Stock Code: 8215

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

Address: No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333403, Taiwan (R.O.C.)

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Statement of Declaration

The entities that are required to be included in the combined financial statements of BenQ Materials Corporation and subsidiaries as of and for the year ended December 31, 2021 under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the Consolidated Financial Statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the Consolidated Financial Statements. Consequently, BenQ Materials Corporation and subsidiaries do not prepare a separate set of combined financial statements.

Hereby certify

Company Name: BenQ Materials Corporation

Chairman: Chen Chien-Chih

Date: February 24, 2022

Independent Auditor's Report

To: The Board of Directors of BenQ Materials Corporation

Opinions on the audit

We have audited the Consolidated Balance Sheets of BenQ Materials Corporation and its subsidiaries (the BenQ Corporation) as of December 31, 2021 and 2020, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2021 and 2020.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of BenQ Materials Corporation and subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and cash flows for the annual periods ended December 31, 2021 and 2020 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis of opinions on the audit

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "The Accountants' Responsibilities in Auditing the Consolidated Financial Statements." We have stayed independent from BenQ Materials Corporation as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 Consolidated Financial Statements of BenQ Materials Corporation and its subsidiaries. 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 accountant's judgment should communicate the key audit matters on the audit report as follows:

1. Inventory Valuation

For the accounting policies of inventories, please refer to Note 4 [8] of the Consolidated Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 of the Consolidated Financial Statements; For the description of important accounting items in inventories, please refer to Note 6 [6] of the Consolidated Financial Statements.

Description:

Inventories of BenQ Materials Corporation are mainly film sheet products. Inventory is measured by the lower of cost and NRV. As BenQ Materials Corporation's inventory is easily affected by the market demand of the products used and the yield rate of the production process, resulting in sluggish or falling prices, inventory evaluation is one of the important evaluation items for the accountants to perform the review of the Consolidated Financial Statements.

Our audit procedures performed in respect of the above area included the following:

The accountant's main audit procedures for the above key verification items include reviewing the inventory age report and analyzing the changes in the inventory age in each period; sampling and testing the inventory cost and net realizable value provided by BenQ Materials Corporation, as well as the inventory age report, reviewing the management and sales meeting to evaluate the situation of inventory depletion; evaluating whether the assessment of inventory has been handled in accordance with the accounting policies established by BenQ Materials Corporation; performing inventory retrospective testing to verify the rationality of the provision of bad debt losses.

Other Matters

BenQ Materials Corporation has also compiled Individual Financial Statements for 2021 and 2020, and they have also received an unqualified audit opinion from our CPA for your reference.

The Management's Responsibility and Governing Body of the Consolidated Financial Statements

It is the management's responsibility to fairly present the Consolidated Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as 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, and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing for the Consolidated Financial Statement, responsibilities of the management also included assessment of the capacity to continue operation, disclosure of related matters and the accounting approaches to be adopted when the Company continues to operate unless the management intends to liquidate or suspend the business of BenQ Materials Corporation if there was not any other option except liquidation or suspension of the Company's business.

The governing bodies of BenQ Materials Corporation and its subsidiaries (including the Audit Committee or the supervisors) have the responsibility to oversee the process by which the financial statements are prepared.

The Accountants' Responsibilities in Auditing the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the Consolidated Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. "Reasonable assurance" refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the generally accepted auditing standards, does not guarantee that a material misstatement(s) will be detected in the Consolidated Financial Statements. Misstatements can arise from fraud or error. Misstatements 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.

We have utilized our professional judgment and maintained professional skepticism when exercising auditing work in accordance with the generally accepted auditing standards. We also:

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit report. The risk of not detecting a significant 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. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of BenQ Materials Corporation to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Consolidated Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the Consolidated Financial Statements (including the related notes), and determined whether the Consolidated Financial Statements present related transactions and events fairly.
6. Acquired sufficient and appropriate audit evidence regarding financial information of entities within the Group in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on BenQ Materials Corporation.

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 provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the Consolidated Financial Statements of BenQ Materials Corporation of 2021. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

Accountant:

Approved audit number: FSC (6) No. 0940100754
FSC (6) No. 0950103298

February 24, 2022

Notice to Readers

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.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2021 and 2020
Unit: NT$ thousand

Code	Assets	Dec. 31, 2021 Amount	%	Dec. 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6 [1])	$ 278,127	2	148,243	1
1110	Financial Assets at Fair Value through Profit or Loss - Current (Note 6 [2])	5,908	-	18,258	-
1120	Financial assets at fair value through other comprehensive income - Current (Note 6 [3])	55,490	-	57,809	-
1170	Notes and accounts receivable, net (Note 6 [4], [22])	2,252,030	18	1,396,423	13
1180	Notes and accounts receivable - related parties net amount (Note 6 [4], [22] and 7)	610,135	5	954,445	9
1200	Other receivables (Note 6 [4], [5])	184,842	2	221,153	2
1210	Other receivables - related parties (Note 6 [5] and 7)	20	-	55	-
1310	Inventories, net (Note 6 [6])	2,807,868	23	2,404,889	22
1479	Other current assets	268,911	2	334,982	3
1476	Other financial assets - current (Note 8)	87,084	1	15,836	-
1461	Non-current assets held for sale (Note 6 [7] and 11)	163,909	1	-	-
	Total current assets	6,714,324	54	5,552,093	50
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 [3])	9,187	-	1,500	-
1550	Investments accounted for using equity method (Note 6 [8])	221,918	2	196,876	2
1600	Real estate, plant, and equipment (Notes 6 [10], 7, and 8)	4,493,229	36	4,349,216	39
1755	Right-of-use asset (Notes 6 [11])	190,290	2	221,590	2
1760	Net investment property (Note 6 [12])	431,072	3	457,097	4
1780	Intangible assets (Note 6 [13] and 7)	165,773	1	34,254	-
1840	Deferred tax assets (Note 6 [19])	183,535	1	174,259	2
1920	Guarantee deposits paid	28,974	-	13,930	-
1995	Other non-current assets (Note 6 [18])	71,626	1	58,636	1
	Total non-current assets	5,795,604	46	5,507,358	50
	Total assets	**$ 12,509,928**	**100**	**11,059,451**	**100**

Code	Liabilities and Equity	Dec. 31, 2021 Amount	%	Dec. 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6 [14])	$ 586,849	5	150,000	1
2120	Financial assets at fair value through profit or loss - current (Note 6 [2])	9,361	-	5,838	-
2170	Accounts payable	3,141,185	25	3,421,461	31
2180	Accounts payable - related parties (Note 7)	48,436	-	29,766	-
2200	Other payables (Note 6 [23])	1,668,190	13	1,183,091	11
2220	Other payables - related parties (Note 7)	24,108	-	16,218	-
2320	Long-term borrowings due within one year (Note 6 [15] and 8)	1,666	-	-	-
2281	Lease liabilities - current (Note 6 [16])	7,871	-	2,626	-
2282	Lease liabilities - related parties - current (Note 6 [16] and 7)	91,779	1	82,289	1
2399	Other current liabilities (Note 11)	215,073	2	79,570	1
	Total current liabilities	5,794,518	46	4,970,859	45
	Non-current liabilities:				
2540	Long-term borrowings (Note 6 [15] and 8)	1,305,028	11	1,614,624	15
2570	Deferred tax liabilities (Note 6 [19])	144,735	1	7,018	-
2581	Lease liabilities - non-current (Note 6 [16])	52,383	-	5,745	-
2582	Lease liabilities - related parties - non-current (Note 6 [16] and 7)	-	-	91,779	1
2600	Other non-current liabilities (Note 6 [15], [18])	56,661	1	46,651	-
	Total non-current liabilities	1,558,807	13	1,765,817	16
	Total liabilities	7,353,325	59	6,736,676	61
	Equity (Note 6 [20]):				
3110	Common stock	3,206,745	26	3,206,745	29
3200	Capital reserve	5,808	-	11,427	-
	Retained earnings				
3310	Legal reserve	317,262	2	277,665	3
3320	Special reserve	83,534	1	33,896	-
3350	Balance of retained earnings	1,533,290	12	876,576	8
3400	Other equity	(103,309)	(1)	(83,534)	(1)
	Total equity attributable to the owners of parent company	5,043,330	40	4,322,775	39
36XX	Non-controlling interests (Note 6 [9], [20])	113,273	1	-	-
	Total equity	5,156,603	41	4,322,775	39
	Total liabilities and equity	**$ 12,509,928**	**100**	**11,059,451**	**100**

(See the attached notes to Consolidated Financial Statements)

Chairman: Chen Chien-Chih **General Manager: Liu Chia-Jui** **Accounting Manager: Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

Code	Item		2021 Amount	2021 %	2020 Amount	2020 %
4000	**Net sales revenue (Notes 6 [17], [22], 7, and 14]**	$	16,481,686	100	15,049,948	100
5000	**Operating costs (Notes 6 [6], [10], [11], [12], [13], [17], [18], [23], 7, and 12)**		(13,425,149)	(81)	(12,776,414)	(85)
	Gross operating profit		3,056,537	19	2,273,534	15
	Operating expenses (Notes 6 [4], [10], [11], [13], [16], [18], [23], 7, and 12):					
6100	Selling expenses		(1,050,132)	(6)	(869,894)	(6)
6200	General and administrative expenses		(269,767)	(2)	(216,498)	(1)
6300	Research and development expenses		(759,320)	(5)	(639,769)	(4)
			(2,079,219)	(13)	(1,726,161)	(11)
	Net Operating Income		977,318	6	547,373	4
	Non-operating income and expenses (Notes 6 [8], [9], [15], [16], [24] and 7):					
7100	Interest revenue		1,170	-	975	-
7010	Other income		19,298	-	14,762	-
7020	Other gains or losses		180,995	1	(2,449)	-
7050	Financial costs		(42,068)	-	(61,392)	(1)
7370	Shares of profits (losses) of associates accounted for using the equity method		71,259	-	10,510	-
			230,654	1	(37,594)	(1)
	Income before income tax		1,207,972	7	509,779	3
7950	**Less: Income tax expense (Note 6 [19])**		(238,445)	(1)	(113,806)	-
	Net profit		969,527	6	395,973	3
	Other comprehensive income (loss):					
8310	**Items that will not be reclassified to profit or loss (Notes 6 [18], [20])**					
8311	Remeasurement of defined benefit plans		(6,932)	-	(2,134)	-
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income		(3,453)	-	(43,423)	(1)
8349	Income tax related to items that will not be reclassified		-	-	-	-
			(10,385)	-	(45,557)	(1)
8360	**Items that may be reclassified subsequently to profit or loss (Notes 6 [18], [20])**					
8361	Exchange differences arising on translation of financial statements of foreign operations		8,741	-	2,096	-
8370	Share of other comprehensive income of associates accounted for using the equity method		(19,265)	-	(6,177)	-
8399	Income tax related to items that may be reclassified		-	-	-	-
			(10,524)	-	(4,081)	-
	Other comprehensive income (loss)		(20,909)	-	(49,638)	(1)
8500	**Total comprehensive income for the year**	$	**948,618**	**6**	**346,335**	**2**
	Net profit for the period attributable to:					
8610	Owners of the parent company	$	971,555	6	395,973	3
8720	Non-controlling interests		(2,028)	-	-	-
		$	**969,527**	**6**	**395,973**	**3**
	Total comprehensive income attributable to:					
8710	Owners of the parent company	$	950,646	6	346,335	2
8720	Non-controlling interests		(2,028)	-	-	-
		$	**948,618**	**6**	**346,335**	**2**
	Earnings per share (Unit: NT$) (Note 6 [21])					
9750	**Basic earnings per share**	$		**3.03**		**1.23**
9850	**Diluted earnings per share**	$		**2.99**		**1.23**

(See the attached notes to Consolidated Financial Statements)

Chairman:	**General Manager:**	**Accounting Manager:**
Chen Chien-Chih	**Liu Chia-Jui**	**Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

	Profit and/or loss attributable to the owners of parent company												
			Retained earnings				Other equity item						
	Common stock	**Capital reserve**	**Legal reserve**	**Special reserve**	**Balance of retained earnings**	**Total**	**Exchange differences arising on translation of financial statements of foreign operations**	**Unrealized profits and losses of financial assets at fair value through other comprehensive income**	**Defined benefit plans remeasurement**	**Total**	**Total equity attributable to the owners of parent company**	**Non-controlling interests**	**Total equity**
Balance as of January 1, 2020	$ 3,206,745	5,618	251,953	-	700,548	952,501	(36,865)	22,832	(19,863)	(33,896)	4,130,968	-	4,130,968
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	25,712	-	(25,712)	-	-	-	-	-	-	-	-
Account for special reserve	-	-	-	33,896	(33,896)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(160,337)	(160,337)	-	-	-	-	(160,337)	-	(160,337)
Other changes in capital surplus:													
Change in capital surplus from investments in associates under equity method	-	5,809	-	-	-	-	-	-	-	-	5,809	-	5,809
Net profit	-	-	-	-	395,973	395,973	-	-	-	-	395,973	-	395,973
Other comprehensive income (loss)	-	-	-	-	-	-	(4,081)	(43,423)	(2,134)	(49,638)	(49,638)	-	(49,638)
Total comprehensive income for the year	-	-	-	-	395,973	395,973	(4,081)	(43,423)	(2,134)	(49,638)	346,335	-	346,335
Balance as of December 31, 2020	3,206,745	11,427	277,665	33,896	876,576	1,188,137	(40,946)	(20,591)	(21,997)	(83,534)	4,322,775	-	4,322,775
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	39,597	-	(39,597)	-	-	-	-	-	-	-	-
Account for special reserve	-	-	-	49,638	(49,638)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(224,472)	(224,472)	-	-	-	-	(224,472)	-	(224,472)
Other changes in capital surplus:													
Change in capital surplus from investments in associates under equity method	-	(5,619)	-	-	-	-	-	-	-	-	(5,619)	-	(5,619)
Disposal of equity instruments measured at fair value through other comprehensive gains and losses:	-	-	-	-	(1,134)	(1,134)	-	1,134	-	1,134	-	-	-
Net profit	-	-	-	-	971,555	971,555	-	-	-	-	971,555	(2,028)	969,527
Other comprehensive income (loss)	-	-	-	-	-	-	(10,524)	(3,453)	(6,932)	(20,909)	(20,909)	-	(20,909)
Total comprehensive income for the year	-	-	-	-	971,555	971,555	(10,524)	(3,453)	(6,932)	(20,909)	950,646	(2,028)	948,618
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	115,301	115,301
Balance as of December 31, 2021	**$ 3,206,745**	**5,808**	**317,262**	**83,534**	**1,533,290**	**1,934,086**	**(51,470)**	**(22,910)**	**(28,929)**	**(103,309)**	**5,043,330**	**113,273**	**5,156,603**

(See the attached notes to Consolidated Financial Statements)

Chairman: Chen Chien-Chih **General Manager: Liu Chia-Jui** **Accounting Manager: Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

		2021	2020
Cash flows from operating activities			
Income before income tax for the year	$	1,207,972	509,779
Adjusted items			
Depreciation		569,065	579,840
Amortization expenses		45,816	40,296
Expected credit losses (reverse benefits)		(645)	79
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss		15,873	(5,715)
Interest expenses		42,068	61,392
Interest revenue		(1,170)	(975)
Dividend income		(1,344)	(2,400)
Shares of profits of associates accounted for using the equity method		(71,259)	(10,510)
(Profits) looses on disposal of real estate, plant and equipment interests		(1,414)	479
Profits from disposal of investment		(7,814)	(11,975)
Gains on bargain purchase		(99)	-
Amortization of deferred expenses transferred to expenses		139,660	127,429
Amortization of syndication fee costs		1,900	1,900
Gains on lease modifications		(2)	-
Total adjustments to reconcile profit (loss)		730,635	779,840
Changes in operating assets/liabilities:			
Net changes in operating assets:			
(Increase) decrease in notes and account receivable		(756,508)	295,456
(Increase) decrease in account receivable - related parties		286,336	(807,260)
(Increase) decrease in other receivable		1,095	(7,758)
Increases in other receivables - related parties		35	109
Increase in inventory		(392,675)	(441,372)
Increase in other current assets		(39,061)	(58,792)
(Increase) decrease in other non-current assets		(604)	40
Total net changes in operating assets		(901,382)	(1,019,577)
Total net changes in operating liabilities:			
Increase (decrease) in account payables		(285,318)	850,943
Increase in account payables - related parties		18,670	7,936
Increase in other payables		253,939	79,813
Increase (decrease) in other payables - related parties		7,890	(2,059)
Increase (decrease) in other current liabilities		42,505	(36,102)
Decrease in net defined benefit liability		(1,842)	(1,924)
Total net changes in operating liabilities		35,844	898,607
Total net changes in operating assets and liabilities		(865,538)	(120,970)
Total adjustments		(134,903)	658,870
Cash inflow generated from operations		1,073,069	1,168,649
Interests received		1,170	975
Interests paid		(41,841)	(61,707)
Income tax paid		(19,449)	(4,615)
Net cash flow from operating activities		1,012,949	1,103,302

(continued)

(See the attached notes to Consolidated Financial Statements)

Chairman:	**General Manager:**	**Accounting Manager:**
Chen Chien-Chih	**Liu Chia-Jui**	**Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

		2021	2020
Cash flows from investing activities			
Purchase from acquisition of financial assets at fair value through profit or loss	$	(9,187)	(1,500)
Acquisition of investment using the equity method		(4,480)	(16,001)
Disposal of investment using the equity method		-	14,955
Return of capital from investee companies accounted for using the equity method due to liquidation		2,372	-
Net cash inflows from merger of subsidiaries		32,926	-
Acquisition of real estate, plant and equipment		(600,176)	(520,211)
Disposal of real estate, plant and equipment		2,257	198
(Increases) decrease in guarantee deposits paid		(14,106)	3,272
Acquisition of intangible assets		(44,260)	(30,884)
Acquisition of investment properties		-	(6,048)
Increase in other financial assets		(69,657)	(11,197)
Advance receipts on disposal of real estate, plant, and equipment		84,000	-
Increase in other non-current assets		(37,619)	(125,169)
Dividends received		12,161	30,355
Net cash outflows from investing activities		(645,769)	(662,230)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		420,093	93,200
Proceeds from long-term borrowings		3,096,690	7,165,810
Repayments of long-term borrowings		(3,423,450)	(7,527,500)
Increase (decrease) in guarantee deposits paid		4,725	(1,369)
Repayments of lease principal		(86,773)	(92,110)
Issuance of cash dividend		(224,472)	(160,337)
Net cash outflows from financing activities		(213,187)	(522,306)
Effect of changes in exchange rates		(24,109)	33,223
Increase (decrease) in cash and cash equivalents for the year		129,884	(48,011)
Cash and cash equivalents at beginning of year		148,243	196,254
Cash and cash equivalents at end of year	$	**278,127**	**148,243**

(See the attached notes to Consolidated Financial Statements)

Chairman:	General Manager:	Accounting Manager:
Chen Chien-Chih	**Liu Chia-Jui**	**Wang Sheng-Hsing**

1. Company History

BenQ Materials Corporation (hereinafter referred to as "the Company," formerly known as Daxon Technology Inc. and had renamed in June 1999) was established on July 16, 1998, with the approval of the Ministry of Economic Affairs. The registered address is No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333403, Taiwan (R.O.C.). The main business items of the Company and its subsidiaries (hereinafter referred to as "the Combined Company") are manufacturing and sales of film sheet products and medical equipment.

2. Date and Procedures of Authorization of Financial Statements

The Consolidated Financial Statements were published upon approval by the Board of Directors on February 24, 2022.

3. Application of New, Amended and Revised Accounting Standards and Interpretations

a. The Impact of Adopting Newly Released and Revised Standards and Interpretations Endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC").

The Combined Company has been applied to the application of the newly recognized IFRSs specified above will not have a material impact on the Consolidated Financial Statements since January 1, 2021.

- Amendments to IFRS 4 "Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IAS 16 "Changes in Interest Rate Indicators - Phase 2."
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions beyond June 30, 2021"

b. Impacts of IFRS Endorsed by FSC but yet to come into effect

The Combined Company evaluates that the application of the following newly endorsed IFRSs amended since January 1, 2022, will not have a material impact on the Consolidated Financial Statements.

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs 2018-2020 cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

c. Newly issued and amended standards and interpretations yet to be endorsed by the FSC

Impact of IFRSs Issued by IASB but not yet endorsed by the FSC on the Combined Company is as follows:

New or amended standards	Major amendments	The effective date of issuance by IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet. The amendments also clarify the classification rules for debts companies might settle by converting them into equity.	January 1, 2023

The Combined Company is continuously evaluating the impact of the impacts on the financial status and operating results of the Combined Company, and the relevant impact will be disclosed when the evaluation is completed.

The Combined Company expects that the following other newly issued and revised standards that have not yet been approved by the FSC will not have a significant impact on the Consolidated Financial Statements.

· Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

· Amendments to IFRS 17 "Insurance Contract"

· Amendments to IAS 1 “Disclosure of Accounting Policies”

Amendments to IAS 8 “Definition of Accounting Estimates”

Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction”

4. Summary of Significant Accounting Policies

The summary of the significant accounting policies used in this consolidated financial statement are described below. The following accounting policies have been consistently applied to all periods of the financial statements.

a. Statement of compliance

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

b. Basis of preparation

1) Basis of preparation

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following significant accounts:

a) Financial instruments (including derivative financial instruments) measured at fair value through profit and loss;

b) Financial assets at fair value through other comprehensive income; and

c) Net defined benefit liabilities (or assets) are measured by determining the present value of the benefit obligation, the net amount after deducting the fair value of pension assets, and the upper limit of the number of influences mentioned in Note 4 [19].

2) Functional Currency and Presentation Currency

Every individual entity of the Combined Company takes the currency of the economic environment its operation domiciles are in as the functional currency. The Consolidated Financial Statements were expressed in New Taiwan Dollars, the Company's functional currency. The unit for all amounts expressed are in thousands of NTD unless otherwise stated.

c. Basis of consolidation

1) Principle of preparation of the Consolidated Financial Statements

The preparation of the Consolidated Financial Statements includes the Company and entities controlled by the Company (i.e., subsidiaries). The Company controls an individual entity when it is exposed to, or has rights to, variable remuneration from its participation in that individual and can influence that remuneration through its power over that individual.

From the date of attaining control over the subsidiary, its financial statements shall be included in the Consolidated Financial Statements until the date of losing control. The transactions, balances and, any unrealized income and expenses between the Combined Company have been eliminated in full at the time of preparing the Consolidated Financial Statements. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Combined Company.

When a change in the Combined Company's ownership interests in a subsidiary does not cause a loss of control over the subsidiary, it shall be treated as an equity transaction. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

2) List of subsidiaries in the Consolidated Financial Statements

Investment company name	Subsidiary name	Business type	Proportion of Ownership (%) Dec. 31, 2021	Proportion of Ownership (%) Dec. 31, 2020	Description
The Company	BenQ Materials (L) Co. (BMLB)	Holding company	100.00	100.00	-
The Company	Sigma Medical Supplies Corp.(Sigma-Medical)	Medical materials and equipment manufacturing and sale	100.00	100.00	-
The Company	Genejet Biotech Co., Ltd. (Genejet)	Medical materials and equipment development, manufacturing and sale	70.00	-	(Note 1)
The Company	Cenefom Corp. (Cenefom)	Medical materials and equipment development, manufacturing and sale	34.83	12.12	(Note 2)
BMLB	BenQ Materials Co., Ltd. (BMS)	Processing of functional film products	100.00	100.00	-
BMLB	Dashin Medical Technology (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	100.00	100.00	-
BMLB	BenQ Materials (Wuhu) Co., Ltd. (BMW)	Manufacture and sales of film sheet and cosmetic-related products	100.00	100.00	-
BMLB	BenQ Material Medical Technology (Suzhou) Co., Ltd. (BMM)	Medical materials and equipment manufacturing and sale	100.00	100.00	-
Sigma-Medical	Suzhou Sigma-Medical Co., Ltd. (Suzhou Sigma-Medical)	Medical materials and equipment manufacturing and sale	100.00	100.00	-

Note 1. On October 28, 2021, the Combined Company acquired control of the company and it became a subsidiary. Therefore, it was consolidated into the consolidated financial statements from that date.

Note 2. Formerly as an affiliated enterprise of the Combined Company, on October 25, 2021, the Combined Company acquired control of the company and it became a subsidiary. Therefore, it was consolidated into the consolidated financial statements from that date.

3) List of subsidiaries which excluded in the Consolidated Financial Statements: None.

d. Foreign Currency

1) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. The foreign currency items at the terminal date of report (hereinafter referred to as reporting date) are translated into functional currency according to the exchange rate of the date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are retranslated using the exchange rates prevailing at the transaction dates.

Foreign currency exchange differences arising from conversion are generally recognized in profit or loss, but equity instruments designated as fair value through other comprehensive income are recognized in other comprehensive income.

2) Foreign operating agency

The assets and liabilities of foreign operation, including the business reputation and fair value adjustment are translated into functional currency according to the exchange rate on the reporting date; the income and expense items are converted into the expression currency of this consolidated financial statement based on the average exchange rate of the current period. And the exchange difference amount will be recognized as other comprehensive incomes.

Upon disposal of a foreign operating organization results in loss of control or significant influence, the accumulated exchange differences related to the foreign operating organization are fully reclassified as profit or loss. When partially disposing of subsidiaries containing foreign operation, the cumulative exchange difference amount will be re-attached to non-controlling equity according to proportion. When partially disposing of affiliated enterprises or joint investments containing foreign operation, the cumulative exchange difference amount will be re-classified into profit or loss according to proportion.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the related foreign exchange gains and losses are a part of net investment in that foreign operation and thereon are recognized as other comprehensive income.

e. Assets and liabilities classified as current and non-current

The Company shall classify an asset as current when:

1) It is expected to be realized when the Combined Company is operating, or intended to be sold or consumed in the normal operating cycle;
2) Assets are held primarily for trading purposes;
3) It is expected to be realized within twelve months after the reporting period; or
4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company shall classify all other assets as non-current. The Company shall classify a liability as current when:

1) It is expected to be settled in the normal operating cycle;
2) Liabilities held primarily for trading purposes;
3) It is due to be settled within twelve months after the reporting period; or
4) Liabilities that do not have the right to unconditionally defer the repayment period to at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

f. Cash and Cash Equivalents

Cash includes cash on hand, check deposits and demand deposits. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

g. Financial Instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were originally recognized when the Combined Company became a party to the contractual terms of financial instruments. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1) Financial assets

At the time of initial recognition, financial assets are classified into: Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, and financial assets measured at fair value through profit or loss. When purchasing or selling financial assets according to transaction practice, accounting treatment on the transaction date is adopted.

The Combined Company shall reclassify all the affected financial assets from the first day of the next reporting period only when changing the business model for managing financial assets.

a) Financial assets measured at amortized cost

When financial assets meet the following conditions and not designated at fair value through profit or loss, they are measured at amortized cost:

- The financial assets are held under the operation mode with the purpose of collecting contract cash flow.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

After the initial recognition of these assets, the effective interest rate method is adopted to measure the amortized cost minus the impairment loss. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and loss.

b) Financial assets at fair value through other comprehensive income

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

The Combined Company may, at initial recognition, make an irrevocable choice to report subsequent changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investors who are debt instruments are subsequently measured at fair value. Interest income, foreign currency exchange gains and losses and impairment losses calculated according to the effective interest method are recognized in profit and loss, and the remaining net gains or losses are recognized as other comprehensive gains and losses. At the time of derecognition, the accumulated other comprehensive income under equity is reclassified to profit or loss.

Equity instrument investors shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profits or losses are recognized as other comprehensive income. At the time of derecognition, other comprehensive income accumulated under equity are reclassified to retained earnings instead of to profits or losses.

The dividend income of equity investment shall be recognized on the date when the Combined Company is entitled to receive dividends (usually the ex-dividend date).

c) Financial assets at fair value through profit or loss

Financial assets other than the aforementioned financial assets measured at amortized cost or financial assets at fair value through other comprehensive gains and losses are measured at fair value through profit and loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and net profits and losses (including dividend and interest incomes) originated from remeasurement are recognized in profit or loss.

d) Evaluate whether the contractual cash flow is entirely the interest of the payment of the principal and the amount of principal in circulation

According to the purpose of the evaluation, the principal is the fair value of the financial asset upon initial recognition and the interest is comprised of the following considerations: time value of money, credit risk associated with outstanding principal amounts in the period, other basic lending risks and costs, and profit margins.

When evaluating whether the contractual cash flows consist entirely of payments of the principal and interest on the principal amount outstanding, the Combined Company considers the contractual terms of financial instruments including evaluations on whether financial assets include a provision in the contract that changes the timing or amount of the contractual cash flows in a way that would cause it not to meet this condition. When evaluating, the Combined Company considers the following:

- Any contingency that changes the timing or amount of the contractual cash flows.
- Terms that may adjust the coupon rate of the contract including the characteristics of floating interest rates.
- Attributes of prepayments and deferrals; and
- The Combined Company's claim is limited to the terms of the cash flows from specific asset (e.g., non-recourse terms).

e) Impairment of financial assets

The Combined Company recognizes an allowance loss for expected credit losses of financial assets (including cash and cash equivalents, notes and accounts receivable, other receivables, deposits, and other financial assets, etc.) measured at amortized cost.

The loss allowance of the following financial assets is measured based on the expected credit losses amount in 12 months, and the remaining are measured based on the lifetime expected credit loss amount:

- The credit risk of bank deposits (that is, the risk of default during the expected lifetime of financial instruments) has not increased significantly since initial recognition.

The allowance loss for accounts receivable is measured by the amount of expected credit loss during the duration.

Lifetime expected credit loss refers to the expected credit loss out of all possible defaults during the expected survival period of financial instruments

Twelve-month expected credit loss refers to the expected credit loss (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months) incurred by a financial instrument that may default within twelve months after the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Combined Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Combined Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Group' s historical experience, credit assessment, as well as forward-looking information.

Expected credit loss refers to the weighted estimate of credit loss probability during the expected survival period of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Combined Company can collect according to the contract and the expected cash flow that the Combined Company will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

The loss allowance of financial assets measured through amortized cost is deducted from the carrying amount of assets.

When the Combined Company fails to carry out a reasonable expectation of recovery of financial assets in part or whole, the total carrying amount of the financial assets directly decreases. The Combined Company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The Combined Company expects that the written off amount will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Combined Company to recover the overdue amount.

f) Derecognition of financial assets

The Combined Company only terminates the contractual rights from the cash flow of the asset, or the financial asset has been transferred and almost all the risks and rewards of the ownership of the asset have been transferred to other companies, or almost no ownership has been transferred or retained. When all risks and rewards are not kept under the control of the financial assets, the financial assets are derecognized.

When the Combined Company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2) Financial liabilities and equity instruments

a) Classification of liabilities or equities

Debt and equity instruments issued by the Combined Company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument refers to any contract that recognizes the remaining equity after deducting all liabilities from the assets of the Combined Company. The equity instrument issued by the Combined Company shall be recognized by the payment net of the direct cost of issuance.

b) Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities measured at fair value through profit and loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit and loss.

Financial liabilities measured at amortized cost are subsequently measured at the amortized cost using the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognize is also recognized in profit and loss.

c) Derecognition of financial liabilities

The Combined Company derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled or matured. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

d) Offsetting of financial assets and financial liabilities

The Combined Company presents financial assets and liabilities on a net basis when the Combined Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3) Derivative financial instruments

The Combined Company holds derivative financial instruments to avoid risks of foreign currency and interest rates. The original recognition of derivatives is measured at fair value, and transaction costs are recognized as profit or loss; subsequent measurement is based on fair value, and the profits or losses arising from remeasurement are directly included in profit or loss. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

h. Inventory

Inventory is measured by the lower of cost and NRV. Cost includes cost and other costs for acquisition, manufacturing or processing to reach the usable place and status, and is calculated through weighted averaging. Among them, fixed manufacturing expenses are allocated to finished products and work-in-progress according to the normal production capacity or actual output of the production equipment, whichever is higher, and variable manufacturing expenses are allocated based on the actual output. The NRV is the expected selling price in the ordinary course of business, less the estimated cost of construction completion and the estimated costs necessary to make the sale.

i. Non-current assets held for sale

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when it is highly probable that their carrying amount will be recovered through sale rather than through continuing use. Assets or components of disposal groups are remeasured in accordance with the accounting policies of the Combined Company between the original classification and the time of sale. After classification as held for sale, it is measured at the lower of its carrying amount or fair value less costs to sell. Any impairment loss on disposal groups is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that such loss is not allocated to assets not within the scope of IAS 36, Impairment of Assets, which continue to be measured in accordance with the accounting policies of the Combined Company. Gains and losses arising from the recognition of impairment losses and subsequent remeasurement of items originally classified as held for sale are recognized in profit or loss, provided that the reversal of such gains and losses does not exceed the cumulative impairment losses recognized.

Intangible assets and property, plant and equipment are no longer depreciated or amortized when they are classified as held for sale. In addition, the equity method is discontinued when the investment recognized using the equity method is classified as held for sale.

j. Investment in the affiliated enterprises

Affiliated companies refer to those for which the Combined Company has material influence upon their financial and operation policies but without controlling or joint controlling.

The Combined Company adopts the equity method for handling the equity of affiliated companies. Under the equity method, the initial acquisition is recognized according to the cost, and the investment cost includes the transaction cost. The carrying amount of invested associates includes the goodwill recognized at the time of initial investment less any accumulative impairment loss. To assess impairment, the Combined Company has to consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts. The cost of impairment identified is to be deemed as part of the carrying amount of the investment. Any reversal of impairment loss shall be recognized within the scope of subsequent increase in the recoverable amount of the investment.

From the date of significant impact to the date of losing significant impact, the Combined

Company shall, after making adjustments for consistency with the Combined Company's accounting policies, recognizes the amount of profit and loss and other comprehensive income of each investment related company based on the proportion of equity. When the equity of affiliated companies changes, not including profit and loss and other comprehensive income, and do not affect the shareholding ratio of the Combined Company, the Combined Company shall recognize all the equity changes as capital surplus according to the shareholding ratio.

Unrealized profits resulting from the transaction between the Combined Company and the affiliated companies shall be recognized in the financial statements only within the scope of the interests of non-related party investors in the affiliated companies.

When the loss share of affiliated companies to be recognized by the Combined Company is equal to or over its equity in them, the recognition of the loss is suspended, and only in the case of legal obligations, constructive obligations or within the scope of making payment for the invested company, additional loss or relevant liability will be recognized.

When an affiliated company issues new shares, if the Combined Company does not subscribe according to the shareholding ratio, which causes the shareholding ratio to change, and thus the net equity value of the investment increases or decreases, the increase or decrease is adjusted to the capital reserve and the investment using the equity method; if this adjustment is to reduce the capital reserve, but the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference will be debited to the retained surplus. However, if the Combined Company does not subscribe in proportion to the shareholding ratio, which reduces its ownership and interest in the affiliated company, the amount previously recognized in other comprehensive income related to the related company is reclassified according to the reduction ratio, and the basis of accounting treatment is the same as the basis that the related company must follow if the related company directly disposes of the related assets or liabilities.

k. Investment properties

Investment property is real estate held for rent or assets appreciation or both. Investment property is initially measured by cost and subsequently measured by cost minus accumulated depreciation and accumulated impairment. Its depreciation method, service life, and residual value are treated following the provisions of property, plant, and equipment. Cost includes the expenses that can be directly attributable to the acquisition of investment real estate and any directly attributable costs and borrowing capitalization costs to bring the investment real estate to a usable state.

The profit or loss from the disposal of investment real estate (calculated as the difference between the net disposal price and the book value of the item) is recognized in the profit and loss.

Rental income from investment property is recognized on a straight-line basis during the lease term. The lease incentive is recognized as part of the lease income during the lease term.

When the use of investment real estate is changed and reclassified as real property, plant, and equipment, it shall be reclassified according to the book value at the time of the change of use.

l. Real estate, plant and equipment

1) Recognition and measurement

Real estate, plant, and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the service years of material part of property, plant, and equipment vary, they are deemed as independent items (main components) for treatment.

The gain or loss on disposal of the property, plant, and equipment is recognized in profit and loss.

2) Subsequent costs

Subsequent expense will only be capitalized when its future economic benefits are most likely to flow into the Combined Company.

3) Depreciation

The depreciation is calculated by capital cost less scrap value and is recognized in profit or loss based on the estimated service years of each component using the straight-line method. The land does not need to be depreciated. The rest of the estimated service life is: Machinery and equipment, 3-15 years; other equipment, 2-15 years; and houses and buildings are depreciated based on the estimated service life of their major components: main buildings, 20-40 years; mechanical and electrical engineering and another engineering, 5-20 years.

The depreciation method, service life, and residual value are reviewed on each reporting day, and adjustments are postponed for the impact of any changes in estimates.

4) Reclassification to investment real estate

When the real estate for self-use is changed to investment real property, the real estate is reclassified as investment real property based on the book value at the time of the change of use.

m. Leases

The Combined Company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease.

1) Lessee

The Combined Company recognizes the right-of-use asset and the lease liability on the inception of the lease. The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Combined Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. If the interest rate implicit in the lease is easy to determine, the discount rate shall be the interest rate; if it is not easy to determine, the incremental borrowing rate of interest of the Combined Company shall be used. Generally, the Combined Company uses its incremental borrowing rate as the discount rate.

The lease payments comprise as follows:

a) fixed payments, including in-substance fixed lease payments;

b) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;

The lease liability subsequently accrues interest with the effective interest method, and its amount is measured when the following occurs:

a) changes in future lease payments resulting from changes in an index or a rate used to determine those payments;

b) change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option; or

c) lease modifications of the underlying asset, scope, and other terms and conditions.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset shall be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial of full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The Combined Company records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the consolidated balance sheets.

For short-term leases of office equipment and leases of low-value underlying assets, the Combined Company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the related lease benefits as expenses on the straight-line basis during the lease term.

2) Lessor

When the Combined Company acts as a lessor, it determines at lease commencement date whether each lease is a finance lease or an operating lease. To classify each lease, the Combined Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. At the time of evaluation, the Combined Company's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

For operating leases, the Combined Company uses a straight-line basis to recognize the lease payments received as rental income during the lease period.

n. Intangible assets

1) Goodwill

Goodwill arising from the acquisition of subsidiaries is recognized in intangible assets. Please refer to Note 6 [21] for the measurement of goodwill originally recognized. Goodwill is not amortized and is measured at cost less accumulated impairment.

2) Other intangible assets

The patented technology acquired by the Combined Company as a result of mergers and acquisitions is recorded at its fair value on the acquisition date; other intangible assets are recorded at cost, and then measured at cost minus accumulated amortization and accumulated impairment. The amortization amount is calculated based on the following estimated service life based on the straight-line method, and the amortization amount is recognized in the profit and loss: patented technology, 5 to 10 years; purchased software, 1 to 3 years; customer relationship, 6 to 11 years; others, 5 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

o. Impairments of non-financial assets

The Combined Company assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (except for assets arising out of inventory, deferred income tax assets and employee welfare) may be impaired. If there is an indication that an asset may be impaired, then the Combined Company estimates the recoverable amount of such asset. Goodwill is subject to impairment tests on a regular basis every year or when there are signs of impairment.

The purpose of the impairment test, a group of assets whose cash inflow is mostly independent of other individual assets or asset groups, is regarded as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit minus the cost of disposal and its value in use, whichever is higher. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

When the recoverable amount of an individual asset or a CGU is less than its carrying amount, an impairment loss is recognized . The impairment loss is recognized immediately in profit or loss, firstly by reducing the carrying amount of any goodwill allocated to the CGU, and then proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU.

The impairment loss of goodwill will not be reversed. Non-financial assets other than goodwill will only be reversed if they do not exceed the carrying amount (less depreciation or amortization) determined when no impairment loss had been recognized for the asset in the previous year.

p. Liability reserve

The recognition of liability provision means current obligation for past events, so that in the future the Combined Company is most likely to outflow resources with economic benefits to settle it, and the amount of the obligation can be reliably estimated.

The reorganization liability provision is recognized when the Combined Company approves the detailed and formal reorganization plan and starts to proceed or publicly announces the reorganization plan. Provisions are not recognized for future operating losses.

q. Revenue recognition

The Combined Company recognizes the income upon transfer of control over product. The transfer of control over products means that products are delivered to customers with no unfulfilled obligations that may affect customers' acceptance of the products. Delivery occurs when the product is delivered to a specific location, the risk of loss has been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, or the Combined Company has objective evidence that all acceptance conditions have been met.

The Combined Company recognizes revenue on the basis of the contract price minus the estimated quantity discount and discount. The amount of the quantity discount and discount is estimated based on the expected value based on the accumulated experience in the past, and recognizes income within the scope of a major turnaround. As of the reporting date, the amount discounts and discounts expected to be paid to customers for related sales are recognized as refund liabilities (other current liabilities are accounted for).

The Combined Company recognizes accounts receivable upon delivery of goods, because it enjoys the entitlement of collecting consideration unconditionally at this timing.

r. Government subsidies and government assistance

Government subsidies are only recognized when they can be reasonably assured that the Combined Company shall comply with the conditions imposed by government subsidies and that such subsidies can be received. If the government subsidy is used to compensate fees or losses that had occurred, or is given to the Combined Company for the purpose of immediate financial support without related future costs, it can be recognized as income within the collectible period.

For borrowings obtained from financial institutions by means of government credit guarantees, the Combined Company calculates the fair value of the loans based on market interest rates. The difference between it and the amount received is recognized as deferred income. During the borrowing period, the deferred income is recognized as non-operating income - other income on a systematic basis.

s. Employee benefits

1) Defined contribution plans

Assignment obligations that should be contributed to defined contribution retirement benefit plans are recognized as employee benefit expenses under profit and loss when employees have rendered service.

2) Defined benefit plans

The net obligation of the Company to determine the benefit plan is calculated by converting the future benefit amount earned by the employee in the current period or the previous period into the present value for each benefit plan and deducting the amount of the fair value of any plan assets. The discount rate is the yield on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The net obligation of the defined benefit plan is calculated annually by a qualified actuary using the projected unit credit method.

When the benefit in the plan improves, the relevant expense for the part of incremental benefit for previous services by employees is immediately recognized as profit or loss.

The number of remeasurement of net defined benefit liabilities (assets) includes (1) actuarial profit or loss; (2) planned asset rewards, excluding the amount contained in net interest of net defined benefit liability (asset); and (3) any change in upper limit influence number of assets, excluding amount contained in net interest of net defined benefit liability (asset). The remeasured amount of net defined benefit liabilities (assets) is recognized in other comprehensive income and recognized in other equity.

The Combined Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gains or losses on the curtailment or settlement include any change in fair value of planned assets and current value of defined benefit obligations.

3) Short-term employee benefits

The obligation for short-term employee benefits is measured on undiscounted basis, and recognized as expense at the time of provision of relevant services. For expected payment amount under short-term cash bonus or bonus plan, if the Combined Company undertakes current obligation of legal or constructive payment for the previous provision of services by employees and the obligation can be reliably estimated, the amount is recognized as liability.

t. Income tax

Income taxes include current and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The current income tax includes the estimated income tax payable or income tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to the income tax payable or income tax refund receivable in previous year. The amount is the best estimate of the amount expected to be paid or received after reflecting the uncertainty (if any) related to income tax, according to the statutory tax rate on the reporting date or the tax rate of the substantive legislation.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

1) Originally recognized asset or liability not falling to the transaction of corporate consolidation, without influencing accounting profit and levy duty gain (loss) at the transaction.
2) Due to temporary differences arising from investment in subsidiaries, affiliates, and joint venture equity, the Combined Company can control the timing of the reversion of the temporary differences and it is very likely that they will not revert in the foreseeable future; and
3) Taxable temporary differences arising from the original recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period, and has reflected the uncertainty related to income tax (if any).

The Combined Company only offsets the deferred income tax assets and deferred income tax liabilities when the following conditions are met simultaneously:

1) The entity has the legal right to settle tax assets and liabilities on a net basis; and
2) The amounts of deferred tax assets and liabilities are:

a) Levied by the same taxing authority; or

b) Levied by different entities that intend to realize the asset and settle the liability at the same time.

For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

u. Business mergers

The Combined Company uses the acquisition method to handle business mergers. Goodwill is the fair value of the consideration transferred on the acquisition date, including the amount attributable to any non-controlling interests of the acquiree, deduct the net amount of identifiable assets acquired and liabilities assumed (Usually fair value). If the balance after the deduction is negative, the Combined Company will reassess whether all acquired assets and all liabilities assumed have been correctly identified before recognizing the benefits of cheap purchases in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations should be immediately recognized as expenses of the amalgamating company when incurred.

Among the non-controlling interests of the acquiree, if it is a current ownership interest, and its holder is entitled to a proportional share of the net assets of the enterprise when the liquidation occurs, the Combined Company is measured on a transaction-by-transaction basis based on the fair value at the acquisition date or the proportion of the current ownership instrument to the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair value on the acquisition date or other basis as required by the International Financial Reporting Standards recognized by the FSC.

In a business combination achieved in stages, the Combined Company remeasures its previously held interest in the acquiree at fair value at the acquisition date, and any resulting gain or loss is recognized in profit or loss. Changes in the value of the acquiree's interest that were recognized in other comprehensive income before the acquisition date should be treated in the same manner as if the Consolidated Company had directly disposed of its previously held interest, and if it is appropriate to reclassify the interest to profit or loss upon disposal, the amount is reclassified to profit or loss.

If the original accounting treatment of the business combination has not been completed before the reporting date of the merger transaction, the Combined Company recognizes the incomplete accounting treatment items at a tentative amount, and makes retrospective adjustments or recognizes additional assets or liabilities during the measurement period to reflect the new information about the facts and circumstances that existed on the acquisition date obtained during the measurement period. The measurement period is no more than one year from the acquisition date.

v. Earnings per share

The Combined Company presents the basic and diluted earnings per share of shareholders of common stock equity. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with profit or loss of the Company's common stock holders and weighted average number of common shares outstanding. The potential diluted ordinary shares of the Combined Company are employees' compensation that can choose to use stocks.

w. Segment Information

The operation department, as part of the Combined Company, is engaged in operating activities for gaining income or incurring expenses (including income and expenses related to the transaction with other departments in the Company). The operation results of all operation segments are regularly re-checked by major operation decision-makers of the Combined Company, to make decisions on resource allocation and assess the performance. Every operation segment has its independent financial information.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When preparing the Consolidated Financial Statements according to preparation standards and IFRS recognized by FSC, the management may have to make judgment, estimate, and assumption, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes, and expenses. Actual results may differ from these estimates.

The management has to continuously check the estimate and basic assumptions, and the accounting estimate is recognized during the period of change and during the future influenced period.

The accounting policy involves significant judgments and information that has a material impact on the amount recognized in the Consolidated Financial Statements is as follows:

a. Judgment on whether the invested company has substantial control or significant influence

The Combined Company holds 17.97% of the voting shares of Visco Co., Ltd. and is the single largest shareholder. Although the remaining 82.03% of Visco's shares are not concentrated in specific shareholders, The Combined Company was still unable to obtain more than half of the board seats of Visco, and it did not obtain more than half of the voting rights of shareholders attending the shareholders meeting. Instead, it only obtained one Board of Directors and participated in decision-making. Therefore, it was determined that the Combined Company had no control over Visco and only had significant influence is evaluated using the equity method.

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the carrying amount of assets and liabilities in the next financial year are as follows:

b. Inventory Valuation

As inventory shall be measured based on the lower of cost or realizable value, if on the Combined Company's evaluation report date, the inventory is unqualified, outdated, or has no market value, the inventory cost shall be offset to net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future but may cause major changes.

6. Descriptions of Material Accounting Subjects

a. Cash and Cash Equivalents

		Dec. 31, 2021	Dec. 31, 2020
Working capital	$	224	199
Demand deposit and check deposit		252,265	148,044
Time deposits with original maturity within three months		25,638	-
	$	**278,127**	**148,243**

b. Financial assets and liabilities measured at fair value through profit and loss - Current

		Dec. 31, 2021	Dec. 31, 2020
Mandatory financial assets measured at fair value through profit and loss - Current:			
Foreign exchange forward contracts	$	1,093	11,112
Exchange contracts		4,815	7,146
	$	**5,908**	**18,258**

Financial liabilities held for transaction - current		Dec. 31, 2021	Dec. 31, 2020
Foreign exchange forward contracts	$	(9,361)	(5,838)

Fair value remeasurement was recognized in profit or loss. Refer to Note 6 [24] for details.

1) Derivative financial instruments

The Combined Company engages in derivative financial instrument transactions to avoid exchange rate risks exposed by business and financing activities. Because hedging accounting is not applied, the details of the derivative instruments of financial assets and liabilities measured at fair value through profit and loss are as follows:

a) Foreign exchange forward contracts

Dec. 31, 2021

Contract amount (NT$ thousand)	Type of currency	Due Date
USD$ 6,000	Buy RMB Call/USD Put	Jan. 28, 2022
USD$ 33,000	Buy JPY Call/USD Put	Jan. 24, 2022~Feb. 24, 2022
USD$ 21,500	Buy NTD Call/USD Put	Jan. 4, 2022~Jan. 27, 2022

Dec. 31, 2020

Contract amount (NT$ thousand)	Type of currency	Due Date
RMB$ 39,244	Buy USD Call/RMB Put	Dec. 8, 2021
USD$ 48,000	Buy JPY Call/USD Put	Jan. 22, 2021~Mar. 24, 2021
USD$ 12,000	Buy NTD Call/USD Put	Jan. 4, 2021~Jan. 22, 2021

b) Exchange contracts

Dec. 31, 2021		
Contract amount (NT$ thousand)	Type of currency	Due Date
USD$ 48,000	Buy NTD Call/USD Put	Jan. 28, 2022

Dec. 31, 2020		
Contract amount (NT$ thousand)	Type of currency	Due Date
USD$ 40,000	Buy NTD Call/USD Put	Jan. 29, 2021

c. Financial assets at fair value through other comprehensive income

	Dec. 31, 2021	Dec. 31, 2020
Equity instruments measured at fair value through other comprehensive gains and losses:		
Stocks listed in the emerging stock market in Taiwan	$ 55,490	57,809
Unlisted stocks	9,187	1,500
	$ 64,677	**59,309**
Current	$ 55,490	57,809
Non-current	9,187	1,500
	$ 64,677	**59,309**

The Combined Company designated the aforementioned investments as financial assets at FVTOCI because these equity instruments are held for long-term strategic purposes and not for trading.

In August 2021, the Combined Company acquired an additional 8.97% equity in Coatmed Incorporation (hereinafter referred to as "Coatmed") by investing NT$4,480 thousand in cash, which increased the Combined Company's equity in Coatmed from 11.03% to 20%, and became a director of the company with the ability to participate in decision making. Therefore, the financial assets measured at fair value through other comprehensive income were reclassified as investments accounted for using the equity method, as described in Note 6 [8].

The Combined Company disposed of a portion of its equity instruments measured at fair value through other comprehensive income in 2021 with an accumulated loss on disposal of NT$1,134 thousand, and has transferred the aforementioned accumulated loss on disposal from other equity to retained earnings.

For the year ended December 31, 2020, no disposal of investments was conducted and hence no transfer of cumulative profit or loss was recognized.

d. Notes and accounts receivable

	Dec. 31, 2021	Dec. 31, 2020
Notes receivable	$ 31,683	16,804
Accounts receivable	2,239,663	1,403,099
Deduction: Allowance for loss	(19,316)	(23,480)
	2,252,030	1,396,423
Account Receivables - Related Parties	610,135	954,445
	$ 2,862,165	**2,350,868**

1) The Combined Company adopts a simplified approach to estimate expected credit losses for all note and account receivables (including related parties), that is, the expected credit losses during the lifetime are measured, and forward-looking information has been incorporated. The expected credit loss analysis of note receivables and account receivables (including related-parties) of the Combined Company as of December 31, 2021 and 2020 was as follows:

	Dec. 31, 2021		
	Book amount of account receivables and bills	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	$ 2,861,641	0.0045%	128
Pass due 1~30 days	654	0.3058%	2
Past due more than 91 days	19,186	100%	19,186
	$ 2,881,481		**19,316**

	Dec. 31, 2020		
	Book amount of account receivables and bills	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	$ 2,349,987	0.0169%	397
Pass due 1~30 days	1,303	1.9186%	25
Past due more than 91 days	23,058	100%	23,058
	$ 2,374,348		**23,480**

2) The table of changes in allowance loss for notes receivable and accounts receivable of the Combined Company is as follows:

		2021	2020
Balance at beginning of year	$	23,480	23,359
Effect of first-time incorporation of subsidiaries		10	-
Impairment loss (gain on reversal of impairment loss)		(645)	79
Amounts written off as uncollectible for the year		(3,644)	-
Foreign currency conversion gains and losses		115	42
Balance at end of year	**$**	**19,316**	**23,480**

3) The Combined Company and the financial institution sign a non-recourse agreement for the sale of account receivables. According to the contract, the Combined Company does not have to bear the risk that the account receivables cannot be recovered, but only bears the losses caused by commercial disputes. Since the Combined Company has transferred almost all the risks and rewards of the ownership of the above account receivables and has not continued to participate in it, it has met the conditions for derecognizing financial assets. After derecognizing the claims on accounts receivable, the claims on financial institutions are listed in other receivables. Relevant information about undue factoring accounts receivable on the reporting date was as follows:

Dec. 31, 2021

Sale object		Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters	
Taipei Fubon Commercial Bank	$	210,752	-	186,970	23,782	0.70%~0.82%	None	-
E.Sun Bank		168,587	-	151,728	16,859	0.75%~0.80%	None	-
KGI Bank		116,177	-	104,559	11,618	1.00%	Guaranteed promissory note	830,400
	$	**495,516**	**-**	**443,257**	**52,259**			**830,400**

Dec. 31, 2020

Sale object		Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters	
Taipei Fubon Commercial Bank	$	573,865	-	469,322	104,543	0.82%~1.13%	None	-
KGI Bank		233,957	-	208,894	25,063	1.04%~1.05%	Guaranteed promissory note	850,500
E.Sun Bank		156,469	-	140,616	15,853	0.88%	None	-
	$	**964,291**	**-**	**818,832**	**145,459**			**850,500**

For the relevant information about the account receivables that meet the derecognition conditions - the transfer of creditor's rights of related parties, please refer to Note 7.

e. Other receivables

	Dec. 31, 2021	Dec. 31, 2020
Other receivables - account receivables sale minus advance price balance	$ 183,786	219,012
(Note 6 [4] and 7)		
Other receivables - Others	1,056	2,141
Other Receivables - Related Parties	20	55
	184,862	221,208
Deduction: Allowance for loss	-	-
	$ 184,862	**221,208**

The Combined Company's other receivables as of December 31, 2021 and 2020 have no expected credit losses after assessment.

f. Inventory

	Dec. 31, 2021	Dec. 31, 2020
Raw Material	$ 1,251,773	1,252,982
Work in progress	856,421	520,005
Finished goods	699,674	631,902
	$ 2,807,868	**2,404,889**

The details of inventory-related costs and expenses recognized in the cost of goods sold in the current period are as follows：

	2021	2020
Inventory cost has been sold	$ 13,449,951	12,713,501
Reversal of allowance for inventory market price decline	(62,429)	23,329
	$ 13,387,522	**12,736,830**

The loss of inventory falling price is the loss of inventory falling price recognized as the net realizable value due to inventory write-down. Inventory falling price recovery benefit is due to the increase in the price of some raw materials for which allowance for falling price loss has been provided at the beginning of the period, or the inventory has been sold or used, resulting in a decrease in the amount of allowance for inventory falling price loss to be recognized.

g. Non-current assets held for sale

In May 2021, the board of directors of Sigma-Medical resolved to sell the land and buildings located in Ruifang District, New Taipei City, and actively searched for a buyer, and the sale is expected to be completed within one year. Therefore, the aforementioned assets were reclassified as non-current assets held for sale, and the details are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Land and buildings held for sale	$ 163,909	-

The Combined Company has disposed of the above real estate after the period and recognized the related gain on disposal, please refer to Note 11 for details.

h. Investments accounted for using the equity method

	Dec. 31, 2021	Dec. 31, 2020
Affiliated companies	$ 221,918	196,876

1) Affiliated companies

In August 2021, the Combined Company invested NT$4,480 thousand in cash in Coatmed Incorporation (hereinafter referred to as "Coatmed "), which increased the Combined Company's equity in Coatmed from 11.03% to 20%, and became a director of the company with the ability to participate in decision-making, thus gaining significant influence, which it was evaluated using the equity method.

On January 28, 2021, the shareholders' meeting resolved the dissolution of Taikebio Co., Ltd. As a result, the Combined Company lost its significant influence on the company and incurred a loss of NT$6,556 thousand on disposal of investment.

In August 2020, the Combined Company disposing of some of the equity of Visco with a cash amount of NT$14,955 thousand resulting in disposal of an investment benefit of NT$11,975 thousand but it did not result in a significant loss of influence.

In July and September 2020, the Combined Company invested NT$10,001 thousand and NT$ 6,000 thousand in cash in Taikebio Co., Ltd. and MLK Bioscience Co., Ltd. both of which acquired 20% of the equity, because it served as the Company directors also have the ability to participate in decision-making, so they have significant influence and are evaluated by the equity method.

As the affiliated companies of the Combined Company adopting the equity method are individually insignificant, their financial information is summarized as follows. Such financial information is the amount included in the Consolidated Financial Statements:

	Dec. 31, 2021	Dec. 31, 2020
The carrying amount of equity of individually immaterial associates at end of period	$ 221,918	196,876

	2021	2020
Share attributable to the Combined Company:		
Net profit	$ 71,259	10,510
Other comprehensive income (loss)	(19,265)	(6,177)
Total comprehensive income	$ 51,994	4,333

i. Business mergers

1) Acquisition of a subsidiary— Cenefom Corp.

a) Acquisition of transfer consideration from subsidiaries

On October 25, 2021 (the acquisition date), the Combined Company acquired 3,323 thousand shares of common stock of Cenefom Corp. (hereinafter referred to as "Cenefom ") for a total amount of $63,135 thousand by participating in a cash capital increase, which increased the Combined Company's shareholding in Cenefom from 12.12% to 34.83% and obtained more than half of the seats of directors, thus gaining control over the company. Therefore, from the acquisition date onwards, the company was included in the Combined Company. Cenefom is mainly engaged in the research and development, production and sales of PVA foam medical related consumables. The Combined Company acquired Cenefom primarily to acquire the existing customer base and related technologies and applications.

b) Acquisition of identifiable net assets

The fair value of the identifiable assets acquired and liabilities assumed by Cenefom on October 25, 2021 (acquisition date) are as follows:

Transfer consideration:		
Cash		$ 63,135
Fair value of the original interest in the acquiree		20,805
Non-controlling interests (measured as identifiable net assets in proportion to non-controlling interests)		96,694
Fair value of identifiable assets acquired and liabilities assumed:		
Cash and Cash Equivalents	$ 92,509	
Notes and accounts receivable, net	4,940	
Inventories, net	8,249	
Other current assets	1,317	
Other financial assets - current	1,591	
Real estate, plant and equipment	18,583	
Intangible assets - patented technology	54,260	
Intangible assets - customer relationship	30,012	
Intangible assets - others	134	
Other non-current assets	1,640	
Guarantee deposits paid	790	
Short-term borrowings	(16,756)	
Long-term loan due within one year	(5,579)	
Notes and accounts payables	(4,165)	
Other payables	(5,477)	
Other current liabilities	(8,004)	
Long-term borrowings	(11,235)	
Deferred tax assets and liabilities	(14,437)	148,372
Goodwill		**$ 32,262**

The Combined Company will keep the above matters under review during the measurement period. If new information becomes available within one year of the acquisition date relating to facts and circumstances existing at the acquisition date that would identify an adjustment to the provisional amounts described above or any additional provision for liabilities existing at the acquisition date, the accounting treatment for the acquisition will be modified. The Combined Company recognized a gain on disposal of NT$14,370 thousand at the acquisition date for remeasurement of the fair value of the 12.12% equity held by the Combined Company prior to the acquisition date, which was recorded under "other gains and losses".

c) Intangible assets

The above patented technology and customer relationships are amortized on a straight-line basis over 10 and 11 years, respectively, based on the expected future economic benefits.

The goodwill is mainly derived from the value of the human resources team of Cenefom. These benefits do not meet the criteria for recognition as identifiable intangible assets and are therefore not separately recognized as goodwill, but the goodwill recognized is not expected to have any income tax effect.

d) Temporary information on the operating results

From the date of acquisition to December 31, 2021, the operating results of Cenefom were consolidated into the consolidated statement of comprehensive income of the Combined Company, contributing operating income and net loss after tax of NT$9,836 thousand and NT$2,652 thousand, respectively. If this acquisition date occurs on January 1, 2021, the presumed operating income and net income after tax of the Combined Company for 2021 will be NT$16,520,964 thousand and $960,586 thousand, respectively.

2) Acquisition of a subsidiary－ Genejet Biotech Co., Ltd.

a) Acquisition of transfer consideration from subsidiaries

On October 28, 2021 (the acquisition date), the Combined Company acquired an additional 70% equity in Genejet Biotech Co., Ltd. (hereinafter referred to as “Genejet”) for a total amount of $43,316 thousand by participating in a cash capital increase, thus gaining control over the company. Therefore, from the acquisition date onwards, the company was included in the Combined Company. Genejet is mainly engaged in the research and development, production and sales of tissue adhesives. The Combined Company acquired Genejet primarily to acquire the access to existing customer base and expanding sales channels in Taiwan and Asia.

b) Acquisition of identifiable net assets

The fair value of the identifiable assets acquired and liabilities assumed by Genejet on October 28, 2021 (acquisition date) are as follows:

Item	Amount
Cash and Cash Equivalents	$ 46,868
Notes and accounts receivable, net	314
Other receivables	72
Inventories, net	2,055
Other current assets	1,059
Real estate, plant and equipment	1,058
Right-of-use assets	4,096
Intangible assets - patented technology	9,496
Intangible assets - customer relationship	4,913
Intangible assets - others	274
Other non-current assets	2,359
Guarantee deposits paid	148
Notes and accounts payables	(877)
Other payables	(1,791)
Other current liabilities	(994)
Lease liabilities-current	(777)
Lease liabilities-non-current	(3,333)
Other non-current liabilities	(37)
Deferred tax assets and liabilities	(2,881)
Fair value of identifiable net assets	**$ 62,022**

c) Gains on bargain purchase

The gains on bargain purchase recognized from acquisition were as follows:

Transfer consideration-cash	$ 43,316
Add: Non-controlling interests (measured at fair value of identifiable net assets in proportion to non-controlling interests)	18,607
Less: Fair value of identifiable net assets	(62,022)
Gains on bargain purchase (recorded under "other gains or losses")	**$ (99)**

d) Intangible assets

The above patented technology and customer relationships are amortized on a straight-line basis over 5 and 6 years, respectively, based on the expected future economic benefits.

e) Temporary information on the operating results

From the date of acquisition to December 31, 2021, the operating results of Genejet were consolidated into the consolidated statement of comprehensive income of the Combined Company, contributing operating income and net loss after tax of NT$4,361 thousand and NT$1,377 thousand, respectively. If this acquisition date occurs on January 1, 2021, the presumed operating income and net income after tax of the Combined Company for 2021 will be NT$16,494,055 thousand and $965,481 thousand, respectively.

j. Real estate, plant and equipment

	Land	Housing and structures	Machinery equipment	Others	Total
Cost:					
Balance as of January 1, 2021	$ 1,477,219	3,208,141	5,845,067	2,332,464	12,862,891
Acquisitions of businesses (Note 6[7])	-	-	36,868	6,915	43,783
Addition	-	87,745	174,109	455,810	717,664
Disposal	-	-	(50,859)	(18,538)	(69,397)
Reclassification non-current assets held for sale(Note 6[7])	(133,111)	(40,024)	(8,253)	(13,677)	(195,065)
Others reclassification and effect of foreign exchange rate changes	-	329,289	140,633	(438,504)	31,418
Balance as of December 31, 2021	**$1,344,108**	**3,585,151**	**6,137,565**	**2,324,470**	**13,391,294**
Balance as of January 1, 2020	$ 1,477,219	3,115,137	5,780,134	2,115,547	12,488,037
Addition	-	8,186	72,631	404,062	484,879
Disposal	-	(292)	(89,678)	(15,959)	(105,929)
Reclassification and effect of foreign exchange rate changes	-	85,110	81,980	(171,186)	(4,096)
Balance as of December 31, 2020	**$1,477,219**	**3,208,141**	**5,845,067**	**2,332,464**	**12,862,891**
Accumulated depreciation:					
Balance as of January 1, 2021	$ -	1,895,311	4,970,576	1,647,788	8,513,675
Acquisitions of businesses (Note 6[7])	-	-	22,131	2,011	24,142
Depreciation for the period	-	129,822	236,287	86,575	452,684
Disposal	-	-	(50,080)	(18,474)	(68,554)
Reclassification non-current assets held for sale(Note 6[7])	-	(19,943)	(5,548)	(5,665)	(31,156)
Others reclassification and	-	3,276	(10,657)	14,655	7,274

	Land	Housing and structures	Machinery equipment	Others	Total
effect of foreign exchange rate changes					
Balance as of December 31, 2021	**$ -**	**2,008,466**	**5,162,709**	**1,726,890**	**8,898,065**
Balance as of January 1, 2020	$ -	1,771,061	4,828,067	1,531,636	8,130,764
Depreciation for the period	-	123,046	209,938	126,589	459,573
Disposal	-	(292)	(89,043)	(15,917)	(105,252)
Reclassification and effect of foreign exchange rate changes	-	1,496	21,614	5,480	28,590
Balance as of December 31, 2020	**$ -**	**1,895,311**	**4,970,576**	**1,647,788**	**8,513,675**
Carrying Value:					
December 31, 2021	**$1,344,108**	**1,576,685**	**974,856**	**597,580**	**4,493,229**
December 31, 2020	**$1,477,219**	**1,312,830**	**874,491**	**684,676**	**4,349,216**
January 1, 2020	**$1,477,219**	**1,344,076**	**952,067**	**583,911**	**4,357,273**

For the details of real estate, plant, and equipment that have been used as guarantees for long-term borrowings and financing lines, please refer to Note 8 for details.

k. Right-of-use assets

	Land use rights	Housing and structures	Total
Right-of-use assets cost:			
Balance as of January 1, 2021	$ 63,007	426,531	489,538
Acquisitions of businesses	-	4,236	4,236
Addition	-	52,575	52,575
Lease modifications	-	(389)	(389)
Effect of changes in exchange rates	345	-	345
Balance as of December 31, 2021	**$ 63,352**	**482,953**	**546,305**
Balance as of January 1, 2020	$ 62,883	465,035	527,918
Addition	-	1,661	1,661
Disposal	-	(40,165)	(40,165)
Effect of changes in exchange rates	124	-	124
Balance as of December 31, 2020	**$ 63,007**	**426,531**	**489,538**
Accumulated depreciation of right-of-use assets:			
Balance as of January 1, 2021	$ 13,666	254,282	267,948
Acquisitions of businesses	-	140	140

		Land use rights	Housing and structures	Total
Depreciation for the period		1,290	86,631	87,921
Lease modifications		-	(73)	(73)
Effect of changes in exchange rates		79	-	79
Balance as of December 31, 2021	**$**	**15,035**	**340,980**	**356,015**
Balance as of January 1, 2020	$	12,356	208,990	221,346
Depreciation for the period		1,271	85,457	86,728
Disposal		-	(40,165)	(40,165)
Effect of changes in exchange rates		39	-	39
Balance as of December 31, 2020	**$**	**13,666**	**254,282**	**267,948**
Carrying Value:				
December 31, 2021	**$**	**48,317**	**141,973**	**190,290**
December 31, 2020	**$**	**49,341**	**172,249**	**221,590**
January 1, 2020	**$**	**50,527**	**256,045**	**306,572**

The land use right (including the land use right listed in investment real estate) is the Combined Company signed with the Mainland China Land and Resources Bureau to obtain the land use right of Suzhou Industrial Park and Gejiang District High-tech Industrial Development Zone in Wuhu City for the purpose of building factories. The period of use was from 2005 to 2055 and from 2012 to 2062.

l. Investment properties

		Housing and structures	Land use rights	Total
Cost:				
Balance as of January 1, 2021	$	885,528	67,341	952,869
Effect of changes in exchange rates		4,868	370	5,238
Balance as of December 31, 2021	**$**	**890,396**	**67,711**	**958,107**
Balance as of January 1, 2020	$	877,685	67,209	944,894
Addition		6,048	-	6,048
Effect of changes in exchange rates		1,795	132	1,927
Balance as of December 31, 2020	**$**	**885,528**	**67,341**	**952,869**
Accumulated depreciation:				
Balance as of January 1, 2021	$	475,692	20,080	495,772

		Housing and structures	Land use rights	Total
Depreciation for the period		27,071	1,389	28,460
Effect of changes in exchange rates		2,689	114	2,803
Balance as of December 31, 2021	$	**505,452**	**21,583**	**527,035**
Balance as of January 1, 2020	$	442,272	18,658	460,930
Depreciation for the period		32,170	1,369	33,539
Effect of changes in exchange rates		1,250	53	1,303
Balance as of December 31, 2020	$	**475,692**	**20,080**	**495,772**
Carrying Value:				
December 31, 2021	$	**384,944**	**46,128**	**431,072**
December 31, 2020	$	**409,836**	**47,261**	**457,097**
January 1, 2020	$	**435,413**	**48,551**	**483,964**
Fair value:				
December 31, 2021				$ **775,518**
December 31, 2020				$ **771,271**

Investment real estate is a factory area used for lease. The fair value of investment real estate is evaluated based on the market evidence of similar real estate transaction prices in the same area by the management, and the input value used in its fair value evaluation technology belongs to the third level.

m. Intangible assets

		Goodwill	Patented technology	Customer relationship	Purchased software	Others	Total
Cost:							
Balance as of January 1, 2021	$	-	47,116	-	218,155	1,490	266,761
Acquisitions of businesses		32,262	76,113	34,925	379	355	144,034
Separate acquisition		-	-	-	44,260	-	44,260
Decrease		-	-	-	(743)	-	(743)
Reclassification and influence of exchange rate change		-	(1,056)	-	1,958	5	907
Balance as of December 31, 2021	$	**32,262**	**122,173**	**34,925**	**264,009**	**1,850**	**455,219**
Balance as of January 1, 2020	$	-	50,034	-	187,279	1,488	238,801
Separate acquisition		-	-	-	30,884	-	30,884
Decrease		-	-	-	(11)	-	(11)
Reclassification and influence of exchange rate		-	(2,918)	-	3	2	(2,913)

		Goodwill	Patented technology	Customer relationship	Purchased software	Others	Total
change							
Balance as of December 31, 2020	$	-	**47,116**	-	**218,155**	**1,490**	**266,761**
Accumulated amortization:							
Balance as of January 1, 2021	$	-	34,475	-	196,764	1,268	232,507
Acquisitions of businesses		-	12,357	-	260	66	12,683
Amortization for the year		-	8,393	591	36,605	227	45,816
Decrease		-	-	-	(743)	-	(743)
Reclassification and influence of exchange rate change		-	(832)	-	11	4	(817)
Balance as of December 31, 2021	$	-	**54,393**	**591**	**232,897**	**1,565**	**289,446**
Balance as of January 1, 2020	$	-	28,903	-	164,352	968	194,223
Amortization for the year		-	7,581	-	32,419	296	40,296
Decrease		-	-	-	(11)	-	(11)
Reclassification and influence of exchange rate change		-	(2,009)	-	4	4	(2,001)
Balance as of December 31, 2020	$	-	**34,475**	-	**196,764**	**1,268**	**232,507**
Carrying Value:							
Balance as of December 31, 2021	$	**32,262**	**67,780**	**34,334**	**31,112**	**285**	**165,773**
Balance as of December 31, 2020	$	-	**12,641**	-	**21,391**	**222**	**34,254**
Balance as of January 1, 2020	$	-	**21,131**	-	**22,927**	**520**	**44,578**

n. Short-term borrowings

	Dec. 31, 2021	Dec. 31, 2020
Unsecured bank loans	**$ 586,849**	**150,000**
Unused credit line	**$ 9,142,627**	**8,665,088**
Interest rate range	**0.75%~1.95%**	**0.82%**

o. Long-term borrowings

	Dec. 31, 2021	Dec. 31, 2020
Unsecured bank loans	$ 1,006,694	864,624
Secured bank loans	300,000	750,000
Less: Long-term borrowings due within one year	(1,666)	-
Total	**$ 1,305,028**	**1,614,624**
Unused credit line	**$ 3,497,000**	**3,318,690**
Expiration year	2023-2030	2023-2030
Interest rate range	**1.25%~1.85%**	**1.25%~1.30%**

1) Collateral for bank loans

Refer to Note 8 for details on collateral pledged on secured bank borrowings.

2) Government low-interest loans

The Combined Company obtained low-interest bank loans in accordance with the "Key Points for Welcome Taiwanese Businessmen to Return to Taiwan Investment Project Loans" in 2020. The actual repayment preferential interest rate is 0.75%~0.8%. As of December 31, 2021 and 2020, the actual amount of transfer amounted to NT$1,018,000 thousand and NT$881,310 thousand, respectively. The fair value of the loan was NT$996,484 thousand and NT$861,860 thousand respectively based on the market interest rate of 1.25%~1.3%, and the difference of NT$21,516 thousand and NT$19,450 thousand, respectively, are regarded as a government subsidy and recognized as deferred income. In 2021 and 2020, the amount of the aforementioned deferred income transferred to "other income" amounted to NT$4,082 thousand and NT$2,764 thousand, respectively.

3) Financial ratio agreement in loan contract

According to the provisions of the joint loan contract with the bank, the Combined Company shall calculate and maintain the agreed current ratio, debt ratio, and minimum tangible net worth, and other financial ratios during the duration of the loan in accordance with the annual Consolidated Financial Statements verified by the accountant. If the aforementioned financial ratios do not meet the agreed standards, the Combined Company may submit an exemption application and improvement plan to the management bank in accordance with the provisions of the joint loan contract. Most syndicated lending banks do not regard it as a breach of contract until they reach a resolution.

The financial ratios of the Combined Company as of December 31, 2021 and 2020 were in compliance with the agreed standards in the joint loan contract.

p. Lease liabilities

The book value of the Combined Company's lease liabilities is as follows:

		Dec. 31, 2021	Dec. 31, 2020
Current:			
Related parties	$	91,779	82,289
Non-related parties	$	7,871	2,626
Non-current:			
Related parties	$	-	91,779
Non-related parties	$	52,383	5,745

Please refer to Note 6 [26] for expiry analysis

The amounts recognized in profit or loss were as follows:

		2021	2020
Short-term lease expense	$	10,419	8,737
Interest expense – lease obligations payable	$	2,973	4,287

The amounts recognized in the statements of cash flows are:

		2021	2020
Total cash flows on lease	$	100,165	105,134

1) Lease of buildings and constructions

The Combined Company leases houses and buildings as factories. The lease term of the plant is usually five years. If the lease expires, a new contract and price must be negotiated, the Combined Company will reassess the relevant right-of-use assets and lease liabilities.

2) Other leases

The lease period for the part of the factory and automobiles that the Combined Company leases is one year. These leases are short-term leases. The Combined Company chooses to apply the exemption requirements and does not recognize its related right-of-use assets and lease liabilities.

q. Operating leases - lessor

The investment property leased by the Combined Company does not transfer all risks and remuneration attached to the ownership of the underlying assets, so the tenancy agreement is classified as an operating lease. Please refer to Note 6 [12] investment property for details.

The maturity analysis of the lease payment is listed as follows according to the non-discounted future cash flows of lease receivable after the reporting date:

		Dec. 31, 2021	Dec. 31, 2020
Less than 1 year	$	18,367	24,902
1~5 years		1,092	20,216
Non-discounted future cash flows of lease	$	**19,459**	**45,118**

The rental income from investment real estate in 2021 and 2020 was NT$ 75,417 thousand and NT$66,798 thousand, respectively, which were reported under operating income. The direct operating expenses incurred by investment real estate (listed in "Operating Costs") are as follows:

		2021	2020
Direct operating expenses of investment properties that generated rental income	$	**37,627**	**39,584**

r. Employee benefits

1) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets for defined benefit plans was as follows:

		Dec. 31, 2021	Dec. 31, 2020
Present value of defined benefit obligations	$	60,559	51,269
Fair value of plan assets		(44,480)	(42,491)
Net defined benefit liabilities (listed as other non-current liabilities)	$	**16,079**	**8,778**
Present value of defined benefit obligations	$	361	8,438
Fair value of plan assets		(4,305)	(9,567)
Net defined benefit asset (listed as "other non-current assets")	$	**(3,944)**	**(1,129)**

The Combined Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The retirement payment of each employee subject to the Labor Standards Law is calculated based on the base number of years of service and the average salary of the six months before retirement.

a) Composition of plan assets

The retirement fund contributed by the Combined Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds Utilization, Ministry of Labor (hereinafter referred to as Bureau of Labor Funds), and utilized according to the provisions of "Regulations on Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund"; with regard to the utilization of the funds, lowest earnings in final settlement shall not be less than the earnings attainable from two- year time deposits with interest rates offered by local banks.

As of December 31, 2021 and 2020, the balances of the Taiwan Bank's special account for labor retirement reserves of the Combined Company were

NT$48,785 thousand and NT$52,058 thousand, respectively. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

b) Movements in present value of the defined benefit obligations

		2021	2020
Service cost and interest of the period	$	59,707	57,364
Current interest		447	708
Reduced benefits		(595)	-
Remeasurement of net defined benefit liabilities			
- Actuarial profits and losses due to experience adjustments		5,492	(176)
- Actuarial profits or losses arising out of changes in financial assumptions		1,942	4,022
- Actuarial profits or losses arising from changes in demographic assumptions		10	-
Benefits that are planned to pay		(6,083)	(2,211)
Service cost and interest of the end period	**$**	**60,920**	**59,707**

c) Changes in the fair value of planned assets

		2021	2020
Fair value of plan assets at beginning period	$	52,058	49,965
Interest revenue		398	641
Remeasurement of net defined benefit liabilities			
- Actuarial profits or losses		512	1,712
Funds contributed by the employer		1,900	1,951
Benefits paid by the plan		(6,083)	(2,211)
Fair value of plan assets at end period	**$**	**48,785**	**52,058**

d) Change of asset upper limit impacts

The Combined Company did not determine the impact of the maximum number of assets of the defined benefit plans in 2021 and 2020.

e) Expenses recognized in profit or loss (interest)

		2021	2020
Net interest on net defined benefit liability assets	$	49	67
Reduced benefits		(595)	-
	$	**(546)**	**67**
Operating costs	$	(515)	33
Operating Expenses		(31)	34
	$	**(546)**	**67**

f) Re-measurements of the net defined benefit liability recognized as other comprehensive revenue

		2021	2020
Accumulated balance at beginning period	$	(21,924)	(19,790)
Recognition of the period		(6,932)	(2,134)
Accumulated balance at end of period	$	**(28,856)**	**(21,924)**

g) Actuarial assumptions

The significant actuarial assumptions used by the Combined Company to determine the present value of welfare obligations at the financial reporting date are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Discount rate	0.5%~0.75%	0.75%
Future salary increases rate	2.00%	2.00%

The Combined Company expects to pay NT$1,891 thousand to the defined benefit plan within one year after the reporting date in 2021. The weighted average duration of defined benefit plans is 7.88~18.69 years.

h) Sensitivity analysis

The present value of the defined benefit obligation affected by the changes in the main actuarial assumptions adopted is as follows:

	Impact on defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021		
Discount rate	(2,349)	2,455
Future salary increases rate	2,382	(2,293)
December 31, 2020		
Discount rate	(2,390)	2,505
Future salary increases rate	2,438	(2,334)

With other assumptions unchanged, above sensitivity analysis analyzes effects of changes in single assumption. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities of the balance sheet. The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

2) Defined contribution plans

The definite allocation plan of the Company and its domestic subsidiaries is in accordance with the provisions of the Labor Pension Regulations, and is allocated to the labor pension individual account of the Labor Insurance Bureau at a rate of 6% of the labor's monthly salary; foreign subsidiaries pay pensions in accordance with local laws and regulations. Under such plans, after the Combined Company allocates a fixed amount in accordance with regulations, there is no statutory or constructive obligation to pay additional amounts.

The pension expenses under the method of determining the appropriation of pensions are as follows:

	2021	**2020**
Operating costs	$ 49,044	38,012
Operating Expenses	30,565	23,643
	$ 79,609	**61,655**

s. Income tax

1) Income tax expense

		2021	2020
Income tax expenses of the period			
Accrued in current year	$	136,623	41,090
Adjustments to income tax expenses of precious period		(9,368)	594
		127,255	41,684
Deferred income tax expenses			
Occurrence and reversal of temporary differences		32,493	57,933
Changes in unrecognized temporary differences		82,636	(301)
Unrecognized loss carryforwards changes		(3,939)	14,490
		111,190	72,122
Income tax expense	**$**	**238,445**	**113,806**

There was no income tax that was directly recognized in equity or other comprehensive income for the Combined Company in 2021 and 2020.

The reconciliation of income tax expenses and income before income tax was as follows:

		2021	2020
Income before income tax	**$**	**1,207,972**	**509,779**
Income tax calculated by domestic tax rate of the Company's domicile	$	241,595	101,956
Impact of tax rate difference in foreign administrative areas		9,351	784
Gains or losses on investments recognized under the equity method		(14,288)	7,044
Non-deductible impairment and expenses		11,094	11,309
Changes in unrecognized temporary differences		82,636	(301)
Unrecognized loss carryforwards changes		(3,939)	14,490
Investment deduction		(61,595)	-
Previous income tax adjustment		(9,368)	594
Others		(17,041)	(22,070)
Income tax expense	**$**	**238,445**	**113,806**

2) Deferred tax assets and liabilities

a) Unrecognized deferred tax assets and liabilities

Unrecognized deferred tax assets:

		Dec. 31, 2021	Dec. 31, 2020
Deductible loss	$	218,081	222,020
Summary amount of temporary differences related to investment in subsidiaries		2,774	-
	$	**220,855**	**222,020**

Unrecognized deferred tax liabilities:

		Dec. 31, 2021	Dec. 31, 2020
Summary amount of temporary differences related to investment in subsidiaries	**$**	**-**	**79,862**

For the temporary difference related to the investment subsidiary, since the Combined Company can control the time when the temporary difference turns back and is convinced that it will not be in the foreseeable future reverted, therefore, the related deferred tax assets and liabilities were not recognized; in addition, the Company and some of its subsidiaries assessed on each reporting date that it is not likely to have sufficient taxable income in the future for loss deduction, so the relevant deferred income tax assets have not been recognized.

As of December 31, 2021, the loss deduction and tax amount of the Combined Company's unrecognized deferred tax assets, the deduction period is as follows:

	Amount of deductible losses	The number of losses that have not been deducted from the deduction of tax	Final year that tax may be deducted
$	4,861	972	2022
	59,554	13,430	2023
	63,828	14,385	2024
	71,930	16,462	2025
	141,270	33,379	2026
	152,601	36,339	2027
	181,203	42,934	2028
	200,088	46,844	2029
	52,413	10,483	2030
	14,263	2,853	2031
$	**942,011**	**218,081**	

b) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

Deferred income tax assets:

		Allowance for loss of inventory depreciation	Deductible loss	Fixed asset tax differential	Others	Total
January 1, 2021	$	68,964	27,451	33,795	44,049	174,259
(Debit) credit revenue statement		(14,137)	1,587	3,917	17,866	9,233
Exchange differences arising on translation of financial statements of foreign operations		-	-	43	-	43
December 31, 2021	**$**	**54,827**	**29,038**	**37,755**	**61,915**	**183,535**
January 1, 2020	$	62,332	111,185	34,326	37,289	245,132
(Debit) credit revenue statement		6,632	(83,734)	(623)	6,760	(70,965)
Exchange differences arising on translation of financial statements of foreign operations		-	-	92	-	92
December 31, 2020	**$**	**68,964**	**27,451**	**33,795**	**44,049**	**174,259**

Deferred tax assets and liabilities:

		Share of profit from subsidiaries accounted for using equity method		Reserve for land value increment tax	Others	Total
January 1, 2021	$	-		2,780	4,238	7,018
Acquisitions of businesses		-		-	17,318	17,318
Debit (credit) income statement		116,231		-	4,192	120,423
Exchange differences arising on translation of financial statements of foreign operations		-		-	(24)	(24)
December 31, 2021	**$**	**116,231**		**2,780**	**25,724**	**144,735**
January 1, 2020	$	-		2,780	3,173	5,953
Debit (credit) income statement		-		-	1,157	1,157
Exchange differences arising on translation of financial statements of foreign operations		-		-	(92)	(92)
December 31, 2020	**$**	**-**	**$**	**2,780**	**4,238**	**7,018**

As of December 31, 2021, the loss deduction and tax amount of the Combined

Company's unrecognized deferred tax assets, the deduction period is as follows:

Amount of deductible losses		The number of losses that have not been deducted from the deduction of tax	Final year that tax may be deducted
$	104,312	20,862	2026
	10,639	2,128	2027
	4,363	873	2028
	13,986	2,797	2029
	11,889	2,378	2030
$	**145,189**	**29,038**	

3) Income tax approved

The ROC income tax authorities have examined the Company's income tax returns through 2019.

t. Capital and other equity

1) Common stock

As of December 31, 2021 and 2020, the total value of nominal common stocks amounted to NT$4,000,000 thousand, with a par value of NT$10 per share, consisting of 400,000 thousand shares issued. There were 320,675 thousand shares of ordinary shares already issued.

2) Capital reserve

The details of capital surplus of the Combined Company were as follows:

		Dec. 31, 2021	Dec. 31, 2020
Changes in net equity of associates accounted for using equity method	**$**	**5,808**	**11,427**

In accordance with the Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. The aforementioned realized capital reserve includes capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be capitalized, and the combined amount of any portions capitalized may not exceed 10% of the paid-in capital each year.

3) Retained earnings

According to the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, tax should be paid first to make up for previous losses, 10% of the statutory surplus reserve should be raised, and the special surplus reserve should be set aside or converted according to laws and regulations. If there is still surplus and accumulate undistributed surplus, the Board of Directors shall draft a surplus distribution plan and submit it to the shareholders meeting for resolution and distribution.

If the aforementioned profit distribution proposal is based on cash dividends, the Board of Directors shall be authorized to make a resolution and report to the shareholders meeting.

According to the Company's Articles of Incorporation, the Company is a technology- and capital-intensive industry that is in the midst of a growth period. In order to cooperate with long-term capital planning and meet shareholders' demand for cash flow, the Company's dividend policy adopts a residual dividend policy to improve the Company's growth and sustainable operation. If the Company has a surplus after the annual final accounts, it shall pay taxes in accordance with the regulations to make up for the previous losses. The 10% of the second increase is the statutory surplus reserve, and after the special surplus reserve is drawn or converted in accordance with the law. If there is still a surplus, the dividend distribution shall not be less than 10% of the aforementioned calculated surplus. When dividends are distributed, in order to consider the needs of future expansion of the scale of operations and cash flow, the proportion of annual cash dividends shall not be less than 10% of the combined cash and stock dividends of the current year.

a) Legal reserve

When there is no loss in the Company, the legal reserve will be used to issue new shares or cash upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in amount.

b) Special reserve

According to FSC No. 1010012865 dated April 6, 2002, when the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the same amount of special surplus reserve is drawn from the current profit and loss and the undistributed surplus in the previous period; for the deduction of other shareholders' equity accumulated in the previous period, the same amount of special surplus reserve shall not be distributed from the undistributed surplus in the previous period. If other stockholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.

c) Earnings distribution

The 2020 and 2019 distributions of earnings were resolved at the shareholders' meetings on August 25, 2021 and June 18, 2020, respectively. The dividends distributed to owners are as follows:

	2020		2019	
	Earnings Per Share (NT$)	**Amount**	**Earnings Per Share (NT$)**	**Amount**
Dividends to shareholders:				
Cash	$ 0.70	**224,472**	0.50	**160,337**

Relevant information can be inquired through channels such as public information observatories.

4) Other equity (after tax)

	Exchange differences arising on translation of financial statements of foreign operations	Defined benefit plans remeasurement	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	Total
January 1, 2021	$ (40,946)	(21,997)	(20,591)	(83,534)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	8,741	-	-	8,741
Affiliated companies	(19,265)	-	-	(19,265)
Defined benefit plans remeasurement	-	(6,932)	-	(6,932)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	(3,453)	(3,453)
Disposal of financial assets at fair value through other comprehensive income	-	-	1,134	1,134
Balance as of December 31, 2021	**$ (51,470)**	**(28,929)**	**(22,910)**	**(103,309)**
January 1, 2020	$ (36,865)	(19,863)	22,832	(33,896)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	2,096	-	-	2,096
Affiliated companies	(6,520)	-	-	(6,520)
Proceeds from the disposal of affiliated companies accounted for using equity method	343	-	-	343
Defined benefit plans remeasurement	-	(2,134)	-	(2,134)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	(43,423)	(43,423)
Balance as of December 31, 2020	**$ (40,946)**	**(21,997)**	**(20,591)**	**(83,534)**

5) Non-controlling equity (after tax)

		2021
Balance at beginning of year	$	-
Acquisition of subsidiaries		115,301
Share attributable to non-controlling interests:		
Net loss of the period		(2,028)
	$	**113,273**

u. Earnings per share

1) Basic earnings per share

		2021	2020
Net profit attributable to holders of common equity of the Company	$	**971,555**	**395,973**
The weighted average number of shares outstanding (thousand shares)		**320,675**	**320,675**
Basic earnings per share (NT$)	$	**3.03**	**1.23**

2) Diluted earnings per share

		2021	2020
Net profit attributable to holders of common equity of the Company	$	**971,555**	**395,973**
The weighted average number of shares outstanding (thousand shares)		320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):			
Impact of employee compensation		3,809	2,304
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares impact)		**324,484**	**322,979**
Diluted earnings Per Share (NT$)	$	**2.99**	**1.23**

v. Revenue from contracts with customers

1) Disaggregation of revenue

	2021		
	Film sheet segment	**Other sectors**	**Total**
Primary geographical markets:			
China	$ 10,104,409	883,652	10,988,061
Taiwan	4,438,179	433,086	4,871,265
Others	294,333	328,027	622,360
	$ 14,836,921	**1,644,765**	**16,481,686**
Main products/services:			
Functional sheet	$ 14,836,921	-	14,836,921
Others	-	1,644,765	1,644,765
	$ 14,836,921	**1,644,765**	**16,481,686**

	2020		
	Film sheet segment	**Other sectors**	**Total**
Primary geographical markets:			
China	$ 8,990,614	701,394	9,692,008
Taiwan	4,468,700	430,694	4,899,394
Others	223,021	235,525	458,546
	$ 13,682,335	**1,367,613**	**15,049,948**
Main products/services:			
Functional sheet	$ 13,682,335	-	13,682,335
Others	-	1,367,613	1,367,613
	$ 13,682,335	**1,367,613**	**15,049,948**

2) Contract balances

	Dec. 31, 2021	**Dec. 31, 2020**	**Dec. 1, 2020**
Notes receivables and accounts receivables (including related parties)	$ 2,881,481	2,374,348	1,854,938
Deduction: Allowance for loss	(19,316)	(23,480)	(23,359)
Total	**$ 2,862,165**	**2,350,868**	**1,831,579**

Refer to Note 6 [4] for details on accounts receivable and related loss allowance.

w. Employee and directors' compensation

According to the Company's Articles of Incorporation, if there is any profit in the year, 5-20% shall be allocated for employee compensation and no more than 1% for directors' compensation When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration. The employee compensation in the preceding paragraph may include employees of affiliated companies who meet certain conditions for the payment of stocks or cash.

In 2021 and 2020, the Company's employee bonus was set aside for NT$134,276 thousand and NT$ 55,119 thousand, respectively, and the director's bonus was set aside for NT$10,071 thousand and NT$4,134 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and directors in each period multiplied by the distribution percentage of the bonus of employees and directors stipulated in the Articles of Incorporation of the Company, and reported as the operating cost or expenses of 2021 and 2020. Upon any variance between the distribution of next year and the estimated amount, a change of accounting estimate shall follow and recognize in the profit or loss of next year. The compensation for employees and directors of the Company decided by the Board of Directors is not different from the estimated amount in the Company's individual financial reports for the year of 2021 and 2020, and it is issued in cash. For the relevant information, please refer to the public information observatory Inquire.

x. Non-Operating Profit and Loss

1) Interest revenue

		2021	2020
Interests on bank deposits	$	**1,170**	**975**

2) Other income

		2021	2020
Government subsidy revenue	$	17,954	12,362
Dividend income		1,344	2,400
	$	**19,298**	**14,762**

3) Other gains or losses

		2021	2020
Disposal of real estate, plant and equipment interests (losses)	$	1,414	(479)
Profits from disposal of investment		7,814	11,975
Net gain (loss) on foreign currency exchange		219,021	(80,982)
Net profits (losses) from financial assets (liabilities) measured at fair value through profits (losses) - Derivative instruments		(58,685)	52,628
Gains on bargain purchase(Note 6[9])		99	-
Others		11,332	14,409
	$	**180,995**	**(2,449)**

4) Financial costs

	2021	2020
Interest expense of bank loans	$ (39,095)	(57,105)
Lease liabilities	(2,973)	(4,287)
	$ (42,068)	**(61,392)**

y. Types of financial instruments and fair value

1) Types of financial instruments

a) Financial assets

	Dec. 31, 2021	Dec. 31, 2020
Financial assets at fair value through profit or loss:		
Foreign exchange forward contracts	$ 1,093	11,112
Exchange contracts	4,815	7,146
Subtotal	5,908	18,258
Financial assets at fair value through other comprehensive income	64,677	59,309
Financial assets at amortized cost:		
Cash and Cash Equivalents	278,127	148,243
Note receivables, account receivables, and other receivables (including related parties)	3,047,027	2,572,076
Other financial assets - Current	87,084	15,836
Guarantee deposits paid	28,974	13,930
Subtotal	3,441,212	2,750,085
Total	**$ 3,511,797**	**2,827,652**

b) Financial liabilities

	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities at fair value through profit and loss		
Foreign exchange forward contracts	$ 9,361	5,838
Subtotal	9,361	5,838
Financial liabilities measured at amortized cost:		
Short-term borrowings	586,849	150,000
Account payables and other payables (including related parties)	4,740,791	4,617,207
Long-term borrowings (including loans due within one year)	1,306,694	1,614,624
Lease liabilities - Current and non-current (including related parties)	152,033	182,439
Guarantee deposits received	25,912	21,187
Subtotal	6,812,279	6,585,457
Total	**$ 6,821,640**	**6,591,295**

2) Information of fair value

a) Financial instruments that is not measured at fair value

The management of the Combined Company believes that the financial assets and financial liabilities of the Combined Company classified as amortized cost is close to their fair value in the Consolidated Financial Statements.

b) Financial instruments measured at fair value

The following financial instruments are measured at fair value on the basis of repeatability. The table below provides an analysis of financial instruments measured subsequent to initial recognition at fair value, which are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Each level of the fair value hierarchy is defined as follows:

i. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

ii. Level 2: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., price) or indirectly (i.e., derived from prices).

iii. Level 3: Level 3 inputs are inputs for the asset or liability that are not based on observable market data (unobservable parameters).

	Dec. 31, 2021				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Foreign exchange forward contracts	$ 1,093	-	1,093	-	1,093
Exchange contracts	4,815	-	4,815	-	4,815
	$ 5,908	**-**	**5,908**	**-**	**5,908**
Financial assets at fair value through other comprehensive income:					
Stocks listed in the emerging stock market in Taiwan	$ 55,490	-	55,490	-	55,490
Non-listed Stocks	9,187	-	-	9,187	9,187
	$ 64,677	**-**	**55,490**	**9,187**	**64,677**
Financial liabilities at fair value through profit and loss					
Foreign exchange forward contracts	**$ (9,361)**	-	**(9,361)**	-	**(9,361)**

	Dec. 31, 2020				
		Fair value			
	Book amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
Foreign exchange forward contracts	$ 11,112	-	11,112	-	11,112
Exchange contracts	7,146	-	7,146	-	7,146
	$ 18,258	**-**	**18,258**	**-**	**18,258**
Financial assets at fair value through other comprehensive income:					
Stocks listed in the emerging stock market in Taiwan	$ 57,809	-	57,809	-	57,809
Non-listed Stocks	1,500	-	-	1,500	1,500
	$ 59,309	**-**	**57,809**	**1,500**	**59,309**
Financial liabilities at fair value through profit and loss					
Foreign exchange forward contracts	**$ (5,838)**	**-**	**(5,838)**	**-**	**(5,838)**

3) The assessment methods and assumptions followed for assessing fair value

a) Non-derivative financial instruments

If there is open quotation to financial instruments at active market, then the open quotation will be taken as fair value.

If the public quotation of a financial instrument can be obtained from an exchange, broker, underwriter, industry association, pricing service agency or competent authority in a timely and frequent manner, and the price represents the actual and regular fair market transactions, then the financial instrument has an active market quotation. If the aforesaid conditions fail, the market is not deemed as active.

The fair value of the domestic stocks held by the Combined Company is estimated based on the average transaction price of the stock market on the day.

The fair value of the Combined Company's holding of unlisted stocks for which no active market exists is estimated by using the market approach, which refers to the valuation of similar entities, the net worth of an entity and the operating performance. In addition, the significant unobservable inputs mainly comprise liquidity discount, in which the possible changes would not result in a potentially material financial effect. Therefore, the Company does not disclose the quantitative information.

b) Derivative financial instruments

It is evaluated with evaluation model widely accepted by market users. Forward exchange contracts and exchange contracts are usually valued based on current forward exchange rates.

4) Fair value level and transfer

The Combined Company did not have any financial assets and liabilities transferred in the fair value hierarchy in 2021 and 2020.

5) Statement of changes in Level 3 fair value hierarchy:

Financial assets at fair value through other comprehensive income:

		2021	2020
Balance at beginning of year	$	1,500	-
Purchase of the period		9,187	1,500
Changes in other comprehensive income recognized in the current period		(1,134)	-
Reclassification of investments accounted for using the equity method		(366)	-
Balance at end of year	**$**	**9,187**	**1,500**

z. Financial risk management

The Combined Company is exposed to credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and equity instrument price risk) due to its business activities. This note demonstrates the risk information of the aforementioned various risks of the Combined Company, and the Combined Company's policies and procedures for measuring and managing these risks, and quantitative disclosure.

The Board of Directors of the Combined Company is responsible for developing and controlling the risk management policy of the Combined Company. The establishment of the risk management policy is to identify and analyze the risks faced by the Combined Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the Combined Company's activities.

The management of the Combined Company supervises and reviews financial activities in accordance with relevant regulations and internal control systems. Internal auditors play a supervisory role and regularly report the review results to the Board of Directors.

1) Credit risk

Credit risk refers to the risk of the financial loss of the Combined Company due to the failure of the counterparty to perform the contractual obligations. As of the financial report date, the main potential credit risk of the Combined Company comes from financial assets such as bank deposits and accounts receivable from customers. The book value of the Combined Company's financial assets represents the maximum credit risk amount.

The deposits and derivative financial products of the Combined Company are traded in banks with good credit, and no significant credit risk will arise.

Due to the characteristics of the industry, the film sheet products of the Combined Company are concentrated in a small number of customers, which makes the Combined Company have a significant concentration of credit risk. As of December 31, 2021 and 2020, the ratio of the top five customers in the balance of accounts receivable (including related parties) was 53% and 51%, respectively. The Combined Company has established a credit policy, according to which each customer's credit status is analyzed individually to determine its credit limit, and the customer's financial status is continuously evaluated on a regular basis and insurance is used to reduce risks.

2. Liquidity Risks

Current risk refers to the risk that the Combined Company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations. The Combined Company regularly monitors current and expected medium and long-term funding needs, and manages liquidity risks by maintaining sufficient cash and cash equivalents and bank financing lines, and ensuring compliance with the terms of the loan contract.

The unused loan amounts of the Combined Company as of 31 December, 2021 and 2020 totaled NT$12,639,627 thousand and NT$11,983,778 thousand, respectively.

The following table illustrates the analysis of the remaining contractual maturity of financial liabilities during the agreed repayment period of the Combined Company, including interest payable, which is based on the earliest date on which the Combined Company may be required to repay and is compiled with undiscounted cash flows.

	Contract cash flow	**Within 6 Months**	**6-12 months**	**1-5 years**	**Over 5 years**
December 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	$ 589,182	288,139	301,043	-	-
Account payables (including related parties)	3,189,621	3,189,621	-	-	-
Other payables (including related parties)	1,551,170	1,551,170	-	-	-
Long-term borrowings (including loans due within one year)(Floating rate)	1,363,271	6,645	6,695	1,108,612	241,319
Lease liabilities (including related parties)	157,893	50,869	50,708	43,116	13,200
Guarantee deposits received	25,912	1,010	7,357	16,448	1,097
	$6,877,049	**5,087,454**	**365,803**	**1,168,176**	**255,616**
Derivative financial instruments					
Forward foreign exchange contracts - Total delivery:					
Inflows	$(1,666,554)	(1,666,554)	-	-	-
Outflows	1,674,822	1,674,822	-	-	-
Exchange contracts - Net delivery	(4,815)	(4,815)	-	-	-
	$ 3,453	**3,453**	**-**	**-**	**-**

	Contract cash flow	Within 6 Months	6-12 months	1-5 years	Over 5 years
December 31, 2020					
Non-derivative financial liabilities					
Short-term borrowings	$ 151,052	617	150,435	-	-
Account payables (including related parties)	3,451,227	3,451,227	-	-	-
Other payables (including related parties)	1,165,980	1,165,980	-	-	-
Long-term borrowings (Floating rate)	1,692,558	8,059	8,155	1,310,787	365,557
Lease liabilities (including related parties)	186,104	39,854	47,708	98,542	-
Guarantee deposits received	21,187	4,074	912	15,981	220
	$6,668,108	**4,669,811**	**207,210**	**1,425,310**	**365,777**
Derivative financial instruments					
Forward foreign exchange contracts - Total delivery:					
Inflows	$(1,878,274)	(1,878,274)	-	-	-
Outflows	1,873,000	1,873,000	-	-	-
Exchange contracts - Net delivery：	(7,146)	(7,146)	-	-	-
	$ (12,420)	**(12,420)**	**-**	**-**	**-**

The Combined Company does not expect that the occurrence timing of cash flow analyzed on due date would arrive significantly earlier, or the actual amount would significantly vary.

2) Market risk

Market risk refers to the risk that changes in market prices, such as exchange rate, interest rate, and equity instrument price will affect the earnings of the Combined Company or the value of the financial instruments it holds. Financial risk management aims to manage the level of exposure to market risk within an acceptable range and maximize return on investment.

In order to manage market risks, the Combined Company engages in derivative transactions, and its use is regulated by the policies adopted by the Board of Directors. Generally, the Combined Company adopts hedging operations to manage profit and loss fluctuations.

a) Exchange Rate Risk

The Combined Company is exposed to exchange rate risk arising out of sales, procurement, and loan transactions through the functional currency valuation of the Group's enterprises. The functional currency of the Group enterprises is mainly NTD, followed by RMB and USD. These non-functional currency transactions are mainly denominated in USD and JPY.

The hedging strategy of the Combined Company is to sign forward foreign exchange contracts and exchange contracts to manage the exchange rate risk of the net foreign currency positions generated by the sales and purchase transactions that have occurred.

i. Risk and sensitivity analysis of exchange rate risk

The exchange rate risk of the Combined Company mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable (payment) (including related parties), other receivables (payments) (including related parties), bank loans, etc. Foreign currency exchange gains and losses occur at the time of conversion. The book values of major monetary assets and liabilities of the Combined Company that are not denominated in functional currencies at the reporting date are as follows (including monetary items denominated in non-functional currencies that have been offset in the Consolidated Financial Statements):

Currency Unit: Thousands

	Dec. 31, 2021				
	Foreign Currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**
Financial assets					
USD	$ 124,059	27.680	3,433,953	1%	34,340
JPY	157,306	0.2404	37,816	1%	378
Financial liabilities					
USD	67,328	27.680	1,863,639	1%	18,636
JPY	6,793,493	0.2404	1,633,156	1%	16,332

	Dec. 31, 2020				
	Foreign Currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**
Financial assets					
USD	$ 92,367	28.350	2,618,604	1%	26,186
JPY	102,723	0.2749	28,239	1%	282
Financial liabilities					
USD	36,787	28.350	1,042,911	1%	10,429
JPY	7,228,465	0.2749	1,987,105	1%	19,871

As the Combined Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange gains (losses), including both realized and unrealized, amounted to NT$219,021 thousand and NT$(80,982) thousand, respectively.

b) Interest rate risk

The Combined Company's bank borrowings are all based on floating interest rates. In response to the risk of interest rate changes, the Combined Company mainly adopts regular assessments of bank and currency borrowing rates, and maintains good relationships with financial institutions to obtain lower financing costs. Simultaneously, it cooperates with methods such as strengthening working capital management to reduce the degree of dependence on bank loans and diversify the risk of interest rate changes.

The sensitivity analysis below is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities out of circulation at the reporting date will be out of circulation throughout the year. If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the Combined Company's net profit before tax for the year of 2021 and 2020 will decrease or increase by NT$18,935 thousand and NT$17,646 thousand, respectively, which was due to the floating interest rate borrowings of the Combined Company.

c) Price of equity instruments

The stocks of domestic listed companies and non-listed companies held by the Combined Company are subject to the risk of price changes in the equity securities market. The Company manages and monitors investment performance based on fair value.

The sensitivity analysis of the stock price risk of holding the aforementioned domestic listed companies and non-listed companies is based on the fair value changes on the reporting date. If the price of equity instruments increases/decreases by 5%, the amount of other comprehensive income in 2021 and 2020 will increase/decrease by NT$3,234 thousand and NT$2,965 thousand.

aa. Capital management

The Combined Company plans the capital management of the Combined Company based on the characteristics of the current operating industry and the future development of the Company, as well as factors such as changes in the external environment, to ensure that the Company has the necessary financial resources and operating plans to meet the future needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures.

bb. Non-cash investing and financing activities

1) For details of the acquisition of the right-of-use assets by the Combined Company through leasing in 2021 and 2020, please refer to Note 6 [11].

2) The adjustment of liabilities from financing activities is as follows:

			Non-cash changes				
	Jan. 1, 2021	**Cash flow**	**Effect from subsidiaries the first time**	**Addition on lease liabilities**	**Lease modifications**	**Evaluation adjustment**	**Dec. 31, 2021**
Short-term borrowings	$ 150,000	420,093	16,756	-	-	-	586,849
Long-term borrowings (including loans due within one year)	1,614,624	(326,760)	16,814	-	-	2,016	1,306,694
Guarantee deposits received	21,187	4,725	-	-	-	-	25,912
Lease liabilities (including related parties)	182,439	(86,773)	4,110	52,575	(318)	-	152,033
Total liabilities from financing activities and capitalization	**$1,968,250**	**11,285**	**37,680**	**52,575**	**(318)**	**2,016**	**2,071,488**

			Non-cash changes		
	Dec. 1, 2020	Cash flow	Lease changes	Evaluation adjustment	Dec. 31, 2020
Short-term borrowings	$ 56,800	93,200	-	-	150,000
Long-term borrowings	1,993,000	(361,690)	-	(16,686)	1,614,624
Guarantee deposits received	22,556	(1,369)	-	-	21,187
Lease liabilities (including related parties)	272,888	(92,110)	1,661	-	182,439
Total liabilities from financing activities and capitalization	**$ 2,345,244**	**(361,969)**	**1,661**	**(16,686)**	**1,968,250**

7. Related Party Transactions

a. The names and relationships of related parties

Name of related parties	Relationship with the Combined Company
Qisda Technology Co., Ltd. (Qisda)	Parent company of the Combined Company
Visco Vision Inc. (Visco Vision)	Affiliated company of the Combined Company
Cenefom Corp. (Cenefom)	Subsidiary of the Combined Company (Note 1)
MLK Bioscience Co., Ltd.	Affiliated company of the Combined Company
Visco Technology Sdn. Bhd.(VVM)	A subsidiary of Visco Vision
Other related parties:	
BenQ Foundation	The actual related parties of Qisda
Darfon Electronics Co., Ltd. (Darfon)	Affiliated company of Qisda
Suzhou Darfon Electronics Co., Ltd.	A subsidiary of Darfon
AU Optronics Corporation (AUO)	The corporate shareholder of Qisda accounting for using equity method
AU Optronics (L) Co. (AUL)	Subsidiary of AUO
AFPD Pte., Ltd.	Subsidiary of AUO
AU Optronics (Suzhou) Corporation (AUS)	Subsidiary of AUO
AU Optronics (Kunshan) Corporation	Subsidiary of AUO
AU Optronics (Xiamen) Corporation (AUX)	Subsidiary of AUO
AU Optronics (Shanghai) Co., Ltd.	Subsidiary of AUO
AU Optronics (Slovakia) Co., Ltd.	Subsidiary of AUO
AUO Care (Suzhou) Co., Ltd.	Subsidiary of AUO
Jingzhi Electronics (Hefei) Co., Ltd.	Subsidiary of AUO

Name of related parties	Relationship with the Combined Company
Darwin Precision Industry (Xiamen) Co., Ltd.	Subsidiary of AUO
Darwin Precision Industry (Suzhou) Co., Ltd.	Subsidiary of AUO
Darwin Precision Industry Corporation	Subsidiary of AUO
Fuxun Optoelectronics Industry (Suzhou) Co., Ltd.	Subsidiary of AUO
Dazhihui Intelligent Manufacturing (Suzhou) Co., Ltd.	Subsidiary of AUO
Edgetech Info-Technology (Suzhou) Co., Ltd.	Subsidiary of AUO
U-Fresh Sustainable Technology (Suzhou) Co., Ltd.	Subsidiary of AUO
AUO Display Plus Corp.	Subsidiary of AUO
AUO Digital Technology Service (Suzhou) Co., Ltd.	Subsidiary of AUO
Space4M Inc.	Subsidiary of AUO
Daji Education Development Co., Ltd.	Subsidiary of AUO
AUO Envirotech Inc.	Subsidiary of AUO
AUO Care Co., Ltd.	Subsidiary of AUO
AUO Digital Technology Service Co., Ltd.	Subsidiary of AUO
DFI Inc.	Subsidiary of Qisda
Nanjing BenQ Medical Hospital (NMH)	Subsidiary of Qisda
Suzhou BenQ Medical Hospital (SMH)	Subsidiary of Qisda
Aon Medical Equipment Trading (Suzhou) Co., Ltd.	Subsidiary of Qisda
Lily-Medical Corporation	Subsidiary of Qisda
Darly Venture Inc.	Subsidiary of Qisda
Darly Consulting Corporation	Subsidiary of Qisda
BenQ Asia Pacific Corporation	Subsidiary of Qisda
BenQ Asia Pacific Malaysia Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Singapore Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Thailand Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific India Co., Ltd.	Subsidiary of Qisda
BenQESCO	Subsidiary of Qisda
BenQ Guru Corporation	Subsidiary of Qisda
BenQ Corporation	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd.	Subsidiary of Qisda
BenQ Dialysis Technology Corporation	Subsidiary of Qisda

Name of related parties	Relationship with the Combined Company
Partner Tech Corp.	Subsidiary of Qisda
BenQ Medical Technology Corporation	Subsidiary of Qisda
BenQ AB DentCare Corporation	Subsidiary of Qisda
Best-Sound International Trading Co., Ltd.	Subsidiary of Qisda
BenQ Business Solution (Shanghai) Co., Ltd.	Subsidiary of Qisda
Suzhou Qisda Optoelectronics Co., Ltd.	Subsidiary of Qisda
Suzhou Qisda Electronics Co., Ltd.	Subsidiary of Qisda
Suzhou Qisda Co., Ltd.	Subsidiary of Qisda
Suzhou Qisda Precision Industry Co., Ltd.	Subsidiary of Qisda
Sysage Technology Co., Ltd.	Subsidiary of Qisda
Expert Alliance System & Consultancy Co., Ltd.	Subsidiary of Qisda
Ace Pillar Co., Ltd.	Subsidiary of Qisda
Data Image Corporation	Subsidiary of Qisda
Aewin Technologies Co., Ltd.	Subsidiary of Qisda
AdvancedTEK International Corp.	Subsidiary of Qisda
Global Intelligence Network Co., Ltd.	Subsidiary of Qisda
Simula Technology Inc.	Subsidiary of Qisda
BenQ Medical Equipment (Shanghai) Co., Ltd.	Subsidiary of Qisda

Note 1. Formerly as an affiliate of the Combined Company, it has become a subsidiary of the Combined Company since October 2021.

b. Significant transactions with related parties

1) Operating revenue

	2021	2020
Other related parties:		
AUO	$ 3,832,921	3,967,849
AUS	1,215,914	1,084,361
AUX	809,816	699,625
Others	18,995	26,469
Affiliated company - VVM	102,930	69,085
Other affiliated companies	3,014	3,220
Parent company	21	57
	$ 5,983,611	**5,850,666**

The transaction price sold to related parties is not significantly different from the general sales price, except that there is no general transaction price to compare due to the different specifications of some commodities. The collection period is 90~120 days, which is not significantly different from ordinary transactions.

2) Purchases

	2021	2020
Affiliated companies	$ 359,521	218,095
Other related parties	70	25
	$ 359,591	**218,120**

The price at which the Combined Company purchases goods from related parties cannot be compared with the general transaction price due to different product specifications. It is performed in accordance with the agreed purchase price and conditions.

3) Property transaction

The acquisition prices of various assets acquired by the Combined Company from related parties are summarized as follows:

Related parties category	Account item	2021	2020
Parent company	Intangible assets	$ 2,229	1,535
Other related parties	Intangible assets	8,519	5,422
Other related parties	Real estate, plant and equipment	11,500	-
		$ 22,248	**6,957**

4) Leases

The Combined Company leases factories and offices from AUO, and the rent is paid on a monthly basis with reference to the rent prices in the neighboring areas. The recognized interest expenses in 2021 and 2020 were NT$ 2,521 thousand and NT$4,117 thousand respectively. The balance of lease liabilities as of December 31, 2021 and 2020 was NT$ 91,779 thousand and NT$174,068 thousand, respectively.

The Combined Company leases workshops and offices to other related parties, and the rental income is summarized as follows:

	2021	2020
Other related parties	**$ 1,645**	**1,755**

5) Amounts receivable from related parties

In summary, the details of the accounts receivable from related parties of the Combined Company are as follows:

Account item	Related parties category	Dec. 31, 2021	Dec. 31, 2020
Accounts receivable - related parties, net	Other related parties - AUO	$ 419,854	694,443
	Other related parties - AUS	88,716	141,989
	Other related parties - AUX	51,334	83,116
	Other related parties - Others	7,975	16,265
	Affiliated companies	42,256	18,632
	Subtotal	610,135	954,445
Other receivables—related parties	Other related parties	20	55
		$ 610,155	**954,500**

The Combined Company sells the account receivables from related parties to the financial institution in a non-recourse manner in accordance with the agreement of the account receivables sale contract signed with the financial institution. The relevant information related to the transfer of creditor's rights in account receivables that meets the derecognition conditions is as follows:

Dec. 31, 2021

Underwriter	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables(Note 6 [5])	Interest rate range	Other important matters
Mega International Commercial Bank	$ 763,366	-	687,030	76,336	0.80%	Guaranteed promissory note150,000
CTBC Bank Co., Ltd.	$ 551,918	-	496,727	55,191	0.89%	None
	$ 1,315,284	-	1,183,757	131,527		150,000

Dec. 31, 2020

Underwriter	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables(Note 6 [5])	Interest rate range	Other important matters
Mega International Commercial Bank	$ 423,739	-	379,786	43,953	1.05%	Guaranteed promissory note150,000
CTBC Bank Co., Ltd.	293,008	-	263,408	29,600	1.00%	Guaranteed promissory note 51,030
	$ 716,747	-	643,194	73,553		201,030

6) Payables to related parties

In summary, the details of the amounts due to related parties by the Combined Company are as follows:

Account item	Related parties category	Dec. 31, 2021	Dec. 31, 2020
Accounts payable - related parties	Affiliated companies	$ 48,362	29,766
	Other related parties	74	-
	Subtotal	48,436	29,766
Other payables - related parties	Other related parties	24,102	16,180
	Affiliated companies	6	38
	Subtotal	24,108	16,218
		$ 72,544	45,984

c. Compensation of major managerial personnel

		2021	2020
Short-term employee benefits and compensation	$	61,061	46,357
Retirement benefits		324	324
	$	**61,385**	**46,681**

8. Pledged Assets

The details of the carrying value of pledged assets by the Combined Company were as follows:

Asset name	Purpose of Pledge		Dec. 31, 2021	Dec. 31, 2020
Land, buildings and structures	Long-term borrowings	$	629,602	650,368
Other financial assets current deposit certificates	Customs deposits		-	10,668
Other financial assets current deposit certificates	Letter of credit guarantee		-	198
		$	**629,602**	**661,234**

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

Significant unrecognized contract commitment:

		Dec. 31, 2021	Dec. 31, 2020
Unused letters of credit issued	$	683,141	933,883
Signed and unpaid major engineering and equipment payments		599,853	205,457

10. Significant Loss from Disaster: None

11. Significant Subsequent Events

a. In May 2021, the board of directors of Sigma-Medical resolved to sell the land and buildings located in Ruifang District, New Taipei City. In November 2021, Sigma-Medical signed a real estate sale contract with the buyer for $280,000 thousand (including tax), and the amount received in advance as of December 31, 2021 was $84,000 thousand (recorded under "other current liabilities"). The transaction was completed on January 18, 2022, resulting in a gain on disposal of property, plant and equipment of approximately NT$112,195 thousand, and the contract price was fully received by the date of the financial statements.

12. Others

a. The functions of employee benefits, depreciation, and amortization expenses are summarized as follows:

Types of functions / Types of functions	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	1,433,497	753,892	2,187,389	1,222,760	615,920	1,838,680
Labor insurance and national health insurance	108,086	49,359	157,445	85,349	39,043	124,392
Pension expenses	48,529	30,534	79,063	38,045	23,677	61,722
Other employee benefits expenses	78,135	25,495	103,630	70,679	25,194	95,873
Depreciation	483,813	85,252	569,065	517,791	62,049	579,840
Amortization expenses	15,004	30,812	45,816	14,164	26,132	40,296

13. Supplementary Disclosures

a. Information on significant transactions

In accordance with the requirements of the regulations in 2021, the Combined Company shall re-disclose the relevant information of significant transactions as follows：

1) Loaning funds to others:

Unit: Thousands

No.	Lending company	Lending subject	Contact accounts	Whether he/she is related party	Highest endorsement or guarantee amount for current period	Balance at end of year	Actual amount expenditure	Interest rate range	Nature of financing (Note 2)	Transaction amount	Reason for financing	Allowance for allowance for loss amount	Collateral		Limit on loans granted to a single party	Fund loan and total limit
													Name	Value		
1	BMS (Note 1)	BenQ Material (Wuhu) Co., Ltd.	Other receivables—related parties	Yes	1,154,711 (RMB265,000)	1,151,531 (RMB265,000)	818,239 (RMB188,300)	1.3%	2	-	Operating turnover	-		-	1,938,681	1,938,681
2	BMS (Note 1)	BenQ Medical Technology (Suzhou) Co., Ltd.	Other receivables—related parties	Yes	259,560 (RMB60,000)	130,362 (RMB30,000)	23,900 (RMB5,500)	1.3%	2	-	Operating turnover	-		-	1,938,681	1,938,681
3	BMS (Note 1)	Suzhou Sigma-Medical Co., Ltd.	Other receivables—related parties	Yes	86,718 (RMB20,000)	-	-	1.3%	2	-	Operating turnover	-		-	1,938,681	1,938,681

Note 1. The total amount of the BMS fund loan and the 100%-owned subsidiary of the ultimate parent company and the fund loan and limit for individual objects are the net value of the latest financial statement of BMS with the certificate of accountant.

Note 2. Those who have business dealings with the nature of capital loans are 1, and 2 for those who require short-term financing.

Note 3. It has already been written off during compilation of the Consolidated Financial

Statements.

2) Endorsements/guarantees provided for others: None.

3) Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and joint equity):

Name of Company Held	Type and Name of Marketable Securities	Relationship with the securities issuer	Listed accounts	Ending Balance				Highest Ownership Level or Capital Invested during the Period		Note
				Shares	Book amount	%	Fair value	Shares	%	
The Company	Shares of Biodenta Corporation	-	Financial assets at fair value through profit or loss	225	(註)	2.50%	-	225	2.50%	
The Company	Shares of Lagis Corporation	-	Financial assets at fair value through other comprehensive income	1,680	55,490	5.25%	55,490	1,680	5.25%	
The Company	Shares of Summed Corporation	-	Financial assets at fair value through other comprehensive income	300	3,000	2.73%	3,000	300	6.52%	
The Company	Shares of Cuumed Catheter Medical Co., Ltd.	-	Financial assets at fair value through other comprehensive income	323	6,187	2.12%	6,187	206	2.12%	

(Note): It was all recognized as impairment losses.

4) The cumulative amount of purchase or selling the same securities reaches NT$300 million or more than 20% of the paid-in capital: None.

5) The amount of real estate acquired reaches NT$300 million or more than 20% of the paid-in capital: None.

6) The amount of disposition of real estate reaches NT$300 million or more than 20% of the paid-in capital: None.

7) Those who purchase or sell with a related party in the amount of NT$100 million or more than 20% of the paid-in capital:

Vendor/Customer	Counter-party	Relationship	Transaction details				Unusual Transaction Terms and Reasons		Note and account receivables (paid)		Note
			Purchase (sale) goods	Amount	Ratio to total purchase (sell)	Credit period	Price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
The Company	AUO	Other related parties	Sale	3,832,921	24%	OA90	(Note 1)	(Note 3)	419,854	14%	-
The Company	AUS	Other related parties	Sale	1,215,914	8%	OA90	〃	〃	88,716	3%	-
The Company	AUX	Other related parties	Sale	809,816	5%	OA90	〃	〃	51,334	2%	
The Company	BMM	Parent company and subsidiaries	Sale	433,328	3%	OA120	〃	〃	248,054	8%	(Note 4)
The Company	Sigma-Medical	Parent company and subsidiaries	Sale	270,498	2%	OA90	〃	〃	150,948	5%	(Note 4)
The Company	VVM	Affiliated companies	Sale	102,930	1%	OA90	〃	〃	42,066	1%	-
The Company	BMS	Parent company and subsidiaries	Purchases	(861,864)	8%	OA90	(Note 2)	〃	(351,388)	10%	(Note 4)
The Company	Visco Vision	Affiliated companies	Purchases	(359,098)	3%	OA30	〃	〃	(48,346)	1%	-
The Company	BMW	Parent company and subsidiaries	Purchases	(257,518)	2%	OA90	〃	〃	(42,785)	1%	(Note 4)

Note 1. The price of the Company's sales to related parties is not significantly different from the general sales except that there is no general transaction price to compare due to the different specifications of some products.

Note 2. The Company's purchase price from related parties is incomparable with the general transaction price due to different product specifications. It is processed in accordance with the agreed purchase price and conditions.

Note 3. There is no significant difference between the transaction price and general transaction.

Note 4. It has already been written off during compilation of the Consolidated Financial Statements.

Note 5. For purchases and sales with related parties, only the amount of the parent company will be disclosed, and the amount of its subsidiary will not be restated.

8) Receivables from related parties amounting to NT$100 million or 20% of the paid-in capital or more:

The companies that record such transactions as receivables	Counter-party	Relationship	Balance Dues from Related Parties	Turnover rate (Note 1)	Overdue accounts receivables from related parties		Subsequently Recovered Amount from Related Party	Allowance for allowance for loss amount
					Amount	Way of disposal		
The Company	AUO	Other related parties	419,854	3.33	-	-	-	-
The Company (Note 2)	BMM	Parent company and subsidiaries	248,054	2.60	-		-	-
The Company (Note 2)	Sigma-Medical	Parent company and subsidiaries	150,948	2.74	-		150,948	-
BMS (Note 2)	The Company	Parent company and subsidiaries	351,388	4.06	-	-	78,969	-

Note 1. The turnover rate is calculated by adding back the amount of account receivables sold to financial institutions.

Note 2. It has already been written off during compilation of the Consolidated Financial Statements.

9) Engaged in derivative transaction: For information on the transaction of derivative financial products by the Combined Company, please refer to Note 6 [2] of the Consolidated Financial Statements.

10) Business relationships and significant intercompany transactions among parent and subsidiaries:

No. (Note 1)	Counter-party	Transaction object	The type of relations with transaction party (Note 2)	Transaction details (Note 3)			Ratio to consolidated total operating income or total assets (Note 4)
				Accounts	Amount	Transaction conditions	
1	The Company	BMM	1	Sale	433,328	OA120	2.63%
1	The Company	BMM	1	Accounts receivable	248,054	OA120	1.98%
2	BMS	The Company	2	Processing income	861,864	OA90	5.23%
2	BMS	The Company	2	Accounts receivable	351,388	OA90	2.81%
3	The Company	Sigma-Medical	1	Sale	270,498	OA90	1.64%
3	The Company	Sigma-Medical	1	Accounts receivable	150,948	OA90	1.21%
4	BMW	The Company	2	Sale	257,518	OA90	1.56%
4	BMW	The Company	2	Accounts receivable	42,785	OA90	0.34%

Note 1. Instruction for numbering.

1. 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2. The type of relations with transaction party is marked as follows:

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries

Note 3. For business relations and important transactions between parent-subsidiary companies, only sales and accounts receivable amounting to 1% of consolidated revenue or assets are disclosed, and the corresponding imports and accounts payable are omitted.

Note 4. Divide the transaction amount by the consolidated operating income or consolidated total assets.

Note 5. It has already been written off during compilation of the Consolidated Financial Statements.

b. Information on reinvestment:

The information on the reinvestment business of the Combined Company in 2021 is as follows (excluding the mainland invested company):

Investment company name	Investee companies	Location	Major business items	Original investment amount		Hold at the end of the period			Highest Ownership Level or Capital Invested during the Period		Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of this period	End of last year	Shares	Ratio (%)	Book amount	Shares	%			
The Company	BMLB	Malaysia	Holding company	1,141,340	1,141,340	35,082	100.00%	1,680,378	35,082	100.00%	172,521	172,521	(Note 1)
The Company	Sigma-Medical	Taiwan	Sales of medical equipment	231,727	560,000	2,000	100.00%	126,679	40,000	100.00%	562	719	(Note 1)
The Company	Visco Vision	Taiwan	Manufacturing and sales of contact lenses	177,811	177,811	9,834	17.97%	213,301	9,834	17.97%	444,303	75,152	
The Company	Cenefom	Taiwan	Development, manufacturing, and sales of medical equipment	92,262	29,127	4,418	34.83%	82,693	4,418	34.83%	(11,594)	(2,330)	(Note 1)
The Company	Genejet	Taiwan	Development, manufacturing, and sales of medical equipment	43,316	-	3,767	70.00%	44,125	3,767	70.00%	(2,670)	710	(Note 1)
The Company	Buticon International Corporation	Taiwan	Sales and development of medical equipment	6,000	6,000	217	20.00%	4,546	217	20.00%	(5,790)	(1,340)	
The Company	Coatmed	Taiwan	Sales and development of medical equipment	5,980	-	598	20.00%	4,071	598	20.00%	(10,676)	(775)	
The Company	Taikei	Taiwan	Development, manufacturing, and sales of medical equipment	-	10,001	-	-	-	525	20.00%	(1,921)	(694)	

Note 1. It has already been written off during compilation of the Consolidated Financial Statements.

c. Information on investments in mainland China：

1) Information on reinvestments in mainland China:

Investee companies in mainland	Major business items	Paid-up capital	Way of investments (Note 1)	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment amount remitted or received for the current period		Cumulative investment amount remitted from Taiwan - Beginning of the period	Profit or Loss of Invested Company in the Current Period	Percentage of ownership through the Company's direct or indirect investment	Highest Ownership Level or Capital Invested during the Period		Investment profits (losses) recognized for the current period	Carrying Amount as of December 31, 2021 Value	Investment profits repatriated by the end of the current period
					Remit	Receive				Shares	%			
BenQ Materials Co., Ltd. (BMS)	Processing of functional film products	802,720 (USD29,000)	(3)	802,720 (USD29,000)	-	-	802,720 (USD29,000)	39,145	100.00%	-	100.00%	39,145 (Note 2)	1,938,681 (Note 4)	-
Dashin Medical Technology (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	47,799 (RMB11,000)	(2)	-	-	-	-	10,152	100.00%	-	100.00%	10,152 (Note 2)	1,862 (Note 4)	-
BenQ Material (Wuhu) Co., Ltd.	Manufacture and sales of film sheet and cosmetic-related products	347,632 (RMB80,000)	(3)	173,816 (RMB40,000)	-	-	173,816 (RMB40,000) (Note 3)	132,258	100.00%	-	100.00%	127,500 (Note 2)	(283,235) (Note 4)	-
BenQ Material Medical Technology (Suzhou) Co., Ltd. (BMM)	Sales and manufacturing of medical equipment	65,181 (RMB15,000)	(2)	-	-	-	-	(2,873)	100.00%	-	100.00%	(2,873) (Note 2)	54,100 (Note 4)	-
Suzhou Sigma-Medical Co., Ltd. (Suzhou Sigma-Medical)	Sales and manufacturing of medical equipment	44,067 (USD1,592)	(1)	44,067 (USD1,592)	-	-	44,067 (USD1,592)	(4,546)	100.00%	-	100.00%	(4,546) (Note 2)	25,752 (Note 4)	-

Note 1. Ways of investments are as follows:

1. Direct investment in mainland companies.
2. Reinvestment the surplus of BMLB to China.
3. Investing in mainland companies through the establishment of companies in the third region.

Note 2. The investment profits and losses are recognized based on the financial statements checked by the Taiwanese parent company certified accountant.

Note 3. Excluding the reinvestment of RMB 10,950,000 reinvested by BMLB.

Note 4. It has already been written off during compilation of the Consolidated Financial Statements.

2) Limits on investments in mainland China:

Unit: Thousands

Company name	Cumulative investment amount remitted from Taiwan to the mainland at the end of the period	Amount of Investment Approved by the Ministry of Economic Affairs Investment Committee	Upper Limit on Investment Authorized by MOEAIC
The Company	976,536 (USD29,000及RMB40,000)	1,089,299 (USD29,000及RMB65,950)	(Note)
Sigma-Medical	44,067 (USD1,592)	44,067 (USD1,592)	80,000

It is converted according to the exchange rate of USD to NTD of 27.680 and RMB to NTD of 4.3454 at the end of the period.

(Note) The Company has already acquired the certificate of corporate operation headquarters, so there is no limit on investment in mainland China.

3) Material transactions with investee companies in Mainland China:

Please refer to the "Information on significant transactions" section for direct or indirect transactions between the Combined Company and investees in mainland China for 2021 which have been written off during the preparation of the Consolidated Financial Statements.

d. Information on major shareholders:

Unit: Shares

Shareholding / Name	Holding Shares	Share Ownership %
BenQ Corporation	80,847,763	25.21%
Qisda Corporation	43,659,294	13.61%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

14. Segment Information

The reportable business segment of the Combined Company is only the film sheet segment. The film sheet segment is mainly engaged in the sales, manufacturing and research, and development of various electronic chemical membrane products.

Other operating departments of the Combined Company include sales, manufacturing and research and development of medical products and sales of contact lenses. These segments did not meet any quantitative thresholds for reporting segments in 2021 and 2020.

The accounting policies of the transportation segment, except for operating expenses and non-operating income (expenses) that cannot be directly attributable to each operating department, it is calculated based on the proportion of the revenue (or headcount) of each operating segment to the total revenue (or headcount). The income tax expense is not apportioned but directly included outside the film sheet segment, and the rest is the same as the summary of the important accounting policies described in Note 4. In addition to the non-apportionment of the profit and loss share of the Combined Company that adopts the equity method, the profit and loss of the operating segment is measured by the after-tax profit and loss and used as the basis for evaluating performance. The Combined Company deems the inter-unit sales and transfer as transaction with third parties.

The information and adjustments to operating units of the Combined Company are as follows:

	2021				
		Film sheet segment	Other sectors	Adjustments and elimination	Total
ɛvenue from external customers	$	14,836,921	1,644,765	-	16,481,686
Intersegment revenue		-	-	-	-
Total revenue	$	**14,836,921**	**1,644,765**	-	**16,481,686**
Segment profit or loss	$	**882,536**	**15,732**	-	**898,268**
Shares of profits of associates accounted for using the equity method					71,259
Net profit					$ **969,527**

	2020				
		Film sheet segment	Other sectors	Adjustments and elimination	Total
ɛvenue from external customers	$	13,682,335	1,367,613	-	15,049,948
Intersegment revenue		-	-	-	-
Total revenue	$	**13,682,335**	**1,367,613**	-	**15,049,948**
Segment profit or loss	$	**376,848**	**8,615**	-	**385,463**
Shares of profits of associates accounted for using the equity method					10,510
Net profit					$ **395,973**

a. Product and service information

The Combined Company's revenue information from external customers is as follows:

Product and service name	2021	2020
Functional sheet	$ 14,836,921	13,682,335
Others	1,644,765	1,367,613
	$ 16,481,686	15,049,948

b. Regional information

The Combined Company distinguishes the following information with the revenue based on geographic location of customers and non-current assets based on geographical location of assets.

Region		2021	2020
Revenue from external customers:			
China	$	10,988,061	9,692,008
Taiwan		4,871,265	4,899,394
Others		622,360	458,546
	$	**16,481,686**	**15,049,948**

Region		Dec. 31, 2021	Dec. 31, 2020
Non-current assets			
Taiwan	$	3,934,615	3,660,489
China		1,413,431	1,459,175
	$	**5,348,046**	**5,119,664**

Non-current assets include real estate, plant and equipment, right-of-use assets, investment real estate, intangible assets and other assets, but non-current assets that do not include financial instruments, deferred income tax assets and assets for retirement benefits.

c. Major customer information

		2021	2020
Customer A	$	3,832,921	3,967,849
Customer B		1,215,914	1,084,361
Customer C		962,435	1,290,302
	$	**6,011,270**	**6,342,512**