15	1,549,827	17
LOSS FROM OPERATIONS	(339,324)	(3)	(372,631)	(4)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	28,000	-	33,113	-
Other income (Notes 23 and 26)	88,319	1	250,596	3
Other gains and losses (Note 23)	(26,496)	-	(37,358)	(1)
Finance costs (Note 23)	(40,297)	-	(22,517)	-
Share of loss of from associates account for using the equity method (Note 14)	(8,152)	-	(4,645)	-
Total non-operating income and expenses	41,374	1	219,189	2

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	2021		2020	
	Amount	**%**	**Amount**	**%**
LOSS BEFORE INCOME TAX	($297,950)	(2)	($153,442)	(2)
INCOME TAX EXPENSE (Notes 4 and 24)	(14,668)	-	(1,171)	-
LOSS FOR THE YEAR	(312,618)	(2)	(154,613)	(2)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified subsequent to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	(5,405)	-	(188)	-
Unrealized loss on financial assets at fair value through other comprehensive income (Note 22)	3,804	-	(9,483)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Note 22)	(30,209)	-	27,037	-
Income tax relating to items that will not be reclassified subsequent to profit or loss (Note 24)	1,081	-	38	-
Items that may be reclassified subsequent to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 22)	(74,731)	(1)	(32,211)	-
Total other comprehensive loss	(105,460)	(1)	(14,807)	-
TOTAL COMPREHENSIVE LOSS	($418,078)	(3)	($169,420)	(2)
LOSS ATTRIBUTABLE TO:				
Owners of the Company	($312,600)	(3)	($154,594)	(2)
Non-controlling interests	(18)	-	(19)	-
Total	($312,618)	(3)	($154,613)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	($418,316)	(3)	($169,883)	(2)
Non-controlling interests	238	-	463	-
Total	($418,078)	(3)	($169,420)	(2)
LOSS PER SHARE (Note 25)				
Basic	($0.92)		($0.46)	

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to owners of the company									
			Retained earnings			Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Accumulated deficits	Exchange differences on translating the financial statements of foreign operations	Unrealized loss on financial assets at fair value through other comprehensive income	Total	Non-controllin g interests	Total equity
Balance at January 1, 2020	$3,376,884	$1,044,017	$808,806	$230,859	($41,146)	($416,186)	($79,561)	$4,923,673	($9,372)	$4,914,301
Legal reserve used to offset accumulated deficits	-	-	(41,146)	-	41,146	-	-	-	-	-
Loss for the year ended December 31, 2020	-	-	-	-	(154,594)	-	-	(154,594)	(19)	(154,613)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(150)	(32,693)	17,554	(15,289)	482	(14,807)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(154,744)	(32,693)	17,554	(169,883)	463	(169,420)
Balance at December 31, 2020	3,376,884	1,044,017	767,660	230,859	(154,744)	(448,879)	(62,007)	4,753,790	(8,909)	4,744,881
Capital increase (Note 22)	375,200	1,135,355	-	-	-	-	-	1,510,555	-	1,510,555
Legal reserve used to offset accumulated deficits (Note 22)	-	-	(154,744)	-	154,744	-	-	-	-	-
Loss for the year ended December 31, 2021	-	-	-	-	(312,600)	-	-	(312,600)	(18)	(312,618)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(4,324)	(74,987)	(26,405)	(105,716)	256	(105,460)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(316,924)	(74,987)	(26,405)	(418,316)	238	(418,078)
Balance at December 31, 2021	$3,752,084	$2,179,372	$612,916	$230,859	($316,924)	($523,866)	($88,412)	$5,846,029	($8,671)	$5,837,358

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	($297,950)	($153,442)
Adjustments for:		
Depreciation expense	285,785	308,178
Amortization expense	13,380	12,595
Expected credit loss recognized (reversed)	245	(825)
Gain on fair value changes of financial assets designated as at fair value through profit or loss	-	(3)
Finance costs	40,297	22,517
Interest income	(28,000)	(33,113)
Share of loss from associates accounted for using the equity method	8,152	4,645
Loss on disposal of property, plant and equipment	3,279	2,637
Loss on disposal of intangible assets	8	194
Gain on disposal of investment	(795)	(10,274)
Allowance for inventory valuation and obsolescence loss	63,120	48,139
Net changes in operating assets and liabilities		
Notes receivables	(16,886)	2,022
Trade receivables	(210,023)	20,355
Other receivables	13,487	19,666
Inventories	(1,252,483)	(709,278)
Other current assets	(23,436)	(22,702)
Trade payables	353,948	634,185
Trade payables to related parties	(21,375)	12,971
Other payables	43,047	(133,777)
Other current liabilities	126,755	180,251
Net defined benefit liability	(12,381)	(8,346)
Cash (used in) generated from operating activities	(911,826)	196,595
Interest received	17,937	31,757
Interest paid	(39,575)	(19,833)
Income tax paid	(12,473)	(24,516)
Net cash (used in) generated from operating activities	(945,937)	184,003

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	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at fair value through other comprehensive income	($18,000)	($18,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	406	-
Purchase of financial assets at amortized cost	(485,788)	(10,000)
Proceeds from disposal of financial assets at amortized cost	265,124	-
Purchase of financial assets at fair value through profit or loss	(303,997)	(171,925)
Proceeds from sale of financial assets at fair value through profit or loss	347,361	484,970
Proceeds from capital reduction of investments accounted for using equity method	-	9,567
Payments for property, plant and equipment	(841,816)	(237,926)
Proceeds from disposal of property, plant and equipment	833	29,806
Payments for intangible assets	(15,886)	(7,196)
Increase in refundable deposits	(184)	(747)
Increase in prepayments for equipment	(63,599)	(81,381)
Increase in prepayments for land	-	(84,075)
Dividends received	2,679	2,097
Receive government grants	-	6,820
Net cash used in investing activities	(1,112,867)	(77,990)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	706,461	256,320
Issuance of corporate bonds	700,000	-
Repayment of corporate bonds	(1,000,000)	-
Proceeds from long-term borrowings	2,251,960	566,040
Repayment of long-term borrowings	(1,023,399)	(495,000)
Increase in guarantee deposits received	8,676	-
Decrease in guarantee deposits received	-	(35)
Repayment of the principal portion of lease liabilities	(19,713)	(8,641)
Capital increase	1,510,555	-
Payment for the cost of ordinary corporate bonds issuance	(2,028)	-
Net cash generated from financing activities	3,132,512	318,684
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(28,592)	(29,792)

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	2021	2020
NET INCREASE IN CASH AND CASH EQUIVALENTS	$1,045,116	$394,905
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,545,804	2,150,899
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$3,590,920	$2,545,804

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Phihong Technology Co., Ltd. ("Phihong" or "the Company"), which was formerly known as Phihong Enterprise Co., Ltd. was incorporated on December 12, 1972 under the laws of the Republic of China (R.O.C.). Under a resolution approved in the stockholders' meeting in June 2003, Phihong changed its name to Phihong Technology Co., Ltd. Phihong primarily manufactures and sells AC/DC power adapters, charger bases, power supply modules, UPS (uninterruptible power supply) for computers, ballasts, etc.

In February 2000, Phihong was authorized to trade its stocks on the Taipei Exchange (TPEx) in Taiwan. In September 2001, Phihong's stocks ceased to be traded on the TPEx, and Phihong later obtained the authorization to list its stocks on the Taiwan Stock Exchange.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 10, 2022.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued into effect by Financial Supervisory Commission (hereinafter referred to as the "FSC").

   Except for the following, whenever applied, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies.

b. IFRSs endorsed and issued into effect in 2022 by the FSC

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

Note 1: The amendments to IFRS 9 are applicable to the exchange or modification of terms of financial liabilities during the annual reporting period beginning after January 1, 2022; the amendment to IAS 41 "Agriculture" is applicable to the fair value measurement of the annual reporting period beginning after January 1, 2022; the amendment to IFRS 1 "First Adoption of IFRSs" is retroactively applied to the annual reporting period beginning after January 1, 2022.

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 3: Plants, property and equipment that will reach the necessary locations and conditions for management's expected operation mode after January 1, 2022 are applicable to this amendment.

Note 4: The Group shall apply these amendments to contracts that have not fulfilled all obligations as of January 1, 2022.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Comparative Information of the Initial Application of IFRS 17 and IFRS 9"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The Group shall apply these amendments prospectively to the changes of accounting estimates and accounting policies for annual reporting periods beginning after January 1, 2023.

Note 4: Except for temporary differences of the deferred income tax recognized for lease and decommissioning obligations on January 1, 2022, the amendments also apply to transactions incurring after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the balance sheet date; and
3) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the balance sheet date (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the release of the financial statements); and
3) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 13, Table 8 and Table 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When preparing the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates, joint ventures, and branches that operate in countries or adopt functional currencies different from the Company) are translated into New Taiwan dollar. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests).

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date. The cost calculation is generally accounted for based on the standard cost, and the differences incurred at the end of the period are allocated to inventories and cost of sales.

g. Investments in associates

An associate is an entity on which the Group has significant influence and is not a subsidiary.

The Group adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates based on the percentage of ownership.

When the Group’s share of losses on an associate equals or exceeds its interest in the associate (including any carrying amount of the investment accounted for using the equity method and other long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of said associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized only to the extent that the recoverable amount of the investment subsequently increases.

When an entity transacts in the Group with its associate, profits and losses resulting from the transactions with the associate is recognized in the Group’s consolidated financial statements only to the extent of interests in the associate of parties that are not related to the Group.

h. Property, plant and equipment

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

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The Group shall at least examine the estimated useful life, residual value, and depreciation method at the end of the year, and defer the effects of changes in the applicable accounting estimation.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using straight-line method over the useful lives. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in loss or profit.

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

The Group assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use and intangible assets on each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is a sign that the assets may be impaired.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit and loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or cash-generating unit, which was not recognized as impairment loss in prior years. The impairment loss reversed is recognized in profit or loss.

k. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The non-current assets that meet this condition must be available for immediate sale in their current condition, and the sale is highly probable. When the appropriate level of the management is committed to the plan to sell the asset, and the sale transaction is expected to be completed within one year from the date of classification, the sale will be considered highly probable.

Non-current assets classified as held for sale are measured by the carrying amount and the fair value less the cost of sale, whichever is lower, and the depreciation of such assets will cease.

l. Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1) Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

a) Measurement categories

Financial assets held by the Group are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in debt instruments measured at fair value through other comprehensive income (FVTOCI) and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any remeasurement gains or losses on such financial assets are recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

When the Group's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes receivable at amortized cost, trade receivables, other receivables, and refundable deposits, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

When fulfilling the following conditions, investments in debt instruments by the Group is categorized as investments in debt instruments at FVTOCI:

i) The instruments are held under an operating model, and the purpose of the model is achieved by collecting the contractual cash flows and the disposals of financial assets.
ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI is measured at fair value. Among the changes in the carrying amount, interest income, gains or less from currency exchange, impairment losses, or reversal gains are recognized in profit or loss, and the remaining changes are recognized in other comprehensive income, and the investments are reclassified into profit or loss upon disposal.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group assesses the impairment loss of financial assets at amortized cost (including trade receivable) based on the expected credit loss on each balance sheet date.

Trade receivables are recognized in allowance loss based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs. If the risks have increased significantly, a loss allowance is recognized at an amount equal to ECLs.

The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Group, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

i. Internal or external information indicates that it is impossible for the debtor to settle the debt.
ii. It is overdue for more than 180 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Group recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When derecognizing an investment in equity instrument at FVTOCI in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3) Financial liabilities

All of the Group's financial liabilities are at amortized cost in the effective interest method. The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provision

The amount recognized in provision is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The warranty obligations of the Group under the sales contract are based on the management's best estimate of the expenditure required to settle the Group's obligations, and are recognized when the relevant products are recognized in revenue.

n. Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

<u>Revenue from sale of goods</u>

Revenue from the sale of goods comes from sales of power supply modules and other relevant products. When the power supply modules and other relevant products are delivered to the location designated by customers, customers have the right to determine the price and the way the products are used while bearing the main responsibility for resale and the risk of obsolescence; thus, revenue and trade receivable are recognized concurrently.

o. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

Except for the low-value underlying asset leases exempted from recognition and the lease payments of short-term lease being recognized as expenses based on straight-line method during the period of lease, other leases are recognized as right-of-use assets and lease liabilities from the day of lease.

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

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful life, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

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

p. Borrowing costs

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

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

q. Government grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the relevant costs for which the grants are intended to compensate. Government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets are debited to the carrying amount of said assets and recognized in profit or loss over the useful lives of said assets by reducing the depreciation or amortization expenses of said assets.

If government grants are used to compensate expenses or losses incurred, or are given to the Group for the purpose of immediate financial support without relevant future costs, they can be recognized in profit or loss in the period, during which the Group can receive said grants.

r. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized as expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. The service cost (including the service cost for the current period) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement (including actuarial gains and losses and the return on plan assets, net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs, and will not be reclassified to profit or loss.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

s. Taxation

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

1) Current income tax

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each jurisdiction for income tax declaration, and calculates the income tax payable (recoverable) accordingly.

A surtax is imposed on the undistributed earnings pursuant to the Income Tax Act of the Republic of China (R.O.C.) is recognized via the resolution at the annual shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in the current income tax.

2) Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences, loss carryforwards, and research and development expenditure.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

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

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

3) Current and deferred income tax

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

5. CRITICAL ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group includes the possible effects of the outbreak of COVID-19 on the development and economic environment in Taiwan into consideration of major accounting estimates, including cash flow estimation, growth rate, discount rate, and profitability. Management will continue to monitor, make estimations, and provide basic assumptions. If the revision of the estimate only affects the current period, it will be recognized in the current period of the revision; if the revision of the accounting estimate affects both the current period and the future period, it will be recognized in the current period and the future period of the revision.

6. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash on hand	$2,507	$2,593
Checking accounts and demand deposits	3,566,243	2,244,282
Cash equivalent (investments with original maturities of less than 3 months)		
Time deposits	22,170	298,929
	$3,590,920	$2,545,804

The market rate intervals of cash in bank and time deposits at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Demand deposits and time deposits	0.001%~3.045%	0.001%~2.500%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss (i.e. FVTPL) – current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$-	$43,600

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2021	December 31, 2020
Non-current		
Investments in equity instruments at fair value through other comprehensive income (i.e. FVTOCI)		
Domestic unlisted ordinary shares	$87,226	$65,828

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2021	December 31, 2020
Current		
Time deposits with original maturity more than 3 months	$224,588	$-
Non-current		
Restricted bank deposits	$20,458	$37,100

As of December 31, 2021 and 2020, the Group set up a special account for the project performance bond, a domestic guaranteed corporate bond, and a pledge for a joint loan case with deposits of $20,458 thousand and $37,100 thousand, please refer to Note 30.

10. NOTES AND TRADE RECEIVABLES

	December 31, 2021	December 31, 2020
Notes receivables		
At amortized cost		
Gross carrying amount	$16,886	$-
Less: Allowance for impairment loss	-	-
	16,886	-
Trade receivables at amortized cost		
At amortized cost		
Gross carrying amount	1,816,096	2,022,217
Less: Allowance for impairment loss	(3,009)	(2,811)
	1,813,087	2,019,406
FVTOCI	416,144	-
	2,229,231	2,019,406
	$2,246,117	$2,019,406

a. Notes receivables

The Group has no overdue notes receivables as of December 31, 2021.

b. Trade receivables

Trade receivables at amortized cost

For the Group’s average credit period for the sale of goods, the statistics for the average credit period are prepared according to the experience of trade receivable collection regarding the non-related parties for the past five years, and no interest accrued for trade receivable during the credit period. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The

Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor’s current financial position adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group’s different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group’s provision matrix.

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0~0.24%	0.24~2.94 %	5.52~12.76 %	6.56~18.69 %	13.62~100.00 %	
Gross carrying amount	$1,682,122	$120,489	$8,774	$3,210	$1,501	$1,816,096
Loss allowance (Lifetime ECL)	(260)	(726)	(486)	(272)	(1,265)	(3,009)
Amortized cost	$1,681,862	$119,763	$8,288	$2,938	$236	$1,813,087

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.02~0.74%	0.22~8.91 %	2.62%	17.66%	11.59~100.00 %	
Gross carrying amount	$1,888,308	$128,563	$878	$156	$4,312	$2,022,217
Loss allowance (Lifetime ECL)	(467)	(685)	(23)	(28)	(1,608)	(2,811)
Amortized cost	$1,887,841	$127,878	$855	$128	$2,704	$2,019,406

The above aging schedule was based on the number of past due days from end of credit term.

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

	2021	2020
Balance at January 1	$2,811	$3,847
Add: Allowance for impairment loss (reversed)	245	(825)
Less: Amounts written off	-	(139)
Foreign exchange gains and losses	(47)	(72)
Balance at December 31	$3,009	$2,811

c. Trade receivables at FVTOCI

The Group determined to transfer trade receivables from certain major customers to the bank without recourse based on the working capital conditions. The operating model of the Group for managing such trade receivables is to achieve the purpose through collecting the contractual cash flows and the disposals of financial assets. Therefore, such trade receivables are measured at FVTOCI.

The loss on allowances of trade receivables at FVTOCI measured by the Group by using the provision matrix is as follows:

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	-	-	-	
Gross carrying amount	$411,843	$4,301	$-	$-	$-	$416,144
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$411,843	$4,301	$-	$-	$-	$416,144

Information related to the sales of trade receivables of the Group is as follows:

Related Party	Amount for sale at the beginning of the period	Amount for sale for the current period	Cash received in the current period	Amount for sale at the end of the period	Cash advance as of the end of the period	Annual rate of interest of cash advance (%)	Retention of trade receivables for sale	Limit	Items for security
Citi Bank	$-	$503,941	$502,459	$1,482	$-	-	$-	-	-
		(Note 1)	(Note 2)	(Note 3)					

The Group has entered into a sales contract for trade receivables with Citi Bank. The purchasing bank has confirmed that the relevant conditions for the goods transacted is free of recourse, and the transaction is an outright sales of debt receivables. According to the requirements of the contract, the Group is only responsible for losses arising from business disputes.

Note 1: USD18,219,118

Note 2: USD18,165,530

Note 3: USD53,588

11. INVENTORIES

	December 31, 2021	December 31, 2020
Raw materials	$1,297,927	$683,200
Work-in-process	376,003	212,145
Finished goods	1,530,502	1,119,724
	$3,204,432	$2,015,069

For the years 2021 and 2020, the cost of inventories recognized as cost of goods sold was $10,810,739 thousand and $8,066,422 thousand, respectively. For the years ended December 31, 2021 and 2020, the Group's cost of sales includes the allowance for inventory valuation and obsolescence loss recognized for offsetting the cost of inventories to its net realizable value of $63,120 thousand and $48,139 thousand.

12. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2021	December 31, 2020
Dongguan Phitek Electronics Co., Ltd.		
Land use rights, Buildings, Machinery and Equipment, etc.	$244,696	$245,819

On February 27, 2020, the board of directors decided to dispose of the land use rights, buildings, machinery, and equipment of Dongguan Phitek Electronics Co., Ltd. (hereinafter referred to as PHP), the subsidiary company, and these assets are reclassified as non-current assets held for sale based on their carrying amount on February 28, 2020 and expressed separately in the consolidated balance sheet.

The breakdown of PHP non-current assets held for sale is as follows:

	December 31, 2021	December 31, 2020
Land use rights	$4,042	$4,042
Buildings	258,005	258,005
Machinery and Equipment	1,244	1,244
Other Equipment	19,262	19,262
Less: Accumulated depreciation	(39,850)	(39,850)
	242,703	242,703
Effect of foreign currency exchange differences	1,993	3,116
	$244,696	$245,819

The proceeds of the disposals are expected to exceed the net carrying amount of the related net assets. Accordingly, no impairment was recognized in reclassifying the assets to assets held for sale.

As of December 31, 2021, the proceeds of the disposal had been received $164,945 thousand which was presented under “Other current liabilities.” Refer to Note 20.

After the contract for the disposal of the above-mentioned non-current assets held for sale was signed, the delivery procedures were completed as of January 26, 2022, and the control of the non-current assets disposed of is to be transferred to the purchaser.

13. SUBSIDIARIES

Investor	Investee	Main Business	Percentage of Ownership December 31, 2021	Percentage of Ownership December 31, 2020	Description
Phihong	Phihong International Corp. (“PHI”)	Makes investments	100.00	100.00	Note 2
Phihong	Phitek International Co., Ltd. (“PHK”)	Makes investments	100.00	100.00	
Phihong	Ascent Alliance Ltd. (“PHQ”)	Makes investments	100.00	100.00	
Phihong	Phihong USA Corp. (“PHA”)	Sells various power supplies	100.00	100.00	
Phihong	Phihong Technology Japan Co., Ltd. (“PHJ”)	Sells power components	100.00	100.00	
Phihong	Guang-Lai Investment Co., Ltd. (“Guang-Lai”)	Makes investments	100.00	100.00	
Phihong	Phihong Vietnam Co., Ltd. (“PHV”)	Manufactures and sells various power supplies	100.00	100.00	Note 1
PHI Company	Phihong Dongguan Electronics Co. Ltd. (PHC)	Manufactures and sells various power supplies	100.00	100.00	
PHI Company	Phihong Electronics (Suzhou) Co., Ltd. (PHZ)	Manufactures and sells various power supplies	100.00	100.00	
PHI Company	N-Lighten Technologies, Inc. (“N-Lighten”)	Makes investments	58.45	58.45	
PHI Company	Yanghong Trade (Shanghai) Co., Ltd. (“Yanghong Trade”)	Sells various lighting and power supplies	100.00	100.00	
PHK Company	Dongguan Phitek Electronics Co., Ltd. (“PHP”)	Manufactures and sells various power supplies	100.00	100.00	
PHQ Company	Dongguan Shuang-Ying Electronics Co., Ltd. (“PHSY”)	Manufactures and sells electronic materials	100.00	100.00	
PHQ Company	Jin-Sheng-Hong (Jiangxi) Electronics Co., Ltd. (“PHE“)	Manufactures and sells electronic materials	100.00	100.00	
Guang-Lai Investment Co., Ltd.	N-Lighten	Makes investments	19.78	19.78	

Note 1: Phihong Technology Co., Ltd. established a subsidiary, PHV, in Vietnam in 2019, with a registered capital of USD50,000 thousand: the Company’s shareholding ratio is 100%. To coordinate with the group’s funding arrangement, it is planned to process capital injections in stages according to the investment progress. For 2021, Phihong Technology Co., Ltd. issued shares by $841,430 thousand (USD30,000 thousand); as of December 31, 2021, Phihong Technology Co., Ltd. has invested $1,448,623 thousand (USD50,000 thousand).

Note 2: In response to the operating requirements of the Group, in December 2021, the board of directors of the Company approved the resolution for the capital reduction of PHI. in the amount of $238,983 thousand (US$8,640 thousand). After the capital reduction, the capital of the company became $3,209,287 thousand (US$102,421 thousand); the base date for the capital reduction was January 6, 2022.

See Tables 8 and 9 for the information on places of incorporation and principal places of business.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

	December 31, 2021	December 31, 2020
Associates that are not individually material	$111,326	$152,366

Associates that are not individually material

	2021	2020
The Group's share of:		
Loss for the year	($8,152)	($4,645)
Other comprehensive income (loss)	(30,209)	27,037
Total comprehensive income (loss)	($38,361)	$22,392

Refer to Table 8 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

The investments accounted for by using the equity method and the profit or loss and other comprehensive income shared by the Group therein are recognized according to the financial reports of its affiliates certified by the CPAs for the same period.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance at January 1, 2021	$246,480	$2,464,136	$2,431,495	$656,924	$86,289	$5,885,324
Additions	194,068	7,198	44,866	29,875	568,803	844,810
Disposals	-	(23,971)	(132,363)	(45,756)	-	(202,090)
Effect of foreign currency exchange differences	(3,211)	(18,677)	(13,155)	(1,962)	(4,418)	(41,423)
Reclassification	84,075	216	22,998	34,238	(24,061)	117,466
Balance at December 31, 2021	$521,412	$2,428,902	$2,353,841	$673,319	$626,613	$6,604,087
Accumulated depreciation						
Balance at January 1, 2021	$-	$849,145	$1,908,013	$537,627	$-	$3,294,785
Disposals	-	(22,634)	(129,591)	(45,753)	-	(197,978)
Depreciation expense	-	80,837	131,751	47,623	-	260,211
Effect of foreign currency exchange differences	-	(5,320)	(8,825)	(1,373)	-	(15,518)
Balance at December 31, 2021	$-	$902,028	$1,901,348	$538,124	$-	$3,341,500
Carrying amounts at December 31, 2021	$521,412	$1,526,874	$452,493	$135,195	$626,613	$3,262,587
Cost						
Balance at January 1, 2020	$248,931	$2,704,125	$2,411,321	$709,254	$10,909	$6,084,540
Additions	-	4,970	114,852	18,446	90,463	228,731
Disposals	-	(662)	(171,537)	(66,335)	-	(238,534)
Reclassified to held for sale	-	(258,005)	(1,244)	(13,587)	-	(272,836)
Effect of foreign currency exchange differences	(2,451)	6,845	11,794	2,344	948	19,480
Reclassification	-	6,863	66,309	6,802	(16,031)	63,943
Balance at December 31, 2020	$246,480	$2,464,136	$2,431,495	$656,924	$86,289	$5,885,324
Accumulated depreciation						
Balance at January 1, 2020	$-	$789,989	$1,886,186	$554,948	$-	$3,231,123
Disposals	-	(662)	(140,834)	(64,595)	-	(206,091)
Reclassified to held for sale	-	(26,239)	(1,214)	(12,397)	-	(39,850)
Depreciation expense	-	81,201	154,000	57,561	-	292,762
Effect of foreign currency exchange differences	-	4,856	9,875	2,110	-	16,841
Balance at December 31, 2020	$-	$849,145	$1,908,013	$537,627	$-	$3,294,785
Carrying amounts at December 31, 2020	$246,480	$1,614,991	$523,482	$119,297	$86,289	$2,590,539

The Groups' items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful life:

Buildings	
Main building	50 years
Engineering system	10 years
Machinery and Equipment	3 to 10 years
Other Equipment	3 to 5 years

Property, plant and equipment used by the Group and pledged as secure long-term borrowings are set out in Note 30.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amounts		
Land (including land use rights)	$251,830	$266,040
Buildings	8,327	10,986
Machinery and equipment	28,090	-
Office equipment	-	324
Transportation equipment	5,543	3,563
Other equipment	933	1,875
	$294,723	$282,788

	2021	2020
Additions to right-of-use assets	$43,192	$8,421
Depreciation charge for right-of-use assets		
Land (including land use rights)	$8,875	$9,096
Buildings	3,955	3,726
Machinery and equipment	9,350	-
Office equipment	319	503
Transportation equipment	2,254	1,449
Other equipment	821	642
	$25,574	$15,416

b. Lease liabilities

	December 31, 2021	December 31, 2020
Carrying amounts		
Current	$20,547	$7,786
Non-current	$24,704	$12,665
Range of discount rate for lease liabilities		
Freehold land	1.200%	1.200%
Buildings	1.030%~4.875%	1.030%~5.220%
Machinery and equipment	4.000%	-
Office equipment	-	4.875%
Transportation equipment	1.155%~4.000%	1.155%~5.220%
Other equipment	1.030%~1.160%	1.030%

c. Material lease-in activities and terms

The Group leases certain machinery, office, transportation, and other equipment for the use of product manufacturing and R&D with lease terms of 2 to 9 years. These arrangements do not contain renewal or purchase options at the end of the lease terms.

The Group also leases land and buildings for the use of plants, offices and parking lot with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	2021	2020
Expenses relating to short-term leases	$11,303	$16,391
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$532	$2,743
Total cash (outflow) for leases	($31,548)	($27,775)

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

17. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2021	$118,623
Additions	15,886
Disposals	(10,381)
Reclassification	475
Effect of foreign currency exchange differences	(353)
Balance at December 31, 2021	$124,250
Accumulated amortization	
Balance at January 1, 2021	$90,944
Amortization expense	13,380
Disposals	(10,373)
Effect of foreign currency exchange differences	(241)
Balance at December 31, 2021	$93,710
Carrying amounts at December 31, 2021	$30,540
Cost	
Balance at January 1, 2020	$118,748
Additions	7,196
Disposals	(7,399)
Effect of foreign currency exchange differences	78
Balance at December 31, 2020	$118,623
Accumulated amortization	
Balance at January 1, 2020	$85,532
Amortization expense	12,595
Disposals	(7,205)
Effect of foreign currency exchange differences	22
Balance at December 31, 2020	$90,944
Carrying amounts at December 31, 2020	$27,679

The above items of intangible assets are amortized on a straight-line basis over an estimated useful life of 2 to 5 years.

18. BORROWINGS

Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured loan		
Phihong	$636,180	$256,320
PHV	182,959	-
	819,139	256,320
Secured loan		
PHC	143,642	-
	$962,781	$256,320
Interest rate range	0.72%~1.30%	0.95%

Long-term Borrowings

	December 31, 2021	December 31, 2020
Unsecured loan		
Phihong	$1,102,807	$314,208
Secured loan		
Phihong	496,794	56,832
Less: discount	(563)	(2,359)
Long-term loans payable - current portion	(832,930)	(64,737)
	$766,108	$303,944
Interest rate range	1.0500%~1.9879%	1.2740%~1.9872%

a. As of December 31, 2021 and 2020, the Company had short-term bank borrowings with the contract term from November 8, 2021 to March 11, 2022 and from December 7, 2020 to February 9, 2021, the interest to be paid monthly.

b. As of December 31, 2021, the term for the short-term bank borrowings of PHV was from July 12, 2021 to August 3, 2022, with interest paid monthly.

c. As of December 31, 2021, the term for the short-term bank borrowings of PHC was from December 27, 2021 to June 24, 2022, with interest paid upon expiry.

d. The Company had long-term bank borrowings for the years ended December 31, 2021 and 2020 with the contract term from August 22, 2019 to April 7, 2036 and from August 22, 2019 to September 10, 2023, respectively, the interest to be paid monthly.

e. Phihong Technology Co., Ltd. signed a joint credit agreement mainly hosted by Taiwan Shin Kong Commercial Bank and co-sponsored by Yuanta Commercial Bank along with 7 other banks participating in the loan, on April 30, 2019. The contract period is 3 years with the total credit limit of NTD1 billion, including NTD450 million of item A loan limit and NTD550 million for item B loan limit, which will be used by the parent company to support the factory investment plan of the Vietnamese subsidiary and enrich the group operating turnover fund. According to the loan contract in the joint loan case of Taiwan Shin Kong Commercial Bank, Phihong Technology Co., Ltd shall maintain the following financial ratios during the loan period (according to the annual and semi-annual consolidated financial report with an accountant's visa which is to be reviewed every half year):

1) The current ratio (current assets/current liabilities) shall not be less than 100%.
2) The net debt ratio (total debt/net tangible value) shall not be higher than 150%.
3) The interest protection multiples [(pre-tax profit + depreciation + amortization + interest expense)/interest expense] shall be maintained at more than two times (inclusive).
4) Net tangible value (net value minus intangible assets) shall not be less than NTD $4.5 billion.

For information on pledged properties and endorsements/guarantees, refer to Notes 29 and 30.

f. On December 15, 2021, the Company submitted an application to the syndicate banks regarding the contract dated April 30, 2019 for the amendment that the borrowing limit shall be extended to July 30, 2024 from July 30, 2022, and the syndicated banks approved the application on March 1, 2022. The financial ratios and restrictive agreements above are reviewed based on the annual and interim consolidated financial reports certified by CPAs recognized by the bank managing the limits.

g. As of December 31, 2021, the borrowing amount from the syndicated loan was $882,500 thousand, and the times interest earned ratio failed to comply with the requirements above. Therefore, the period from the submission date of the Q2 consolidated financial statements in 2021 to the submission date of the consolidated financial statements for the year ended 2021 shall be the improvement period; during the improvement period, such condition shall not be deemed as a default, and the Company pays service charges calculated at 0.1% of the credit loan’s balances per annum to the managing bank. However, on December 30, 2021, the Company has submitted an application to the syndicated banks for exemption from the requirement regarding the violation of the times interest earned ratio, and the exemption application was approved by the syndicated banks on March 1, 2022.

19. BONDS PAYABLE

	December 31, 2021	December 31, 2020
Secured domestic bonds	$698,283	$999,883
Less: Long-term loans payable - current portion	-	(999,883)
	$698,283	$-

Secured domestic bonds

On April 1, 2016, the Company issued 100 units of $10,000 thousand, 0.95% secured bonds in Taiwan, with an aggregate principal of $1,000,000 thousand, and it has been liquidated on April 1, 2021.

On March 25, 2021, the Company issued 70 units of $10,000 thousand, 0.60% secured bonds in Taiwan, with an aggregate principal of $700,000 thousand.

For information on pledged properties and endorsements/guarantees, refer to Notes 29 and 30.

20. OTHER LIABILITIES

	December 31, 2021	December 31, 2020
Current		
Other payables		
Payables for salaries and bonuses	$215,373	$200,932
Payables for annual leave	53,224	45,537
Payables for purchases of equipment	11,472	7,621
Others	333,681	315,948
	$613,750	$570,038
Other current liabilities		
Temporary receipts	$79,009	$62,484
Advance payment for sale of plant land (Note 12)	164,945	170,466
Others	173,914	58,163
	$417,868	$291,113

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in the Group in accordance with the Labor Standards Act is the defined benefit plan under the management of the government (R.O.C.). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes an amount, which equals to 2% to 15% of each employee' total monthly salary and wage, which is deposited by the Pension Fund Monitoring Committee in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account assessed is inadequate to pay for the retirement benefits for employees who meet the retirement requirements in the following year, the Company will contributes an amount to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plan are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$141,424	$139,331
Fair value of plan assets	(54,332)	(45,263)
Net defined benefit liability	$87,092	$94,068

Movements in net defined benefit liability (asset) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Balance at January 1, 2021	$139,331	($45,263)	$94,068
Service cost			
Current service cost	381	-	381
Interest expense (income)	697	(259)	438
Recognized in profit or loss	1,078	(259)	819
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(507)	(507)
Actuarial (gain) loss - changes in demographic assumptions	3,481	-	3,481
Actuarial (gain) loss - changes in financial assumptions	-	-	-
Actuarial (gain) loss - experience adjustments	2,431	-	2,431
Recognized in other comprehensive income	5,912	(507)	5,405
Contributions from the employer	-	(13,200)	(13,200)
Benefits paid	(4,897)	4,897	-
Balance at December 31, 2021	$141,424	($54,332)	$87,092
Balance at January 1, 2020	$138,071	($35,845)	$102,226
Service cost			
Current service cost	305	-	305
Interest expense (income)	1,035	(274)	761
Recognized in profit or loss	1,340	(274)	1,066
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,315)	(1,315)
Actuarial (gain) loss - changes in demographic assumptions	90	-	90
Actuarial (gain) loss - changes in financial assumptions	3,848	-	3,848
Actuarial (gain) loss - experience adjustments	(2,435)	-	(2,435)
Recognized in other comprehensive income	1,503	(1,315)	188
Contributions from the employer	-	(9,412)	(9,412)
Benefits paid	(1,583)	1,583	-
Balance at December 31, 2020	$139,331	($45,263)	$94,068

Due to the pension plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the Group's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for 2-year time deposits.

2) Interest risk: A decrease in the interest rate will increase the present value of the defined benefit obligation. However, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect the net defined benefit liability.
3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.500%	0.500%
Expected salary increase rate	3.5%	3.5%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	December 31, 2021	December 31, 2020
Discount rate		
0.25% increase	($3,732)	($3,848)
0.25% decrease	$3,881	$4,007
Expected salary increase rate		
0.25% increase	$3,708	$3,827
0.25% decrease	($3,587)	($3,698)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2021	December 31, 2020
Expected contributions to the plan for the following year	$13,200	$13,200
The average duration of the defined benefit obligation	11.2 years	11.2 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	600,000	600,000
Shares authorized	$6,000,000	$6,000,000
Number of shares issued and fully paid (in thousands)	375,208	337,688
Shares issued	$3,752,084	$3,376,884

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

Considering the long-term cooperating relationships with strategic investors, healthy financial structure, and improvement in operating efficacy, the Company passed the resolution for the private offering of ordinary shares at the extraordinary shareholders' meeting on December 16, 2021 to, within the limit of 37,520 thousand shares, authorize the board of directors to organize the private offering of ordinary shares in two batches within one year from the date of the resolution made at the extraordinary shareholders' meeting. The Company approved the communication with particular subscribers at the board meeting on December 22, 2021, and set December 24, 2021 as the base date for the capital increase to issue 37,520 thousand ordinary shares under private offering. The establishment of the price for the ordinary shares under the private offering adopted the following standards for calculation: (a) the calculation of the simple average closing price of the ordinary shares for either the 1, 3, or 5 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; or (b) the calculation of the simple average closing price of the ordinary shares for the 30 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction; with the higher of the two as the reference price, the reference price for the private offering is $44.73 per share; the subscription price payable of $40.26 per share was established based on 90% of the reference price. The capital increase through the private offering of ordinary shares mentioned above was completed on December 24, 2021, and was submitted to Department of Commerce, MOEA, for the alteration registration of capital on January 3, 2022.

b. Capital surplus

	December 31, 2021	December 31, 2020
May be used to offset a deficit, distributed as cash dividends or transferred to share capital		
Issuance of common shares	$1,379,472	$244,117
Conversion of bonds	667,058	667,058
Treasury share transactions	48,234	48,234
Interest payable on bond conversion	13,243	13,243
May be used to offset a deficit only		
Treasury share transactions	71,365	71,365
	$2,179,372	$1,044,017

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations, may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to "Employees' compensation and remuneration of directors and supervisors" in Note 23-g.

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

If undistributed earnings in the previous period are insufficient to set aside the special reserve, the Company shall include income after tax for the current period, plus items other than income after tax, in the undistributed earnings for the current period.

The Company held shareholders' meetings on July 30, 2021 and June 10, 2020, where the deficit compensation for 2020 and 2019 respectively was passed as follows:

	Deficit Compensation	
	2020	**2019**
Legal reserve used to offset accumulated deficits	$154,744	$41,146

d. Special reserves

On the first-time adoption of IFRSs, the Company transferred to retained earnings unrealized revaluation increment and cumulative translation differences in the amounts of $10,968 thousand and $250,296 thousand, respectively. The increase in retained earnings that resulted from all IFRSs adjustments was smaller than the total revaluation and translation differences; therefore, the Company appropriated to the special reserve the amount of $230,859 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

e. Other Equity Items

1) Exchange difference on translating the financial statements of foreign operations

	2021	2020
Balance at January 1	($448,879)	($416,186)
Exchange differences arising on translating the financial statements of foreign operations	(74,987)	(32,693)
Balance at December 31	($523,866)	($448,879)

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

	2021	2020
Balance at January 1	($62,007)	($79,561)
Generated in current period		
Unrealized gain or loss in equity instruments at fair value through other comprehensive income	3,804	(9,483)
Share from associates accounted for using the equity method	(30,209)	27,037
Balance at December 31	($88,412)	($62,007)

f. Non-controlling interests

	2021	2020
Balance at January 1	($8,909)	($9,372)
Attributable to non-controlling interests:		
Loss for the year	(18)	(19)
Exchange differences on translating the financial statements of foreign operations	256	482
Balance at December 31	($8,671)	($8,909)

23. NET PROFIT RELATING TO CONTINUING OPERATIONS

a. Interest income

	2021	2020
Bank deposits	$27,064	$31,651
Others	936	1,462
	$28,000	$33,113

b. Other income

	2021	2020
Government subsidies (Note 26)	$-	$114,432
Others	88,319	136,164
	$88,319	$250,596

c. Other gains and losses

	2021	2020
Net foreign exchange losses	($18,425)	($39,146)
Loss on disposal of property, plant and equipment	(3,279)	(2,637)
Loss on disposal of intangible assets	(8)	(194)
Gain on disposal of investment	795	10,274
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily at FVTPL	-	3
Others	(5,579)	(5,658)
	($26,496)	($37,358)

d. Depreciation and amortization

	2021	2020
Property, plant and equipment	$260,211	$292,762
Right-of-use assets	25,574	15,416
Computer Software	13,380	12,595
	$299,165	$320,773

An analysis of depreciation by function		
Operating costs	$138,095	$148,970
Operating expenses	147,690	159,208
	$285,785	$308,178

An analysis of amortization expense by function		
Operating costs	$3,834	$3,357
Operating expenses	9,546	9,238
	$13,380	$12,595

e. Finance costs

	2021	2020
Bank loans interest	$31,104	$11,726
Bonds payable interest	6,022	9,978
Lease liabilities interest	1,684	813
Interest on the disposal of trade receivables	1,487	-
	$40,297	$22,517

f. Employee benefits expense

	2021	2020
Short-term employee benefits	$2,369,132	$2,007,711
Post-employment benefits (Note 21)		
Defined contribution plans	22,232	21,613
Defined benefit plans	819	1,066
Total employee benefits expense	$2,392,183	$2,030,390
An analysis of employee benefits expense by function		
Operating costs	$1,483,306	$1,195,096
Operating expenses	908,877	835,294
	$2,392,183	$2,030,390

g. Employees' compensation and remuneration to directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the years ended December 31, 2021 and 2020, due to operating loss, the Company did not appropriate an amount for employees' compensation and remuneration to directors.

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

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

h. Gain or loss on foreign currency exchange

	2021	2020
Foreign exchange gains	$42,273	$21,751
Foreign exchange losses	(60,698)	(60,897)
Net loss	($18,425)	($39,146)

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	2021	2020
Current income tax		
Generated in the year	$19,823	$31,862
Generated in the previous period	1,135	(14,999)
	20,958	16,863

	2021	2020
Deferred income tax		
Generated in the year	(6,290)	(15,692)
Total income tax expense recognized in profit or loss	$14,668	$1,171

A reconciliation of accounting profit and income tax expense is as follows:

	2021	2020
Loss before income tax	($297,950)	($153,442)
Loss before income tax expense at statutory tax rate	$19,823	$31,862
Current tax expenses (gains) from prior years	1,135	(14,999)
Current income tax	20,958	16,863
Deferred income tax		
Temporary differences	(6,290)	(15,692)
Total income tax expense recognized in profit or loss	$14,668	$1,171

b. Income tax recognized in other comprehensive income

	2021	2020
Deferred tax		
Generated in the current year		
Actuarial gains and losses on defined benefit plan	($1,081)	($38)
Income tax recognized in other comprehensive income	($1,081)	($38)

c. Current income tax liabilities

	December 31, 2021	December 31, 2020
Current income tax liabilities		
Income tax payable	$23,612	$19,558

d. Deferred tax assets and liabilities

The changes of deferred tax assets and deferred tax liabilities are as follows:

2021

	Balance at the beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of year
Deferred tax asset				
Temporary differences				
Unrealized inventory valuation losses	$3,820	$90	$-	$3,910
Unrealized gross profit	16,380	(510)	-	15,870
Unrealized pension expenses	14,190	2,480	-	16,670
Unrealized loss carry forwards	5,196	(5,180)	-	16
Others	17,457	(1,890)	1,081	16,648
	$57,043	($5,010)	$1,081	$53,114
Deferred tax liabilities				
Temporary differences				
Unrealized gain on investments	$67,820	($11,300)	$-	$56,520

2020

Deferred tax asset	Balance at the beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of year
Temporary differences				
Unrealized inventory valuation losses	$3,310	$510	$-	$3,820
Unrealized bad debt losses	1,770	(1,770)	-	-
Unrealized gross profit	8,850	7,530	-	16,380
Unrealized pension expenses	12,520	1,670	-	14,190
Unrealized loss carry forwards	5,196	-	-	5,196
Others	21,679	(4,260)	38	17,457
	$53,325	$3,680	$38	$57,043
Deferred tax liabilities				
Temporary differences				
Unrealized gain on investments	$79,832	($12,012)	$-	$67,820

e. Unused loss carryforwards in income tax assets that were not recognized in the consolidated balance sheets

	December 31, 2021	December 31, 2020
Loss carryforwards	$864,301	$737,589

f. Income tax assessments

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

25. LOSS PER SHARE

	2021	2020
Basic loss per share	($0.92)	($0.46)

Loss for the year

	2021	2020
Loss used in the computation of basic loss per share	($312,600)	($154,594)

Number of Shares

	2021	2020
Weighted average number of ordinary shares used in computation of basic loss per share	338,511	337,688

26. GOVERNMENT GRANTS

PHC and PHP received government grants of $6,820 thousand for technological transformation as well as the installation of additional automated equipment and energy-saving equipment in 2020. Such amounts have been deducted from the carrying amounts of the relevant assets while transferred and recognized in profit or loss within the useful lives of the assets by reducing the depreciation expenses. In 2020, the depreciation expenses fell by $1,532 thousand.

The Group's salary and working capital subsidy application was approved by the Industrial Development Bureau, Ministry of Economic Affairs (MOEA) in 2020, and it was estimated that a total of $84,855 thousand for the subsidy would be obtained and accounted for in "Other income." As of December 31, 2021, the grants were fully received. Please refer to Note 23.

PHA obtained a relief loan of $29,577 thousand (USD1,036 thousand) under the U.S. Government's Paycheck Protection Program in April 2020, and was approved to be exempted from repayment in November 2020, and the entire amount was transferred under "Other income."

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$-	$-	$-	$-

(Continued)

(Continued from previous page)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
- Domestic unlisted equity	$-	$-	$87,226	$87,226

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$43,600	$-	$-	$43,600
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
- Domestic unlisted equity	$-	$-	$65,828	$65,828

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Conciliation of Financial Instruments Measures at Level 3 Fair Value

2021

	Financial assets at FVTOCI
Financial assets	
Balance at January 1	$65,828
Recognized in other comprehensive income (Unrealized gain [loss] on financial assets at FVTOCI)	3,804
Additions	18,000
Disposals	(406)
Balance at December 31	$87,226

2020

	Financial assets at FVTOCI
Financial assets	
Balance at January 1	$57,311
Recognized in other comprehensive income (Unrealized gain [loss] on financial assets at FVTOCI)	(9,483)
Additions	18,000
Balance at December 31	$65,828

b. Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
FVTPL		
Mandatorily at FVTPL	$-	$43,600
Financial assets at amortized cost (Note 1)	6,127,348	4,650,814
Financial assets at FVTOCI		
Investments in equity instruments at FVTOCI	87,226	65,828
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	7,144,959	5,124,780

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivables, trade receivables, other receivables, and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, trade payables, trade payables to related parties, other payables, bonds payable, long-term borrowings and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, financial assets at amortized cost, investment in equity instruments, notes receivables, trade receivables, other receivables, refundable deposits/guarantee deposits received, short-term borrowings, trade payables, trade payables to related parties, other payables, long-term borrowings, bonds payable and lease liabilities. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group believed that its foreign currency assets and liabilities were not significantly exposed to foreign currency risk; thus, after assessing its balance of foreign currency assets and liabilities, it did not hedge the risk and did not adopt hedge accounting.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the USD, CNY, and VND.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis is for a 1% change in foreign currency rates and included only outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates a decrease in pre-tax profit (loss) when New Taiwan dollars strengthen by 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss) and the balances below would be negative.

	2021	**2020**
USD	($2,880)	$3,579
CNY	36	37
VND	2,657	190

b) Interest rate risk

The Group was exposed to fair value interest rate risk and cash flow interest rate risk from long-term, short term borrowings, bonds payable, and lease liabilities at both fixed and floating interest rates.

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

	December 31, 2021	**December 31, 2020**
Fair value interest rate risk		
Financial liabilities	$997,817	$1,191,214
Cash flow interest rate risk		
Financial liabilities	2,307,536	454,121

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of customers in view of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

3) Liquidity risk

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

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

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

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

December 31, 2021

	On Demand or Less than 1 Year	1 to 3 years	Over 3 years	Total
Non-derivative financial liabilities				
Non-interest bearing	$3,875,552	$-	$-	$3,875,552
Lease liabilities	20,547	24,614	90	45,251
Variable interest rate instrument	1,541,428	595,141	170,967	2,307,536
Fixed interest rate instrument	254,283	-	698,283	952,566
	$5,691,810	$619,755	$869,340	$7,180,905

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	$20,547	$24,704	$-

December 31, 2020

	On Demand or Less than 1 Year	1 to 3 years	Over 3 years	Total
Non-derivative financial liabilities				
Non-interest bearing	$3,499,267	$-	$-	$3,499,267
Lease liabilities	7,786	10,769	1,896	20,451
Variable interest rate instrument	150,177	303,944	-	454,121
Fixed interest rate instrument	1,170,763	-	-	1,170,763
	$4,827,993	$314,713	$1,896	$5,144,602

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	$7,786	$12,665	$-

b) Financing facilities

	December 31, 2021	December 31, 2020
Unsecured bank facilities:		
Amount used	$1,943,174	$570,528
Amount unused	1,357,046	2,332,692
	$3,300,220	$2,903,220
Secured bank facilities:		
Amount used	$640,436	$56,832
Amount unused	1,210,532	911,405
	$1,850,968	$968,237

29. RELATED-PARTY TRANSACTIONS

a. The Group's related parties and relationship

Related Party	Relationship with the Group
Heng Hui Co., Ltd.	Other related parties
Dongguan Song Xiang Metal Products Co., Ltd.	Other related parties
Hua Jung Co., Ltd.	Other related parties
Spring City Resort Co., Ltd.	Associates
Peter Lin	Phihong's chairman
Chien, Shu-Nu	Spouse of Phihong's chairman

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

b. Purchase of goods

Category of related parties	2021	2020
Other related parties	$169,044	$141,596

The purchase price of the Group from the above-mentioned related parties is based on factors such as product type, cost, market price, and market competition, and is not significantly different from that of ordinary manufacturers.

c. Receivables from related parties

Category of related parties	December 31, 2021	December 31, 2020
Other related parties	$61,122	$82,497

d. Property transactions

Phihong purchased other equipment from related parties at $550 thousand in August 2021.

e. Compensation of key management personnel

The types and amounts of the remuneration of directors and other members of key management personnel were as follows:

	2021	2020
Short-term employee benefits	$38,665	$31,147
Post-employment benefits	432	432
	$39,097	$31,579

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

f. Other transactions with related parties

The Company’s chairman had provided guarantee for bonds payable and short-term borrowings and long-term borrowings of the Group. As of December 31, 2021 and 2020, the amounts of the borrowings were $2,822,861 thousand and $1,454,004 thousand, respectively.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group have been provided as collateral for the project performance bond, bank loan, and domestic secured corporate bonds:

	December 31, 2021	December 31, 2020
Financial assets at amortized cost - non-current (Note 9)	$20,458	$37,100
Freehold land	463,345	185,202
Right-of-use assets - land use right	35,966	15,499
Buildings	458,358	436,406
	$978,127	$674,207

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group’s unrecognized commitments were as follows:

	December 31, 2021	December 31, 2020
Payments for property, plant and equipment		
Signed amount	$1,187,289	$627,710
Unpaid amount	433,621	464,866

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

The board of directors of the Company approved the resolution of the capital increase in cash for Phihong Vietnam Co., Ltd. at the meeting on January 20, 2022, and the amount was USD15,000 thousand, with a shareholding of 100%. As of December 31, 2021, the Company has invested $1,448,623 thousand (or USD50,000 thousand).

To improve our competition strength and operating performances, the board of directors approved the resolution at the meeting on March 10, 2022 to separate the operations (including assets, liabilities, and businesses) related to the EV energy business group by way of split and transfer under the Business Mergers and Acquisitions Act, and the base date for the split is temporarily set at September 1, 2022.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Groups' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies, and the related exchange rates between foreign currencies and respective functional currencies, are as follows:

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$77,516	27.66000	$2,144,098
CNY	828	4.33984	3,595
VND	231,784,803	0.00121	280,460
Financial liabilities			
Monetary items			
USD	87,929	27.66000	2,432,104
VND	12,215,432	0.00121	14,781

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$78,435	28.48000	$2,233,832
CNY	855	4.35974	3,730
VND	47,432,187	0.00123	58,342
Financial liabilities			
Monetary items			
USD	65,868	28.48000	1,875,919
VND	32,010,796	0.00123	39,373

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)
2) Endorsements/guarantees provided. (Table 2)
3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 3)
4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 4)
5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)
6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)
7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)
8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 6)
9) Trading in derivative instruments. (None)
10) Intercompany relationships and significant intercompany transactions. (Table 7)
11) Information on investees. (Table 8)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 10)
    a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    c) The amount of property transactions and the amount of the resultant gains or losses.
    d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

c. Information of major shareholders: the names of shareholders with a shareholding ratio of 5% or more, their shareholding amount, and their proportional shareholdings. (Table 11)

35. SEGMENT INFORMATION

a. Basic Information of Operation Segments

1) Classification of operating segments

The segments of the Group to be reported are as follows:

Power Supply Products Segment: Mainly responsible for the R&D, design, manufacturing, sales, and after-sales service of power supply products.

2) Principles for measuring profit and loss, assets, and liabilities of the operating segment

The accounting policies of each operating segment are the same as the important accounting policies described in Note 4. The profit and loss, assets, and liabilities of the operating segment of the Group are measured by the operating profit and loss that can be controlled by the segment manager, and are used as the basis for management performance evaluations.

b. Segment revenues and results

The Group's revenues and operating results of the segments reported for 2021 and 2020 are as follows:

	Power Supply	Others	Total
2021			
Revenues from external customers	$12,276,351	$7,690	$12,284,041
Segment losses	($331,467)	($7,857)	($339,324)
Interest income			28,000
Other income			88,319
Other gains and losses			(26,496)
Finance costs			(40,297)
Share of loss of associates			(8,152)
Loss before income tax			($297,950)
2020			
Revenues from external customers	$9,236,707	$6,911	$9,243,618
Segment losses	($372,245)	($386)	($372,631)
Interest income			33,113
Other income			250,596
Other gains and losses			(37,358)
Finance costs			(22,517)
Share of loss of associates			(4,645)
Loss before income tax			($153,442)

c. Segment assets and liabilities

	December 31, 2021	December 31, 2020
Power supply segment assets	$13,382,178	$9,701,757
Other assets	230,482	660,914
Total assets	$13,612,660	$10,362,671
Power supply segment assets	$7,720,061	$5,561,974
Other liabilities	55,241	55,816
Total liabilities	$7,775,302	$5,617,790

d. Revenue from major products and services

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

	2021	2020
Power supply segment assets	$12,276,351	$9,236,707
Others	7,690	6,911
	$12,284,041	$9,243,618

e. Region-specific information

The Group operates in three major geographical regions: Asia, the Americas, and Europe.

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

	Revenues from external customers		Non-current assets	
	2021	2020	December 31, 2021	December 31, 2020
Asia	$10,435,398	$6,399,200	$3,552,628	$2,935,210
Americas	980,923	1,827,046	108,565	117,190
Europe	800,649	984,836	-	-
Others	67,071	32,536	-	-
	$12,284,041	$9,243,618	$3,661,193	$3,052,400

f. Information on major customers

Of the sales revenue of $12,284,041 thousand and $9,243,618 thousand in 2021 and 2020, respectively, $7,659,554 thousand and $4,943,605 thousand were derived from the sales to the Group's major customers, respectively.

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

	2021	2020
Customer A	$2,624,333	$1,399,454
Customer B	2,577,949	1,678,975
Customer C	2,457,272	1,865,176
	$7,659,554	$4,943,605

There were no other single customers contributing 10% or more to the Group’s total revenue for both 2021 and 2020.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Balance at December 31	Actual Borrowing Amount	Interest rate range	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
1	PHC	PHP	Other receivables from related parties	Yes	$433,984 RMB100,000,000	$433,984 RMB100,000,000	$230,012	4.35%	2	$-	Capital movement	$-	-	$-	$2,262,480	$2,262,480	
2	PHZ	PHP	Other receivables from related parties	Yes	1,193,456 RMB275,000,000	1,193,456 RMB275,000,000	1,193,456	4.35%~ 4.75%	2	-	Capital movement	-	-	-	1,862,149	1,862,149	
1	PHC	PHE	Other receivables from related parties	Yes	43,398 RMB10,000,000	43,398 RMB10,000,000	43,398	4.90%	2	-	Capital movement	-	-	-	2,262,480	2,262,480	

Note 1: The parent company and its subsidiaries are coded as follows:

a. The parent company is coded “0.”

b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Reasons for financing are as follows:

a. Business relationship

b. The need for short-term financing

Note 3: According to the Company’s policy, the aggregated financing amounts provided to others shall not exceed 40% of its net worth, which is based on the latest audited or reviewed parent-company-only financial statements. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follow:

a. Business relationship: Each of the financing amounts shall not exceed the higher amount of the total purchases from or sales to a borrower in the most recent year or in the current year.

b. The need for short-term financing: Each of the financing amounts shall not exceed 20% of the Company’s net worth, which is based on the latest audited or reviewed parent-company-only financial statements.

Note 4: According to the operating procedures for loans to others of the subsidiary of the Group, the aggregate amount of loans provided to others between subsidiaries shall not exceed 150% of its net worth based on the latest financial statements of the subsidiary.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Endorser/Guarantor Name	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3)	Maximum Amount Endorsed/Guaranteed During the Period	Ending Balance Amount Endorsed/Guaranteed During the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Limit on Endorsement/ Guarantee (Note 2 and Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Phihong	PHA	Subsidiary of the Company	$1,753,808	$138,300 USD5,000,000	$-	$-	$-	-	$2,923,014	Y	N	N	

Note 1: The parent company and its subsidiaries are coded as follows:

a. The parent company is coded "0."

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

Note 2: According to the Company's procedures for the Management of Endorsements and Guarantees, the aggregate amount of endorsements/guarantees provided by the Company shall not exceed 50% of endorser/guarantor's net worth. Additionally, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 30% of the Company's net worth. The net worth is based on the Company's latest parent-company-only financial statements.

Note 3: In accordance with the operating procedures of the Group's subsidiaries, the total amount of endorsements between subsidiaries shall not exceed the net value of the most recent financial statement.

Note 4: On August 4, 2021, the board of directors approved that the Company's endorsements/guarantees amount to its subsidiary PHA is USD5 million. In November 2021, the endorsement/guarantee was canceled, and the promissory note was retrieved.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying amount	Percentage of Ownership (%)	Fair value	
Phihong	Ordinary shares							
	Pao- Dian Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	229,980	$3,366	10.49	$3,366	
	Zhong-Xuan Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	2,758,621	24,067	8.62	24,067	
	BMC Venture Capital Investment Corporation	None	Financial assets at FVTOCI - non-current	5,400,000	54,798	9.84	54,798	
Guang-Lai	Ordinary shares							
	Taiwan Cultural & Creativity No. 1 Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,000,000	4,995	10.83	4,995	

Note 1: The marketable securities stated here is related to shares, debentures and beneficiary certificates and the derivative products caused by those of “IFRS 9 Financial Instruments.”

Note 2: For information on the investments in subsidiaries and associates, refer to Tables 8 and 9.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Related Party (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				December 31, 2021	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
PHZ	ICBC's capital-guaranteed and floating-income wealth management products	Financial assets at FVTPL - current	Industrial and Commercial Bank of China	None	10,000,000	$430,600 RMB10,000,000	70,000,000	$303,997	80,000,000	$347,361	$346,566	$795	-	$-

Note 1: The marketable securities stated here include shares, debentures and beneficiary certificates and the derivative products caused by those.

Note 2: Investors whose marketable securities accounted for using the equity method are required to be disclosed.

Note 3: The marketable securities acquired and disposed of shall be calculated separately at market value in order to determine whether the amount reaches $300 million or 20% of the paid-in capital.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Phihong	PHA	Subsidiary of the Company	Sale	($3,412,197)	(35.64)	To be agreed by both parties	-	-	$370,659	25.27	
Phihong	PHJ	Subsidiary of the Company	Sale	(208,970)	(2.18)	To be agreed by both parties	-	-	20,597	1.40	
Phihong	PHC	Subsidiary of the Company	Purchase	6,790,920	78.98	To be agreed by both parties	-	-	-	-	
Phihong	PHP	Subsidiary of the Company	Purchase	242,182	2.82	To be agreed by both parties	-	-	-	-	
Phihong	PHV	Subsidiary of the Company	Purchase	1,564,046	18.19	To be agreed by both parties	-	-	-	-	

TABLE 6

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Phihong	PHA	Subsidiary of the Company	Trade receivables $370,659	9.80	$-	-	$350,569	$-
Phihong	PHC	Subsidiary of the Company	Other receivables 605,588	-	-	-	369,833	-
Phihong	PHV	Subsidiary of the Company	Other receivables 355,120	-	-	-	176,175	-
PHC	PHP	Sister company	Other receivables 243,900	-	-	-	243,900	-
PHZ	PHP	Sister company	Other receivables 1,193,859	-	-	-	-	-

TABLE 7

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Transaction Details	% to Total Sales or Assets (Note 3)
0	Phihong	PHA	1	Sale	$3,412,197	To be agreed by both parties	28%
0	Phihong	PHJ	1	Sale	208,970	To be agreed by both parties	2%
0	Phihong	PHC	1	Purchase	6,790,920	No significant difference	55%
0	Phihong	PHP	1	Purchase	242,182	No significant difference	2%
0	Phihong	PHV	1	Purchase	1,564,046	No significant difference	13%
0	Phihong	PHA	1	Trade receivables	370,659	-	3%
0	Phihong	PHC	1	Other receivables	605,588	-	4%
0	Phihong	PHV	1	Other receivables	355,120	-	3%
1	PHC	PHP	3	Other receivables	243,900	-	2%
2	PHZ	PHP	3	Other receivables	1,193,859	-	9%

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

a. The parent company is coded “0.”

b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Nature of relationship is as follows:

a. Parent company to subsidiary

b. Subsidiary to parent company

c. Between subsidiaries

Note 3: Regarding the transaction amount as a percentage of the total consolidated revenue or assets, if it is recognized in the balance sheet account, it is shown with the ending balance as a percentage of the total consolidated assets; if it is in the profit or loss account, it is shown with the cumulative amount throughout the period as a percentage of the total consolidated revenue.

TABLE 8

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

Investor	Investee Company	Location	Main Businesses and Product	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying amount			
Phihong	PHI	British Virgin Islands	Makes investments	$3,448,270	$3,448,270	111,061,351	100.00	$2,961,499	($166,893)	($161,409)	
	PHA	California, USA	Sells various power supplies	207,203	207,203	3,100,000	100.00	936,520	40,009	40,009	
	PHK	British Virgin Islands	Makes investments	314,956	314,956	10,200,000	100.00	(393,788)	(149,709)	(150,551)	
	PHQ	British Virgin Islands	Makes investments	352,043	352,043	12,012,600	100.00	58,568	(9,938)	(10,599)	
	Guang-Lai	Taiwan	Makes investments	139,758	139,758	13,975,828	100.00	107,445	(6,219)	(6,219)	
	H&P Venture Capital Co., Ltd.	Taiwan	Makes investments	13,738	13,738	1,373,801	32.26	16,500	(6,147)	(2,014)	
	PHJ	Japan	Sells power components	137,436 JPY150,000,000	137,436 JPY150,000,000	3,000	100.00	71,303	(1,242)	(1,242)	
	PHV	Vietnam	Manufactures and sells various power supplies	1,448,623	607,193	50,000,000	100.00	1,260,679	1,847	1,647	
PHI	N-Lighten	California, USA	Makes investments	409,851	409,851	110,834,223	58.45	(23,280)	(82)	(48)	PHI. and Guang-Lai holds 78.23%
Guang-Lai	Spring City Resort Co., Ltd.	Taiwan	Hotel and restaurant	190,000	190,000	2,837,343	25.33	2,330	(37,621)	(9,561)	
	Han-Yu Venture Capital Co., Ltd.	Taiwan	Makes investments	100,000	100,000	10,000,000	22.22	92,496	15,405	3,423	
	N-Lighten	California, USA	Makes investments	206,084	206,084	37,498,870	19.78	(7,878)	(82)	(16)	PHI and Guang-Lai holds 78.23%

Note 1: Information on investees in mainland China, refer to Table 9.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Product	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
PHC	Manufactures and sells various power supplies	$1,988,018 HKD495,450,000	Indirect investment in mainland China through PHI	$1,677,679 HKD419,000,000	$-	$-	$1,677,679 HKD419,000,000	($191,041)	100.00	($191,041)	$1,508,320	$-	
Phitek (Tianjin) Electronics Co., Ltd.	Manufactures and sells various power supplies	-	Indirect investment in mainland China through PHI	25,327 USD255,127	-	-	25,327 USD255,127	-	-	-	-	-	Note 1
PHZ	Manufactures and sells various power supplies	1,097,139 USD31,960,000	Indirect investment in mainland China through PHI	1,343,033 USD40,600,000	-	-	1,343,033 USD40,600,000	35,343	100.00	35,343	1,241,433	-	
Yanghong Trade (Shanghai) Co., Ltd.	Sells various lighting and power supplies	26,291 USD880,000	Indirect investment in mainland China through PHI	63,934 USD2,865,000	-	-	63,934 USD2,865,000	(4,544)	100.00	(4,544)	8,084	-	
PHP	Manufactures and sells various power supplies	362,042 USD11,500,000	Indirect investment in mainland China through PHK	315,258 USD10,000,000	-	-	315,258 USD10,000,000	(149,525)	100.00	(149,525)	(394,476)	-	
PHSY	Manufactures and sells electronic materials	39,678 HKD9,000,000	Indirect investment in mainland China through PHQ	39,678 HKD9,000,000	-	-	39,678 HKD9,000,000	6,150	100.00	6,150	61,271	-	
PHE	Manufactures and sells electronic materials	360,124 USD11,500,000	Indirect investment in mainland China through PHQ	360,124 USD11,500,000	-	-	360,124 USD11,500,000	(16,003)	100.00	(16,003)	(3,388)	-	
N-Lighten (Shanghai) Trading Inc.	Develops, manufactures and sells various equipment and monitors	-	Indirect investment in mainland China through N-Lighten	387,406 USD12,366,400	-	-	387,406 USD12,366,400	-	-	-	-	-	Note 2

Note 1: Phitek (Tianjin) Electronics Co., Ltd. was put into liquidation on March 24, 2017.

Note 2: N-Lighten (Shanghai) Trading Inc. was put into liquidation on June 18, 2015.

Note 3: The amount was recognized based on audited financial statements.

Note 4: The foreign currencies in this table are converted into New Taiwan dollars using exchange rates of the investment date, except for income and expense items which are translated at the average exchange rates for the period.

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$4,212,439	$4,816,767	Note 1

Note 1: In accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" passed on June 18, 2021, the Company has acquired the Business Operation Headquarter Certificate issued by the Industrial Development Bureau of the Ministry of Economic Affairs, which exempts the Company from the limitation of the amount of investment in mainland China.

TABLE 10

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transaction	Amount	%		
PHC	Purchase	$6,790,920	78.98%	To be agreed by both parties	To be agreed by both parties	-	$-	-	$-	
PHP	Purchase	242,182	2.82%	To be agreed by both parties	To be agreed by both parties	-	-	-	-	

TABLE 11

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDER
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Peter Lin	51,703,063	15.31%

Note 1: The information on major shareholders in this table is based on the last business day at the end of the quarter, including the data of the shareholders holding more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to the difference of calculation basis.