EZconn Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates of EZconn Corporation 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 of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, EZconn Corporation and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

EZCONN CORPORATION

By

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CHEN, STEVE
Chairman

March 24, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
EZconn Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

<u>Occurrence of Sales Revenue from Specific Products</u>

The main products of Ezconn Corporation are optical fiber components and radio frequency connectors. The sales revenue of 2021 increased compared to that of 2020, with significant growth in sales revenue from specific products. Since sales revenue from specific products has a significant impact on the financial performance, we identified the occurrence of sales revenue as one of the key audit matters for the year ended December 31, 2021.

Refer to Notes 4 and 32 to the consolidated financial statements for the accounting policies, critical accounting estimates and judgments, and other details on the information about sales revenue.

The main audit procedures we performed in response to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of the design of the key controls over sales transactions, selected samples and tested the operating effectiveness of such controls.

2. We obtained the transaction details of the specific products, selected samples and examined the related transaction documents, and we confirmed that such transaction documents comply with the sales policies.

3. We obtained the transaction details of specific products and conducted test of details on the products.

4. We sent confirmation requests to customers of the specific products and confirmed that transactions did occur.

5. We checked for significant sales returns and discounts and for any abnormalities in the payments after the reporting period.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chun-Hung Chen and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2022

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

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

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

EZCONN CORPORATION AND SUBSIDIARIES

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 727,142	23	$ 835,870	29
Financial assets at amortized cost - current (Notes 4 and 8)	32,127	1	61,457	2
Notes receivable (Notes 4 and 9)	3,675	-	5,827	-
Trade receivables from unrelated parties (Notes 4 and 9)	640,359	21	548,907	19
Other receivables (Notes 4 and 9)	20,488	1	19,853	1
Current tax assets (Notes 4 and 24)	336	-	336	-
Inventories (Notes 4, 5 and 10)	732,000	24	537,354	18
Prepayments (Notes 3 and 15)	39,082	1	23,379	1
Other current assets (Notes 3 and 15)	4,050	-	3,094	-
Total current assets	2,199,259	71	2,036,077	70
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	55,399	2	53,002	2
Financial assets at amortized cost - non-current (Notes 4, 8 and 29)	2,266	-	2,248	-
Property, plant and equipment (Notes 4, 12 and 29)	611,503	20	628,372	22
Right-of-use assets (Notes 3, 4 and 13)	101,351	3	54,620	2
Intangible assets (Notes 4 and 14)	9,201	-	8,637	-
Deferred tax assets (Notes 4 and 24)	102,806	4	117,880	4
Prepayments for equipment	4,846	-	2,784	-
Refundable deposits	2,947	-	2,404	-
Total non-current assets	890,319	29	869,947	30
TOTAL	$ 3,089,578	100	$ 2,906,024	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 264,000	9	$ 264,000	9
Notes payable (Note 17)	1,089	-	1,040	-
Trade payables (Note 17)	336,610	11	306,260	11
Other payables (Note 18)	236,064	8	171,947	6
Current tax liabilities (Notes 4 and 24)	33,120	1	-	-
Provisions - current (Notes 4 and 19)	8,055	-	8,055	-
Lease liabilities - current (Notes 3, 4, 13 and 28)	13,072	-	11,396	-
Current portion of long-term borrowings (Notes 16 and 29)	6,000	-	-	-
Other current liabilities (Notes 4, 18 and 22)	80,634	3	56,662	2
Total current liabilities	978,644	32	819,360	28
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 29)	230,000	8	236,000	8
Deferred tax liabilities (Notes 4 and 24)	12,941	-	48,075	2
Lease liabilities - non-current (Notes 3, 4, 13 and 28)	67,908	2	21,725	1
Net defined benefit liabilities (Notes 4 and 20)	52,860	2	60,318	2
Other non-current liabilities	9,696	-	11,513	-
Total non-current liabilities	373,405	12	377,631	13
Total liabilities	1,352,049	44	1,196,991	41
EQUITY (Notes 4 and 21)				
Ordinary shares	693,000	22	693,000	24
Capital surplus	234,872	8	234,872	8
Legal reserve	233,370	8	233,370	8
Special reserve	106,641	3	102,980	4
Unappropriated earnings	697,571	23	662,305	23
Other equity	(117,072)	(4)	(106,641)	(4)
Treasury shares	(110,853)	(4)	(110,853)	(4)
Total equity	1,737,529	56	1,709,033	59
TOTAL	$ 3,089,578	100	$ 2,906,024	100

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

EZCONN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4, 22 and 28)	$ 2,813,016	100	$ 2,413,548	100
COST OF REVENUE (Notes 10, 20 and 23)	2,211,763	79	2,006,106	83
GROSS PROFIT	601,253	21	407,442	17
OPERATING EXPENSES (Notes 9, 20, 23 and 28)				
Selling and marketing expenses	142,093	5	92,478	4
General and administrative expenses	207,355	7	174,398	7
Research and development expenses	99,405	4	113,189	5
Expected credit (gain)/loss	(28,438)	(1)	94	-
Total operating expenses	420,415	15	380,159	16
PROFIT FROM OPERATIONS	180,838	6	27,283	1
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13 and 23)				
Interest income	2,086	-	6,153	-
Other income	6,262	-	2,140	-
Other gains and losses	(31,366)	(1)	(75,504)	(3)
Finance costs	(7,167)	-	(5,758)	-
Total non-operating income and expenses	(30,185)	(1)	(72,969)	(3)
PROFIT/(LOSS) BEFORE INCOME TAX	150,653	5	(45,686)	(2)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 24)	47,248	2	(7,635)	-
NET PROFIT (LOSS) FOR THE YEAR	103,405	3	(38,051)	(2)
OTHER COMPREHENSIVE LOSS (Notes 4, 7, 20 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	2,277	-	(3,948)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(1,603)	-	(14,713)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	232	-	3,732	-
	906	-	(14,929)	-

(Continued)

EZCONN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (11,894)	-	$ 10,136	-
Income tax relating to items that may be reclassified subsequently to profit or loss	2,379	-	(2,027)	-
	(9,515)	-	8,109	-
Other comprehensive loss for the year, net of income tax	(8,609)	-	(6,820)	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	$ 94,796	3	$ (44,871)	(2)
EARNINGS/(LOSS) PER SHARE (Note 25)				
Basic	$ 1.56		$ (0.57)	
Diluted	$ 1.55		$ (0.57)	

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

EZCONN CORPORATION AND SUBSIDIARIES

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

	Share Capital (Note 21)			Retained Earnings (Note 21)				Other Equity (Notes 4 and 21)				
	Share (In Thousands)	Amount	Capital Surplus (Note 20)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Comprehensive Income	Total	Treasury Shares (Note 21)	Total Equity
BALANCE AT JANUARY 1, 2020	69,300	$ 693,000	$ 234,872	$ 233,370	$ 64,280	$ 832,383	$ 1,130,033	$ (102,581)	$ (399)	$ (102,980)	$ -	$ 1,954,925
Appropriation of 2019 earnings												
Special reserve	-	-	-	-	38,700	(38,700)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(90,168)	(90,168)	-	-	-	-	(90,168)
Net loss for the year ended December 31, 2020	-	-	-	-	-	(38,051)	(38,051)	-	-	-	-	(38,051)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(3,159)	(3,159)	8,109	(11,770)	(3,661)	-	(6,820)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	(41,210)	(41,210)	8,109	(11,770)	(3,661)	-	(44,871)
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	(110,853)	(110,853)
BALANCE AT DECEMBER 31, 2020	69,300	693,000	234,872	233,370	102,980	662,305	998,655	(94,472)	(12,169)	(106,641)	(110,853)	1,709,033
Appropriation of 2020 earnings												
Special reserve	-	-	-	-	3,661	(3,661)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(66,300)	(66,300)	-	-	-	-	(66,300)
Net profit for the year ended December 31, 2021	-	-	-	-	-	103,405	103,405	-	-	-	-	103,405
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	1,822	1,822	(9,515)	(916)	(10,431)	-	(8,609)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	105,227	105,227	(9,515)	(916)	(10,431)	-	94,796
BALANCE AT DECEMBER 31, 2021	69,300	$ 693,000	$ 234,872	$ 233,370	$ 106,641	$ 697,571	$ 1,037,582	$ (103,987)	$ (13,085)	$ (117,072)	$ (110,853)	$ 1,737,529

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

EZCONN CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income/(loss) before income tax	$ 150,653	$ (45,686)
Adjustments for:		
Depreciation expenses	84,178	85,397
Amortization expenses	2,260	2,742
Expected credit loss (reversed)/recognized on trade receivables	(28,438)	94
Finance costs	7,167	5,758
Interest income	(2,086)	(6,153)
Loss on disposal of property, plant and equipment	788	4,851
Gain on lease modification	(344)	(4)
(Reversal of) write-down of inventories	(1,429)	1,669
Other income	(4,000)	-
Changes in operating assets and liabilities		
Notes receivable	2,152	5,421
Trade receivables from unrelated parties	(59,463)	(85,923)
Trade receivables from related parties	-	57
Other receivables	(648)	(4,412)
Inventories	(192,825)	(78,977)
Prepayments	(15,703)	(14,861)
Other current assets	(956)	589
Notes payable	49	716
Trade payables	30,350	53,993
Other payables	63,334	35,599
Other current liabilities	23,972	(12,006)
Net defined benefit liability	(5,181)	(5,041)
Cash generated from (used in) operations	53,830	(56,177)
Interest received	2,099	6,866
Interest paid	(7,152)	(5,539)
Income tax paid	(31,667)	(18,184)
Net cash generated from (used in) operating activities	17,110	(73,034)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets a fair value through other comprehensive income	-	(30,000)
Purchase of financial assets at amortized cost	(53,266)	(75,728)
Proceeds from sale of financial assets at amortized cost	81,864	75,948
Payments for property, plant and equipment	(60,351)	(54,558)
Proceeds from disposal of property, plant and equipment	2,534	1,568
(Increase)/decrease in refundable deposits	(543)	923
Payments for intangible assets	(3,209)	(4,871)
Proceeds from disposal of intangible assets	-	2,212
Net cash used in investing activities	(32,971)	(84,506)

(Continued)

EZCONN CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 3,088,580	$ 4,228,000
Repayments of short-term borrowings	(3,088,580)	(4,354,000)
Proceeds from long-term borrowings	-	236,000
Repayment of the principal portion of lease liabilities	(12,724)	(12,609)
(Decrease)/increase in other non-current liabilities	(1,817)	3,597
Payments for buy-back of ordinary shares	-	(110,853)
Dividends paid to owners of the Company	(66,300)	(90,168)
Net cash used in financing activities	(80,841)	(100,033)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(12,026)	(2,025)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(108,728)	(259,598)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	835,870	1,095,468
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 727,142	$ 835,870

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

EZCONN CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

EZconn Corporation (the "Company") was incorporated in the Republic of China (ROC) on September 4, 1996. The Company mainly manufactures and sells precision metal components and optical fiber components of various electronic products.

The Company's shares have been listed on the Taiwan Stock Exchange ("TWSE") since July 14, 2015.

These consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's Board of Directors on March 24, 2022.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

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

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

d. Basis of consolidation

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 11, Tables 4 and 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of its foreign operations (including subsidiaries in other countries that use currency different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

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

g. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the leases term are shorter than their useful lives, assets are depreciated over their lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

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

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

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products at the best estimate by the management of the Group of the expenditure required to settle the Group's obligation.

l. Revenue recognition

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

Revenue from the sale of goods

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

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Taking into consideration the different contractual terms, the Group estimated customer returns and rebates that are likely to happen based on past experience, and the rebates are recognized as refund liabilities (other current liabilities).

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

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

The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

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

1) Current tax

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

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

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Write-down of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 580	$ 684
Checking accounts and demand deposits	607,159	721,266
Cash equivalents		
Time deposits with original maturities less than three months	119,403	113,920
	$ 727,142	$ 835,870

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

	December 31	
	2021	**2020**
Bank balance	0.001%-0.30%	0.001%-0.32%
Time deposits with original maturities less than three months	0.28%-2.50%	0.23%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2021	**2020**
Non-current		
Domestic investments		
Unlisted shares		
Preferred shares - AuthenX Inc.	$ 31,836	$ 33,885
Ordinary share - OpXion Tech. Incorporation	4,000	-
	35,836	33,885
Foreign investments		
Unlisted shares		
Preferred shares - Lightel Technologies Inc.	19,563	19,117
	$ 55,399	$ 53,002

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

In September 2020, the Group acquired the preferred shares of AuthenX Inc. for $30,000 thousand; since the shares are held for medium- to long-term strategic purposes; the management designated these investments as at FVTOCI.

In November 2021, the Group acquired the ordinary shares of OpXion Tech. Incorporation in exchange for technological services; since the shares are held for medium- to long-term strategic purposes; the management designated these investments as at FVTOCI.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	**2020**
Current		
Time deposits with original maturities of more than 3 months (a)	$ 32,127	$ 61,457
Non-current		
Pledged deposits (b)	$ 2,266	$ 2,248

a. The ranges of interest rates for time deposits with an original maturity of more than 3 months were approximately 1.90%-2.20% and 1.69%-1.95% per annum as of December 31, 2021 and 2020, respectively.

b. The market interest rates of the pledged deposits were both 0.790% per annum as of December 31, 2021 and 2020.

c. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable, net		
At amortized cost		
Gross carrying amount	$ 3,758	$ 5,910
Less: Allowance for impairment loss	(83)	(83)
	$ 3,675	$ 5,827
Notes receivable - operating	$ 3,675	$ 5,827
Trade receivables		
At amortized cost		
Gross carrying amount	$ 735,042	$ 675,579
Less: Allowance for impairment loss	(94,683)	(126,672)
	$ 640,359	$ 548,907
Other receivables		
Tax refund receivable	$ 16,325	$ 12,869
Receivables from sales of scrap and by-products	1,580	4,797
Interest receivable	357	370
Others	2,226	1,817
	$ 20,488	$ 19,853

a. Trade receivables

The average credit period of sales of goods was 30 to 120 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

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

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

December 31, 2021

	China	Asia	America	Europe	Others	Total
Gross carrying amount	$ 100,606	$ 322,445	$ 123,978	$ 65,675	$ 122,338	$ 735,042
Loss allowance (Lifetime ECLs)	(101)	(322)	(62)	(117)	(94,081)	(94,683)
Amortized cost	$ 100,505	$ 322,123	$ 123,916	$ 65,558	$ 28,257	$ 640,359

December 31, 2020

	China	Asia	America	Europe	Others	Total
Gross carrying amount	$ 115,320	$ 184,769	$ 161,006	$ 88,609	$ 125,875	$ 675,579
Loss allowance (Lifetime ECLs)	(367)	(184)	(78)	(168)	(125,875)	(126,672)
Amortized cost	$ 114,953	$ 184,585	$ 160,928	$ 88,441	$ -	$ 548,907

The aging of receivables was as follows:

	December 31	
	2021	2020
Less than 30 days	$ 220,348	$ 220,831
31-60 days	114,901	147,982
61-90 days	104,066	79,367
91-120 days	89,045	51,034
Over 121 days	206,682	176,365
	$ 735,042	$ 675,579

The above aging schedule was based on the number of past due days from invoice date.

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 126,672	$ 133,220
Impairment loss (reversed) recognized on receivables	(28,438)	94
Foreign exchange gains and losses	(3,551)	(6,642)
Balance at December 31	$ 94,683	$ 126,672

PCT International Inc. (PCT), one of the Company's customers, filed for bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code in November 2019, and in June 2020, PCT also filed for debt reorganization plan. In March 2021, the Company, PCT, the Official Committee of Unsecured Creditors ("Committee"), and certain other parties entered into a settlement agreement. Under the agreement, PCT shall pay approximately US$2.6 million (on the effective date payment) to the Company and other creditors. PCT shall also pay the balance of the Company's claims in full within a 10-year schedule with options of early payments. The Bankruptcy Court approved the debt reorganization plan associated with the settlement in November 2021. PCT has paid the effective date payment in December 2021.

Since the Company has recognized full impairment losses regarding PCT’s debt for the past few years, the effective date payment amount of US$1,021 thousand (approximately NT$28,257 thousand) was reversed while the remaining US$3,399 thousand was fully recognized as allowance for impairment loss.

b. Other receivables

Other receivables were primarily tax refund receivable, receivable from sales of scrap and by-products and interest receivable. As of December 31, 2021 and 2020, the Group assessed the impairment loss of other receivables expected credit losses.

10. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 235,549	$ 193,317
Work in progress	251,294	196,152
Raw materials	245,157	147,885
	$ 732,000	$ 537,354

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $2,211,763 thousand and $2,006,106 thousand, respectively. The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs reversed of $1,429 thousand and inventory write-downs of $1,669 thousand, respectively. The reversal of inventory write-downs were due to de-stocking of inventories.

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership December 31	
Investor	Investee	Nature of Activities	2021	2020
The Company	EC-Link Technology Ltd. (EC-Link)	Investment	100%	100%
	EZconn Europe GmbH	Manufacture and sell precision metal components and optical fiber components of various electronic products	100%	100%
EC-Link	Light Master Technology Inc. (Light Master)	Investment	100%	100%
EZconn Europe GmbH	EZconn Czech a.s.	Manufacture of various optical fiber components	100%	100%
Light Master	Light Master Technology (Ningbo) Inc.	Manufacture and sell of optical fiber components and cable connector	100%	100%
EZconn Czech a.s.	EZconn Technologies CZ s.r.o.	Manufacture and research of optical communication components	100%	100%

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Mold Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2020	$ 126,000	$ 381,185	$ 928,192	$ 35,005	$ 4,945	$ 41,868	$ 93,345	$ 4,766	$ 1,615,306
Additions	-	-	10,477	3,399	-	1,136	1,421	6,785	23,218
Disposals	-	-	(47,476)	(439)	-	(2,462)	(34,339)	-	(84,716)
Reclassification	-	-	15,624	59	-	-	32,001	(5,497)	42,187
Effect of foreign currency exchange differences	-	3,638	9,092	-	70	313	94	104	13,311
Balance at December 31, 2020	126,000	384,823	915,909	38,024	5,015	40,855	92,522	6,158	1,609,306
Additions	-	-	28,924	1,131	-	696	2,939	10,035	43,725
Disposals	-	-	(40,648)	(774)	-	(338)	-	-	(41,760)
Reclassification	-	-	20,093	485	-	-	269	(5,522)	15,325
Effect of foreign currency exchange differences	-	(1,261)	(9,540)	-	(24)	(109)	(32)	(192)	(11,158)
Balance at December 31, 2021	$ 126,000	$ 383,562	$ 914,738	$ 38,866	$ 4,991	$ 41,104	$ 95,698	$ 10,479	$ 1,615,438
Accumulated depreciation and impairment									
Balance at January 1, 2020	$ -	$ 147,871	$ 693,067	$ 31,755	$ 4,108	$ 34,428	$ 66,292	$ -	$ 977,521
Depreciation expenses	-	14,041	42,477	2,544	244	2,438	9,970	-	71,714
Disposals	-	-	(45,533)	(439)	-	(2,463)	(29,862)	-	(78,297)
Effect of foreign currency exchange differences	-	2,462	7,131	-	62	274	67	-	9,996
Balance at December 31, 2020	-	164,374	697,142	33,860	4,414	34,677	46,467	-	980,934
Depreciation expenses	-	14,185	41,144	2,293	139	1,809	10,537	-	70,107
Disposals	-	-	(37,360)	(774)	-	(304)	-	-	(38,438)
Effect of foreign currency exchange differences	-	(841)	(7,690)	-	(21)	(95)	(21)	-	(8,668)
Balance at December 31, 2020	$ -	$ 177,178	$ 693,236	$ 35,379	$ 4,532	$ 36,087	$ 56,983	$ -	$ 1,003,935
Carrying amount at December 31, 2020	$ 126,000	$ 220,449	$ 218,767	$ 4,164	$ 601	$ 6,178	$ 46,055	$ 6,158	$ 628,372
Carrying amount at December 31, 2021	$ 126,000	$ 205,844	$ 221,502	$ 3,487	$ 459	$ 5,017	$ 38,715	$ 10,479	$ 611,503

No impairment assessment was performed for the year ended December 31, 2021 and 2020 as there was no indication of impairment.

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

Buildings	4, 5, 20 and 40 years
Machinery equipment	2-10 years
Mold equipment	2 years
Transportation equipment	5 years
Office equipment	3, 5 and 10 years
Other equipment	2, 3, 5, 8-10 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 29.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 21,308	$ 22,100
Buildings	79,450	30,861
Transportation equipment	593	1,659
	$ 101,351	$ 54,620

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 74,773	$ 1,523
Depreciation charge for right-of-use assets		
Land	$ 673	$ 664
Buildings	12,345	11,836
Transportation equipment	1,053	1,183
	$ 14,071	$ 13,683

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 13,072	$ 11,396
Non-current	$ 67,908	$ 21,725

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.45%-4.75%	2.05%-4.75%
Transportation equipment	2.11%	1.80%-4.00%

c. Material leasing activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 2,328	$ 4,484
Total cash outflow for leases	$ (16,168)	$ (17,961)

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

14. INTANGIBLE ASSETS

	Computer Software		
	Cost	Accumulated Amortization	Total
Balance at January 1, 2020	$ 14,332	$ 5,589	$ 8,743
Additions/amortization expense	758	2,742	
Additions from internal developments	4,113	-	
Disposals	(5,141)	(2,929)	
Effect of foreign currency exchange differences	37	60	
Balance at December 31, 2020	14,099	5,462	$ 8,637
Additions/amortization expense	294	2,260	
Additions from internal developments	2,915	-	
Disposals	(1,123)	(1,123)	
Effect of foreign currency exchange differences	(443)	(58)	
Balance at December 31, 2021	$ 15,742	$ 6,541	$ 9,201

The Group’s intangible assets, which comprise computer software, are amortized on the straight-line basis over the estimated useful lives of 1 to 10 years.

15. OTHER CURRENT ASSETS

	December 31	
	2021	2020
Prepayments	$ 39,082	$ 23,379
Other current assets	4,050	3,094
	$ 43,132	$ 26,473

Prepayments comprise mostly payments to suppliers.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 264,000	$ 264,000

The interest rate of line of credit borrowings were 0.97%-1.00% and 0.95%-0.96% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings	$ 236,000	$ 236,000
Less: Current portion of long-term borrowings	(6,000)	-
Long-term borrowings	$ 230,000	$ 236,000

To increase medium- and long-term working capital, the Company entered into a loan contract with a bank for the period November 2020 to October 2027. As of December 31, 2021, the effective interest rates was 1.30% and interest is repayable on a monthly basis. The principal of the loan is repayable over a period of 2 years, where repayments of NT$6,000 thousand are to be made semi-annually starting 2 years from the date of the initial drawdown, with the rest of the principal paid in one lump sum upon maturity. The Company provided land, property, and plant as collateral for this loan (refer to Notes 12 and 29 for the details).

For some of the loan agreements, the Company's current ratio, debt ratio, and the net worth as stated in the financial statements are not to fall below specified ratios/amount, or else. The Company is required to propose improvement measures to the bank when failing to comply with the restrictions. As of December 31, 2021, the Company was not in violation of any of the aforementioned financial restrictions.

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
Notes payable		
Operating	$ 129	$ 185
Non-operating	960	855
	$ 1,089	$ 1,040
Trade payables		
Operating	$ 336,610	$ 306,260

The average credit period of purchases of goods is 60-90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2021	2020
Other payables		
Payable for salaries or bonuses	$ 110,649	$ 92,427
Payable for commissions	38,436	13,917
Payable for professional expenses	17,512	13,658
Payable for employees' insurance	11,939	13,258
Payables for employees' compensation and remuneration of directors	10,800	-
Payable for employees' benefits	6,266	6,318
Payable for purchase of equipment	3,416	2,648
Others	37,046	29,721
	$ 236,064	$ 171,947
Other current liabilities		
Refund liabilities	$ 47,271	$ 42,590
Contract liabilities (Note 22)	28,050	10,114
Others	5,313	3,958
	$ 80,634	$ 56,662

19. PROVISIONS

	December 31	
	2021	2020
Current		
Warranties	$ 8,055	$ 8,055

Provision for warranty is estimated based on the Group's obligations for warranties under local regulations on sale of goods.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiary in mainland China are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to a fixed percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 110,897	$ 116,464
Fair value of plan assets	(58,037)	(56,146)
Net defined benefit liability	$ 52,860	$ 60,318

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2021	$ 116,464	$ (56,146)	$ 60,318
Service cost			
Current service cost	193	-	193
Net interest expense (income)	582	(296)	286
Recognized in profit or loss	775	(296)	479
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(684)	(684)
Actuarial loss - changes in demographic assumptions	2,542	-	2,542
Actuarial gain - experience adjustments	(4,135)	-	(4,135)
Recognized in other comprehensive income	(1,593)	(684)	(2,277)
Contributions from the employer	-	(5,660)	(5,660)
Benefits paid	(4,749)	4,749	-
Balance at December 31, 2021	$ 110,897	$ (58,037)	$ 52,680

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	$ 116,860	$ (55,449)	$ 61,411
Service cost			
Current service cost	222	-	222
Past service cost	300	-	300
Net interest expense (income)	876	(439)	437
Recognized in profit or loss	1,398	(439)	959
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,729)	(1,729)
Actuarial loss - changes in financial assumptions	3,088	-	3,088
Actuarial loss - experience adjustments	2,589	-	2,589
Recognized in other comprehensive income	5,677	(1,729)	3,948
Contributions from the employer	-	(6,000)	(6,000)
Benefits paid	(7,471)	7,471	-
Balance at December 31, 2020	$ 116,464	$ (56,146)	$ 60,318

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 360	$ 476
Selling and marketing expenses	20	26
General and administrative expenses	53	377
Research and development expenses	46	80
	$ 479	$ 959

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	**2020**
Discount rate	0.500%	0.500%
Expected rate of salary increase	2.250%	2.250%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	**2020**
Discount rate		
0.25% increase	$ (2,713)	$ (3,088)
0.25% decrease	$ 2,818	$ 3,214
Expected rate of salary increase		
0.25% increase	$ 2,723	$ 3,105
0.25% decrease	$ (2,636)	$ (3,001)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	**2020**
The expected contributions to the plan for the next year	$ 6,135	$ 6,135
The average duration of the defined benefit obligation	9.9 years	10.8 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	**2020**
Number of authorized shares (in thousands)	100,000	100,000
Amount of authorized shares	$ 1,000,000	$ 1,000,000
Number of issued and fully paid shares (in thousands)	69,300	69,300
Amount of issued and fully paid shares	$ 693,000	$ 693,000

The holders of issued ordinary shares with a par value of $10 are entitled the right to vote and receive dividends.

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 213,600	$ 213,600
May be used to offset a deficit only (2)		
Share-based payment	8,236	8,236
May not be used for any purpose (3)		
Changes in percentage of ownership interest in subsidiaries	13,036	13,036
	$ 234,872	$ 234,872

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the share-based payment may be used to offset a deficit only.

3) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition. Such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

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

The Company's dividend policy is based on the shareholders' long-term interests. In formulating its dividend policy, the Company takes into account the overall business and industry conditions and trends, present and future operational expansion and to satisfy the shareholders' need for cash inflow. The Company's dividend policy states that cash dividends should be at least 10% of total dividends. A distribution plan is also to be made by the board of directors and passed for resolution in the shareholders' meeting.

Under the Company's dividends policy in the Articles, the proposed distribution of dividends can be distributed fully or partially by cash, and is subject to the approval of the Company's board of directors with attendance of more than two-thirds of the directors and with consent of at least half of the attending directors; in addition, it shall be reported in the shareholders' meeting.

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

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	**2019**
Special reserve	$ 3,661	$ 38,700
Cash dividends	$ 66,300	$ 90,168
Cash dividends per share (NT$)	$ 1.0	$ 1.36

The appropriations of cash dividends were resolved by the Company's board of directors on March 18, 2021, and March 20, 2020, respectively. The other proposed appropriations were resolved by the shareholders in their meeting on July 22, 2021, and June 24, 2020, respectively.

The appropriation of earnings for 2021, which was proposed by the Company's board of directors on March 24, 2022, was as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 10,523
Special reserve	$ 10,430
Cash dividends	$ 79,560
Cash dividends per share (NT$)	$ 1.2

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 27, 2022.

d. Special reserve

Additional special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

e. Other equity items

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

The exchange differences arising on translation of the net assets of foreign operation from their functional currencies to the Company's presentation currency (the New Taiwan dollar) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (12,169)	$ (399)
Recognized for the year		
Unrealized loss - equity instruments	(916)	(11,770)
Balance at December 31	$ (13,085)	$ (12,169)

f. Treasury shares

In order to motivate employees and increase their centripetal force to the Company, the board of directors resolved to purchase treasury shares on January 20, 2020. The planned repurchase period was January 21 to March 20, 2020, and the number of shares repurchased was 3,000 thousand shares. In March 2020, the Company completed its repurchase of shares for a total cost of $110,853 thousand.

Purpose of Buy-back	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
Shares transferred to employees				
January 1, 2021 to December 31, 2021	3,000	-	-	3,000
January 1, 2021 to December 31, 2020	-	3,000	-	3,000

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

22. REVENUE

Contract Balances

	December 31	
	2021	2020
Contract liabilities (classified under other current liabilities)	$ 28,050	$ 10,114

The changes in the contract liabilities balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposit	$ 2,074	$ 5,475
Repurchase agreement	-	662
Others	12	16
	$ 2,086	$ 6,153

b. Other income

	For the Year Ended December 31	
	2021	2020
Licensing (Note 7)	$ 4,000	$ -
Grant income	447	1,669
Others	1,815	471
	$ 6,262	$ 2,140

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Loss on disposal of property, plant and equipment	$ (788)	$ (4,851)
Net foreign exchange losses	(31,950)	(69,919)
Others	1,372	(734)
	$ (31,366)	$ (75,504)

d. Interest expenses

	For the Year Ended December 31	
	2021	2020
Interest on bank borrowings	$ 6,051	$ 4,890
Interest on lease liabilities	1,116	868
	$ 7,167	$ 5,758

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 70,107	$ 71,714
Right of use assets	14,071	13,683
Intangible assets	2,260	2,742
	$ 86,438	$ 88,139
An analysis of depreciation by function		
Operating costs	$ 52,743	$ 49,177
Operating expenses	31,435	36,220
	$ 84,178	$ 85,397
An analysis of amortization by function		
Operating costs	$ 455	$ 452
Operating expenses	1,805	2,290
	$ 2,260	$ 2,742

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 20)		
Defined contribution plans	$ 12,870	$ 12,039
Defined benefit plans	479	959
	13,349	12,998
Insurance expense	59,511	40,391
Remuneration of directors	3,544	1,626
Other employee benefits	598,933	528,349
Total employee benefits expense	$ 675,337	$ 583,364
An analysis of employee benefits expense by function		
Operating costs	470,574	408,493
Operating expenses	204,763	174,871
	$ 675,337	$ 583,364

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. Due to net loss before income tax for the year ended December, 31, 2020, the employees' compensation and the remuneration of directors and supervisors hasn't been recognized.

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

Accrual rate

	For the Year Ended December 31, 2021
Compensation of employees	6.06%
Remuneration of directors	1.55%

Amount

	Cash
	For the Year Ended December 31, 2021
Compensation of employees	$ 8,600
Remuneration of directors	2,200

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

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

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 50,645	$ 58,971
Foreign exchange losses	(82,595)	(128,890)
	$ (31,950)	$ (69,919)

24. INCOME TAXES

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 63,087	$ 2,644
Adjustments for prior years	1,697	1,575
	64,784	4,219
Deferred tax		
In respect of the current year	(17,536)	(11,854)
Income tax expense (benefit) recognized in profit or loss	$ 47,248	$ (7,635)

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

	For the Year Ended December 31	
	2021	2020
Profit (loss) before tax from continuing operations	$ 150,653	$ (45,686)
Income tax expense (benefit) calculated at the statutory rate	$ 45,718	$ (9,281)
Nondeductible expenses in determining taxable income	73	71
Investment credits	(240)	-
Adjustments for prior years' tax	1,697	1,575
Income tax expense (benefit) recognized in profit or loss	$ 47,248	$ (7,635)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ 2,379	$ (2,027)
Fair value changes of financial assets at FVTOCI	687	2,943
Remeasurement of defined benefit plans	(455)	789
Total income tax recognized in other comprehensive income	$ 2,611	$ 1,705

c. Current tax assets and liabilities

	For the Year Ended December 31	
	2021	**2020**
Current tax assets		
Tax refund receivable	$ 336	$ 336
Current tax liabilities		
Income tax payable	$ 33,120	$ -

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Compre-hensive Income**	**Exchange Differences**	**Closing Balance**
Temporary differences					
Allowance for impairment loss	$ 27,007	$ (5,815)	$ -	$ -	$ 21,192
Write-down of inventory	28,711	(395)	-	(40)	28,276
Defined benefit obligation	14,900	(1,037)	(455)	-	13,408
Provisions	1,611	-	-	-	1,611
Refund liabilities	8,518	936	-	-	9,454
Payable for annual leave	2,068	175	-	-	2,243
Exchange difference on foreign operation	9,829	-	2,379	-	12,208
FVTOCI financial assets	3,043	-	687	-	3,730
Others	7,297	3,406	-	(19)	10,684
	102,984	(2,730)	2,611	(59)	102,806
Tax losses	14,896	(14,868)	-	(28)	-
	$ 117,880	$ (17,598)	$ 2,611	$ (87)	$ 102,806

Deferred Tax Liabilities	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Compre-hensive Income**	**Exchange Differences**	**Closing Balance**
Temporary differences					
Investments accounted for using equity method	$ 47,955	$ (35,799)	$ -	$ -	$ 12,156
Unrealized exchange gains	120	665	-	-	785
	$ 48,075	$ (35,134)	$ -	$ -	$ 12,941

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Allowance for impairment loss	$ 27,134	$ (128)	$ -	$ 1	$ 27,007
Write-down of inventory	28,970	(368)	-	109	28,711
Defined benefit obligation	15,119	(1,008)	789	-	14,900
Provisions	1,611	-	-	-	1,611
Refund liabilities	8,092	426	-	-	8,518
Payable for annual leave	2,183	(115)	-	-	2,068
Unrealized exchange losses	1,757	(1,757)	-	-	-
Exchange difference on foreign operation	11,856	-	(2,027)	-	9,829
FVTOCI financial assets	100	-	2,943	-	3,043
Others	6,763	478	-	56	7,297
	103,585	(2,472)	1,705	166	102,984
Tax losses	-	14,797	-	99	14,896
	$ 103,585	$ 12,325	$ 1,705	$ 265	$ 117,880

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Investments accounted for using equity method	$ 47,604	$ 351	$ -	$ -	$ 47,955
Unrealized exchange gains	-	120	-	-	120
	$ 47,064	$ 471	$ -	$ -	$ 48,075

e. Income tax assessments

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

25. EARNINGS/(LOSS) PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings/(loss) per share	$ 1.56	$ (0.57)
Diluted earnings/(loss) per share	$ 1.55	$ (0.57)

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

Net Profit/(Loss) for the Year

	For the Year Ended December 31	
	2021	2020
Net profit/(loss) for the year	$ 103,405	$ (38,051)

	For the Year Ended December 31	
	2021	2020
Number of shares (in thousands)		
Weighted average number of ordinary shares in the computation of basic earnings per share	66,300	66,300
Effect of potentially dilutive ordinary shares		
Compensation of employees	239	
Weighted average number of ordinary shares used in the computation of diluted earnings per share	66,539	

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. Due to the net loss for the year ended December, 31, 2020, which was anti-dilutive, was excluded from the computation of diluted earnings per share.

26. CAPITAL MANAGEMENT

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

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

Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that were not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair value cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 35,836	$ 35,836
Foreign unlisted shares	-	-	19,563	19,563
	$ -	$ -	$ 55,399	$ 55,399

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 33,885	$ 33,885
Foreign unlisted shares	-	-	19,117	19,117
	$ -	$ -	$ 53,002	$ 53,002

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

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of foreign and domestic unlisted equity investments were estimated using the market approach, either by the method of comparable listed companies or by the comparable transaction method, while the fair values of the preference shares were estimated using the option pricing method. The fair values of domestic unlisted equity investments of the ordinary shares were estimated using the Royalties Savings Act method. The significant unobservable inputs used were the discount for lack of marketability and discount for non-controlling interests. An increase in the discount for lack of marketability or non-controlling interests would result in an increase in the fair value.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at amortized cost (1)	$ 1,412,679	$ 1,463,697
Financial assets at FVTOCI - equity instruments	55,399	53,002
Financial liabilities		
Financial liabilities at amortized cost (2)	952,314	886,820

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (excluding tax refund receivable), and refundable deposits.

2) The balances included financial liabilities at amortized cost, which comprise long-term loans, short-term loans, notes payable, trade payables and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. According to business nature and the degree and magnitude of risks, the Group monitors and manages the financial risks relating to the operations. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group minimizes the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the market risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. To manage the volatility of future cash flows arising from changes in foreign exchange rates, the Group maintains a balance of net foreign currency assets and liabilities in hedge.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

<u>Sensitivity analysis</u>

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 5% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the years ended December 31, 2021 would have decreased/increased by $52,081 thousand; the net loss before tax for year ended December 31, 2020 would have decreased/increased by $52,227 thousand.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to fair value and cash flow interest rate risk because the Group held both fixed-rate financial assets and financial liabilities. The Group's management monitors fluctuations in market interest rate regularly. If it is needed, the management performs necessary procedures to control significant interest rate risks from fluctuations in market interest rates.

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 153,796	$ 177,625
Financial liabilities	580,980	533,121
Cash flow interest rate risk		
Financial assets	605,874	720,404

The changes in interest rates did not have significant influence on the Group, so there was no sensitivity analysis.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes, the Group does not actively trade these investments. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The changes in equity securities did not have significant influence on the Group, so there was no sensitivity analysis.

2) Credit risk

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

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group transacted with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by maintaining a level of cash and cash equivalents and bank loan facilities deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the earliest date on which the Group can be required to pay.

December 31, 2021

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 452,314	$ -	$ -
Lease liabilities	14,231	71,750	-
Fixed interest rate liabilities	270,000	230,000	-
	$ 736,545	$ 301,570	$ -

December 31, 2020

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 386,820	$ -	$ -
Lease liabilities	11,998	22,244	-
Fixed interest rate liabilities	264,000	236,000	-
	$ 662,818	$ 258,244	$ -

b) Financing facilities

The Group relies on bank loans as a significant source of liquidity. As of December 31, 2021 and 2020, the unused amounts of bank loan facilities were as follows:

	December 31	
	2021	2020
Bank loan facilities		
Amounts unused	$ 1,146,949	$ 1,098,519

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and categories

Related Party Name	Related Party Category
Optoway Technology Inc.	Director with significant influence over the Company (until June 24, 2020)
Management A	Key management personnel's first-degree relatives
Management B	Key management personnel

b. Sales of goods

	For the Year Ended December 31	
Related Party Category	**2021**	**2020**
Director with significant influence over the Company	$ -	$ 39

c. Lease arrangements

	December 31	
Related Party Category	**2021**	**2020**
Key management personnel's first-degree relatives	$ -	$ 275
Key management personnel	-	125
	$ -	$ 400

The Group leases office and dormitory from key management personnel, the lease contracts had expired in advance in February 2020. The Group pays the rental monthly.

d. Compensation of key management personnel

	For the Year Ended December 31	
	2021	**2020**
Short-term employee benefits	$ 39,277	$ 26,059
Post-employment benefits	891	687
	$ 40,168	$ 26,746

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral and guarantees for the tariff of imported raw materials and goods (see Notes 8 and 12):

	December 31	
	2021	**2020**
Pledged deposits (classified as financial assets at amortized cost - non-current)	$ 2,266	$ 2,248
Land	126,000	126,000
Buildings	138,320	141,897
	$ 266,586	$ 270,145

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency (In thousands)	**Exchange Rate**	**Carrying Amount (In thousands)**
Financial assets			
Monetary items			
USD	$ 39,921	27.6800 (USD:NTD)	$ 1,105,013
JPY	66,109	0.2405 (JPY:NTD)	15,899
USD	9,658	6.3757 (USD:RMB)	267,328
RMB	5,984	4.3415 (RMB:NTD)	25,978
EUR	419	24.8041 (EUR:CZK)	13,137
Non-monetary items			
USD	707	27.6800 (USD:NTD)	19,563
Financial liabilities			
Monetary items			
USD	7,352	27.6800 (USD:NTD)	203,497
USD	4,596	6.3757 (USD:RMB)	127,225
EUR	22	24.8041 (EUR:CZK)	688

December 31, 2020

	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount (In thousands)
Financial assets			
Monetary items			
USD	$ 32,876	28.4800 (USD:NTD)	$ 936,296
JPY	59,433	0.2763 (JPY:NTD)	16,421
USD	12,843	6.5249 (USD:RMB)	365,771
RMB	6,142	4.3648 (RMB:NTD)	26,807
EUR	176	26.3060 (EUR:CZK)	6,107
Non-monetary items			
USD	671	28.4800 (USD:NTD)	19,117
Financial liabilities			
Monetary items			
USD	6,416	28.4800 (USD:NTD)	182,721
USD	2,591	6.5249 (USD:RMB)	73,803
RMB	58	4.3648 (RMB:NTD)	254

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 6)

11) Information on investees (Table 4)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 7)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (None)

c) The amount of property transactions and the amount of the resultant gains or losses. (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (None)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services. (None)

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments under IFRS 8 "Operating Segments" are described below.

a. Segments, revenues and results

The following is an analysis of the Group's revenues and results from continuing operations by reportable segment.

	Optical Fiber Component	Radio Frequency Connector	Total
For the year ended December 31, 2021			
Segment revenues	$ 1,610,791	$ 1,202,225	$ 2,813,016
Segment income	$ 135,874	$ 44,964	$ 180,838
Interest income			2,086
Other income			6,262
Other gains and losses			(31,366)
Finance costs			(7,167)
Profit before tax (continuing operations)			$ 150,653
For the year ended December 31, 2020			
Segment revenues	$ 1,151,754	$ 1,261,794	$ 2,413,548
Segment income (loss)	$ (36,416)	$ 63,699	$ 27,283
Interest income			6,153
Other income			2,140
Other gains and losses			(75,504)
Finance costs			(5,758)
Loss before tax (continuing operations)			$ (45,686)

The segment revenues were all generated from external customers. There were no inter-segment transactions for the years ended December 31, 2021 and 2020.

Segment profit represented the profit before tax earned by each segment without other income, other gains and losses and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. However, the measure of segment assets was not provided to the chief operating decision maker.

b. Revenue from major products and services

The Group's reportable segments are based on major products, no additional information need to be disclosed.

c. Geographical information

The amounts of the Group's revenue from external customers and non-current assets by location are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Taiwan	$ 336,260	$ 196,058	$ 540,091	$ 492,129
Asia	787,826	571,832	216,914	229,915
America	1,064,466	1,011,313	-	-
Europe	624,464	634,345	30,508	30,023
	$ 2,813,016	$ 2,413,548	$ 787,513	$ 752,067

Non-current assets excluded deferred tax assets.

d. Information on major clients

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

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Client A	$ 469,298	17	$ 175,433	8
Client B	291,170	10	205,633	9
Client C	287,032	10	407,169	17
Client D	115,421	4	396,599	16
	$ 1,162,921	41	$ 1,184,844	50

TABLE 1

EZCONN CORPORATION AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
EZconn Corporation	Enablence Technology Inc. - ordinary shares	-	Investments in equity instruments at FVTOCI - non-current	1	$ -	-	$ -	2
	Lightel Technologies Inc. - preference shares	-	As above	1,250	19,563	4.79	19,563	-
	AuthenX Inc. - preference shares	-	As above	3,750	31,836	19.35	31,836	-
	OpXion Tech. Incorporation - ordinary shares	-	As above	4,000	4,000	15.38	4,000	-

Note 1: The marketable securities were not pledged.

Note 2: The carrying amount was zero as of December 31, 2021 due to the impairment loss recognized in prior years.

EZCONN CORPORATION AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
EZconn Corporation	Light Master Technology (Ningbo) Inc.	Subsidiary	Purchase	$ 486,287 (US$ 17,362 thousand)	33	T/T 90 days	-	-	$ (116,168) (US$ 4,197 thousand)	32	

Note: All intercompany transactions have been eliminated in consolidation.

EZCONN CORPORATION AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance (Note 3)		Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
						Amount	Actions Taken		
Light Master Technology (Ningbo) Inc.	EZconn Corporation	Parent company	Trade receivables from related parties	$ 116,168 (US$ 4,197 thousand)	-	$ -	-	$ 116,168	Note 1

Note 1: No impairment loss was recognized on trade receivables from related parties.

Note 2: Subsequent period was from January 1, 2022 to March 24, 2022.

Note 3: All intercompany transactions have been eliminated in consolidation.

EZCONN CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: December 31, 2021 (Foreign Currencies in Thousands)	Original Investment Amount: December 31, 2020 (Foreign Currencies in Thousands)	As of December 31, 2021: Shares (In Thousands)	As of December 31, 2021: %	As of December 31, 2021: Carrying Amount (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profits (Loss)	Note
EZconn Corporation	EC-Link Technology Inc.	Samoa Islands	Investment	$ 679,543	$ 679,543	-	100.00	$ 687,186	$ 50,066 (US$ 1,787)	$ 50,385	
	EZconn Europe GmbH	Germany	Manufactures and sells precision metal components and optical fiber components of various electronic products	185,143	185,143	-	100.00	75,335	7,457 (US$ 266)	7,457	
EC-Link Technology Inc.	Light Master Technology Inc.	Samoa Islands	Investment	633,235 (US$ 22,877)	633,235 (US$ 22,877)	-	100.00	662,100 (US$ 23,920)	50,098 (US$ 1,789)		
EZconn Europe GmbH	EZconn Czech a.s.	Czech	Manufacturing of various optical fiber components	59,821 (EUR 1,910)	59,821 (EUR 1,910)	-	100.00	76,049 (EUR 2,428)	9,439 (EUR 285)		
EZconn Czech a.s.	EZconn technologies CZ s.r.o.	Czech	Manufacturing and research of optical communication components	12,627 (CZK 10,000)	12,627 (CZK 10,000)	-	100.00	9,228 (CZK 7,308)	994 (CZK 770)		

Note 1: For information on invested company in mainland China, please refer to Table 5.

Note 2: All intercompany transactions have been eliminated in consolidation.

EZCONN CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands) (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Foreign Currencies in Thousands) (Note 3)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Foreign Currencies in Thousands) (Note 3)	Net Income (Loss) of the Investee (Foreign Currencies in Thousands) (Notes 4 and 6)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Foreign Currencies in Thousands) (Notes 4, 6, 7 and 8)	Carrying Amount as of December 31, 2021 (Foreign Currencies in Thousands) (Notes 3, 6 and 8)	Accumulated Repatriation of Investment Income as of December 31, 2021 (Note 2)
					Outflow	Inflow						
Light Master Technology (Ningbo) Inc.	Manufacture and sale of optical fiber components and cable connector	$ 415,200 (US$ 15,000)	Note 1	$ 585,072 (US$ 21,137)	$ -	$ -	$ 585,072 (US$ 21,137)	$ 52,667 (US$ 1,880)	100	$ 50,130 (US$ 1,790)	$ 659,638 (US$ 23,831)	$ 437,137

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Foreign Currencies in Thousands) (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Foreign Currencies in Thousands) (Notes 1 and 3)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$585,072 (US$21,137)	$631,851 (US$22,827)	$1,042,517 (Note 5)

Note 1: The Company indirectly invested in Light Master Technology (Ningbo) Inc. through EC-Link Technology Inc. by investing via 3rd region. The amount included capital surplus of US$1,690 thousand of Light Master Technology (Ningbo) Inc.

Note 2: The board of directors of Light Master Technology (Ningbo) Inc. adopt a resolution to distribute dividends in cash of $118,359 thousand (RMB27,301 thousand), $81,943 thousand (RMB19,074 thousand), $119,269 thousand (RMB28,528 thousand), $117,566 thousand (RMB27,063 thousand) on November 2018, 2019, September 2020, and October 2021, respectively. The Company repatriated of Investment Income through EC-Link Technology Inc. for the year ended December 2019 and March and October 2021. The accumulated repatriation of investment income as of December 31, 2021 was $437,137 thousand.

Note 3: The calculation was based on the spot exchange rate of December 31, 2021.

Note 4: The calculation was based on the average exchange rate from January 1, 2021 to December 31, 2021.

Note 5: The calculation was based on 60% of the Company’s net worth on December 31, 2021.

Note 6: The basis for investment income (loss) recognition is the financial statements audited and attested by parent company’s CPA in the ROC.

Note 7: The share of profits/losses of investee included the effect of unrealized gross profit on intercompany transaction.

Note 8: All intercompany transactions have been eliminated in consolidation.

TABLE 6

EZCONN CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
0	EZconn Corporation	Light Master Technology (Ningbo) Inc.	a	Trade payables to related parties	$ 116,168	No significant difference to others	3.76
		Light Master Technology (Ningbo) Inc.	a	Cost of goods sold	486,287	No significant difference to others	17.29
1	EZconn Europe GmbH	EZconn Czech a.s.	c	Trade receivables from related parties	139	No significant difference to others	0.00
2	EZconn Czech a.s.	EZconn Technologies CZ s.r.o.	c	Cost of goods sold	4,575	No significant difference to others	0.16

Note 1: The information about the transactions between the Company and the subsidiaries are marked in the note column as follows:

a. The Company: 0.
b. The subsidiaries were marked in numerical order from 1.

Note 2: Investment types as follows:

a. The Company to the subsidiaries.
b. The subsidiaries to the Company.
c. Between the subsidiaries.

Note 3: All intercompany transactions have been eliminated in consolidation.

Note 4: The ratio of transaction amounts to total sales revenue or assets is calculated as follows: (1) asset or liability: The ratio was calculated based on the ending balance over the total consolidated assets; (2) income or loss: The ratio was calculated based on the midterm accumulated amounts over the total consolidated sales revenue.

TABLE 7

EZCONN CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	% to Total		Payment Term	Comparison with Normal Transaction	Ending Balance	% to Total		
Light Master Technology (Ningbo) Inc.	Purchase	$ 486,287	33	No significant difference to others	No significant difference to others	No significant difference to others	$ (116,168)	32	$ 3,302	

Note: All intercompany transactions have been eliminated in consolidation.

TABLE 8

EZCONN CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
SHAREHOLDER A	6,295,555	9.08
SHAREHOLDER B	4,492,828	6.48
EGTRAN CORPORATION	3,565,741	5.14

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.