

**United Radiant Technology  
Corporation**

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

**No.12,Chien-Kuo Road,T.T.I.P. Tantzū Dist.,  
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## **Independent Auditor’s Report**

To the Board of directors of United Radiant Technology Corporation:

### **Audit opinion**

We have audited the accompanying parent company only financial statements of United Radiant Technology Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 parent company only financial statements for the year ended

December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters individually.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2021 is stated as follows:

#### Validity of Specific Customer's Revenue Recognition

The Company's main revenue comes from export sales, including sales to Europe and the Americas. The revenue from some of these customers has grown significantly compared to the previous year, and the transaction amounts of these customers are significant to the overall revenue. There are significant risks to the validity of the revenue from export sales; therefore, we have considered the validity of specific customers' revenue recognition of specific customers as a key audit matter. For the accounting policies related to revenue recognition, see Notes 4 and 19 of the Parent Company Only Financial Statements.

Our audit procedures related to the key audit matter described above are as follows:

1. We understood the related internal control and operating procedures in the sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the internal control and operating procedures.
2. We selected samples from the sales details from specific customers, examined the shipping documents and export declarations, and checked whether the invoice recipient was the same as the shipment recipient to confirm the validity of the sales revenue.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the

entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Deloitte Taiwan

CPA Ting-Chien Su

Done-Yuin Tseng

Approval Document Number of Financial  
Supervisory Commission

Jin Guan Zheng Sheng Zi No. 1070323246

Approval Document Number of Securities  
and Future Bureau

Tai Cai Zheng Liu Zi No. 0920123784

February 25, 2022

United Radiant Technology Corporation  
Parent Company Only Balance Sheets  
As of December 31 in 2021 and 2020

Unit: NT\$ thousand

Code	ASSET	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 667,324	32	\$ 891,065	46
1120	Financial assets at fair value through other comprehensive income or loss - current (Notes 4 and 8)	407,026	19	99,360	5
1136	Financial assets at amortized cost - current (Notes 4 and 9)	13,000	1	-	-
1160	Notes receivable (Notes 4 and 19)	-	-	138	-
1170	Accounts receivable, net (Notes 4, 10 and 19)	277,504	13	282,761	15
1200	Other receivables, net (Notes 4 and 27)	25,249	1	25,911	1
1220	Income tax assets for the period (Notes 4 and 21)	507	-	791	-
1310	Inventories (Notes 4, 5 and 11)	362,196	17	398,081	20
1410	Prepayments (Note 26)	5,082	-	15,886	1
1470	Other current assets (Note 19)	2,115	-	172	-
11XX	Total current assets	<u>1,760,003</u>	<u>83</u>	<u>1,714,165</u>	<u>88</u>
<b>Non-current assets</b>					
1517	Financial assets at fair value through other comprehensive income or loss - non-current (Notes 4 and 8)	22,263	1	25,264	1
1550	Investments accounted for using the equity method (Notes 4 and 11)	9,341	1	9,959	1
1600	Property, plant and equipment (Notes 4 and 13)	130,064	6	94,812	5
1755	Right-of-use assets (Notes 4 and 13)	6,684	-	6,753	-
1780	Intangible assets (Notes 4 and 14)	8,949	1	5,978	-
1840	Deferred income tax assets (Notes 4 and 21)	26,684	1	-	-
1915	Prepayments for business facilities	6,668	-	37,530	2
1920	Refundable deposits (Notes 4 and 27)	8,205	1	32,270	2
1932	Long-term accounts receivable (Notes 4, 10 and 19)	123,045	6	8,570	1
1990	Other non-current assets (Note 19)	6,877	-	2,331	-
15XX	Total non-current assets	<u>348,780</u>	<u>17</u>	<u>223,467</u>	<u>12</u>
1XXX	Total Assets	<u>\$ 2,108,783</u>	<u>100</u>	<u>\$ 1,937,632</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ -	-	\$ 2,196	-
2130	Contract liabilities - current (Notes 4 and 19)	30,098	1	13,808	1
2150	Notes payable	1,307	-	6,054	-
2170	Accounts payable (Note 26)	275,405	13	375,337	20
2200	Other payables (Notes 16 and 26)	101,881	5	99,888	5
2230	Income tax liabilities for the period (Notes 4 and 21)	12,065	1	4,824	-
2280	Lease liabilities - current (Notes 4 and 14)	818	-	745	-
2399	Other current liabilities	2,432	-	2,593	-
21XX	Total current liabilities	<u>424,006</u>	<u>20</u>	<u>505,445</u>	<u>26</u>
<b>Non-current</b>					
2527	Contract liabilities - non-current (Notes 4 and 18)	7,551	-	1,524	-
2580	Lease liabilities - non-current (Notes 4 and 13)	5,962	-	6,057	-
2640	Net defined benefit liability - non-current (Notes 4 and 16)	72,049	4	84,440	5
2645	Guarantee deposits (Note 26)	10,282	1	9,466	1
2650	Credit balance of investments accounted for using the equity method (Notes 4 and 11)	8,751	-	6,845	-
25XX	Total non-current liabilities	<u>104,595</u>	<u>5</u>	<u>108,332</u>	<u>6</u>
2XXX	Total liabilities	<u>528,601</u>	<u>25</u>	<u>613,777</u>	<u>32</u>
<b>EQUITY</b>					
3110	Common shares	1,063,518	50	1,063,518	55
3200	Capital surplus	17,340	1	5,702	-
<b>Retained earnings</b>					
3310	Statutory reserves	93,873	4	80,687	4
3320	Special reserve	24,351	1	17,929	1
3350	Undistributed earnings	347,181	17	230,272	12
3400	Other equity	33,919	2	( 24,351 )	( 1 )
3500	Treasury stock	-	-	( 49,902 )	( 3 )
3XXX	Total equity	<u>1,580,182</u>	<u>75</u>	<u>1,323,855</u>	<u>68</u>
Total Liabilities and Equity		<u>\$ 2,108,783</u>	<u>100</u>	<u>\$ 1,937,632</u>	<u>100</u>

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

Chairman: Tzu-Hua, Han

Manager: Chien Wen, Yeh

Accounting Supervisor: Ko-Ju Lin

United Radiant Technology Corporation  
Parent Company Only Statements Of Comprehensive Income  
For the Years Ended December 31, 2021 and 2020

In Thousands of New Taiwan Dollars, Except  
Earnings Per Share

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 19)	\$ 2,069,712	100	\$ 1,791,572	100
5000	Operating costs (Notes 11, 20 and 26)	<u>1,733,106</u>	<u>84</u>	<u>1,535,824</u>	<u>86</u>
5900	Operating margin	<u>336,606</u>	<u>16</u>	<u>255,748</u>	<u>14</u>
	Operating expenses (Note 20)				
6100	Selling expenses	37,799	2	39,661	2
6200	General and administrative expenses	110,271	5	83,675	5
6300	Research & development expenses	<u>39,571</u>	<u>2</u>	<u>35,532</u>	<u>2</u>
6000	Total operating expenses	<u>187,641</u>	<u>9</u>	<u>158,868</u>	<u>9</u>
6900	Net Operating income	<u>148,965</u>	<u>7</u>	<u>96,880</u>	<u>5</u>
	Non-operating income and expenditure				
7010	Other income	32,678	2	27,904	2
7070	Share of profits of subsidiaries accounted for using equity method (Notes 4 and 12)	( 2,542)	-	( 1,569)	-
7100	Interest income	1,183	-	4,146	-
7235	Gain (loss) on financial liabilities at fair value through profit or loss (Notes 4 and 7)	2,196	-	( 2,196)	-
7510	Interest expenses (Note 4)	( 574)	-	( 122)	-
7630	Foreign exchange loss (Note 4)	( <u>12,921</u> )	( <u>1</u> )	( <u>27,818</u> )	( <u>2</u> )
7000	Total non-operating income and expenditure	<u>20,020</u>	<u>1</u>	<u>345</u>	<u>-</u>
7900	Net profit before tax	168,985	8	97,225	5

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Code		2021		2020	
		Amount	%	Amount	%
7950	Income tax gains (expenses) (Notes 4 and 21)	<u>14,145</u>	<u>1</u>	<u>(4,505)</u>	<u>-</u>
8200	NET INCOME	<u>183,130</u>	<u>9</u>	<u>92,720</u>	<u>5</u>
	Other comprehensive income (loss) (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation (Note 17)	3,947	-	(3,668)	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income or loss	94,989	5	36,479	2
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	<u>18</u>	<u>-</u>	<u>(97)</u>	<u>-</u>
8300	Other comprehensive income (loss) for the year, net of income tax	<u>98,954</u>	<u>5</u>	<u>32,714</u>	<u>2</u>
8500	Total comprehensive income (loss)	<u>\$ 282,084</u>	<u>14</u>	<u>\$ 125,434</u>	<u>7</u>
	Earnings per share (Note 22)				
9750	Basic	<u>\$ 1.74</u>		<u>\$ 0.90</u>	
9850	Diluted	<u>\$ 1.73</u>		<u>\$ 0.89</u>	

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

Chairman: Tzu-Hua, Han      Manager: Chien Wen, Yeh      Accounting Supervisor: Ko-Ju Lin

United Radiant Technology Corporation  
Parent Company Only Statements Of Changes In Equity  
For the Years Ended December 31, 2021 and 2020

Unit: NT\$ thousand

Code		Common shares (Note 18)	Additional paid-in capital (Note 4, 18 and 23)	Retained earnings (Note 18)			Other equity (Note 4)		Treasury stock (Notes 18 and 23)	Total equity
				Legal reserve	Special reserve	Undistributed earnings (Notes 8 and 17)	Exchange differences arising on translation of foreign operations	Financial assets at fair value through other comprehensive income Unrealized gain or loss (Note 8)		
A1	Balance, January 1, 2020	\$ 1,063,518	\$ 5,702	\$ 73,716	\$ 29,487	\$ 178,390	\$ 5,317	(\$ 23,246)	(\$ 13,780)	\$ 1,319,104
B1	Distribution of 2019 earnings									
B1	Statutory reserves	-	-	6,971	-	(6,971)	-	-	-	-
B5	Cash dividends to the shareholders of the Company	-	-	-	-	(84,561)	-	-	-	(84,561)
B17	Special reserve	-	-	-	(11,558)	11,558	-	-	-	-
D1	Net income in 2020	-	-	-	-	92,720	-	-	-	92,720
D3	Other comprehensive income (loss) in 2020	-	-	-	-	(3,668)	(97)	36,479	-	32,714
D5	Total comprehensive income (loss) in 2020	-	-	-	-	89,052	(97)	36,479	-	125,434
L1	Acquisition of treasury stock	-	-	-	-	-	-	-	(36,122)	(36,122)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	42,804	-	(42,804)	-	-
Z1	Balance, December 31, 2020	1,063,518	5,702	80,687	17,929	230,272	5,220	(29,571)	(49,902)	1,323,855
B1	Distribution of 2020 earnings									
B1	Statutory reserves	-	-	13,186	-	(13,186)	-	-	-	-
B3	Special reserve	-	-	-	6,422	(6,422)	-	-	-	-
B5	Cash dividends to the shareholders of the Company	-	-	-	-	(87,297)	-	-	-	(87,297)
D1	Net income in 2021	-	-	-	-	183,130	-	-	-	183,130
D3	Other comprehensive income (loss) in 2021	-	-	-	-	3,947	18	94,989	-	98,954
D5	Total comprehensive income (loss) in 2021	-	-	-	-	187,077	18	94,989	-	282,084
N1	Changes in other capital reserve									
N1	Issuance of employee stock options	-	11,245	-	-	-	-	-	-	11,245
N1	Transfer of the Company's treasury stock to employees	-	393	-	-	-	-	-	49,902	50,295
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	36,737	-	(36,737)	-	-
Z1	Balance, December 31, 2021	\$ 1,063,518	\$ 17,340	\$ 93,873	\$ 24,351	\$ 347,181	\$ 5,238	\$ 28,681	\$ -	\$ 1,580,182

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

Chairman: Tzu-Hua, Han

Manager: Chien Wen, Yeh

Accounting Supervisor: Ko-Ju Lin

United Radiant Technology Corporation  
Parent Company Only Statements of Cash Flows  
For the Years Ended December 31, 2021 and 2020

Unit: NT\$ thousand

Code		2021	2020
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 168,985	\$ 97,225
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	18,533	24,071
A20200	Amortization expense	3,485	3,805
A20300	Expected credit losses (reversal)	( 185)	1,468
A20400	Loss (gain) on financial liabilities at fair value through profit or loss	( 2,196)	2,196
A20900	Interest expense	574	122
A21200	Interest income	( 1,183)	( 4,146)
A21300	Dividend income	( 22,911)	( 13,129)
A21900	Share-based compensation	11,245	-
A22400	Share of profits of subsidiaries accounted for using equity method	2,542	1,569
A22500	Gain on disposal of property, plant and equipment	( 2,032)	( 7,494)
A23700	Impairment loss on non-financial assets	1,015	6,996
A24100	Unrealized foreign currency exchange losses	1,070	372
A29900	Other income	( 6,146)	( 4,694)
A29900	Unrealized interest income	( 4,426)	-
A30000	Changes in operating assets and liabilities:		
A31130	Notes receivable	138	( 138)
A31150	Accounts receivable	( 105,147)	( 71,543)
A31180	Other receivables	( 119)	( 820)
A31200	Inventories	34,870	( 119,156)
A31230	Prepayments	10,804	1,449
A31240	Other current assets	( 1,943)	62
A32125	Contract liabilities	23,728	( 7,200)
A32130	Notes payable	( 4,747)	6,012
A32150	Accounts payable	( 97,459)	123,400
A32180	Other payables	2,697	3,212
A32230	Other current liabilities	2,923	668
A32240	Net defined benefit liability	( 7,457)	( 2,013)
A33000	Cash inflow generated from operations	26,658	42,294

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Code		2021	2020
A33100	Receipt of interest	\$ 1,297	\$ 4,474
A33200	Receipt of dividends	22,911	13,129
A33300	Interest paid	( 574)	( 122)
A33500	Refunded Income tax paid	( 6,001)	1,148
AAAA	Net cash flows from operating activities	<u>44,291</u>	<u>60,923</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income or loss	( 399,410)	( 406,492)
B00020	Proceed from disposal of financial assets at fair value through other comprehensive income or loss	189,734	340,969
B00040	Acquisition of financial assets at amortized cost	( 182,292)	-
B00050	Disposal of financial assets at amortized cost	169,292	-
B02700	Acquisition of property, plant and equipment	( 4,832)	( 5,507)
B02800	Proceed from disposal of property, plant and equipment	3,598	11,360
B03700	Refundable deposits paid	( 1,367)	( 11,758)
B03800	Refundable deposits refunded	24,624	2,374
B04500	Acquisition of intangible assets	( 5,481)	( 120)
B06700	Increase in other non-current assets	( 5,521)	( 978)
B07100	Increase in prepayments for business facilities	( 19,295)	( 36,511)
BBBB	Net cash used in investing activities	<u>( 230,950)</u>	<u>( 106,663)</u>
	Cash flows from financing activities		
C00100	Increase in short-term bank borrowings	304,207	7,738
C00200	Decrease in short-term bank borrowings	( 304,207)	( 7,738)
C03000	Guarantee deposits received	828	9,444
C03100	Guarantee deposits refunded	( 12)	( 6)
C04020	Repayment of principal portion of lease liabilities	( 896)	( 1,371)
C04500	Cash dividend paid	( 87,297)	( 84,561)
C04800	Stock options exercised by employees	50,295	-
C04900	Treasury stock buyback cost	-	( 36,122)
CCCC	Net cash used in financing activities	<u>( 37,082)</u>	<u>( 112,616)</u>
EEEE	Net decrease in cash and cash equivalents	( 223,741)	( 158,356)
E00100	Cash and cash equivalents, beginning of year	<u>891,065</u>	<u>1,049,421</u>
E00200	Cash and cash equivalents, end of year	<u>\$ 667,324</u>	<u>\$ 891,065</u>

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

Chairman: Tzu-Hua, Han      Manager: Chien Wen, Yeh      Accounting Supervisor: Ko-Ju Lin

United Radiant Technology Corporation  
Notes to parent company only financial statements  
For the Years Ended December 31, 2021 and 2020  
(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies, Unless Specified  
Otherwise)

I. Company History:

United Radiant Technology Corporation (hereinafter referred to as "the Company") was established in June 1990. The Company is engaged in the manufacture, processing and sale of all kinds of liquid crystal displays (LCDs) and their modules.

The Company's shares were approved for listing on the Taipei Exchanges (OTC) by Securities and Futures Commission (now the Securities and Futures Bureau of the Financial Supervisory Commission) in August 1996.

These parent company only financial statements are expressed in New Taiwan dollars, the functional currency of the Company.

II. Approval Date and Procedures of the Consolidated Financial Statements

The accompanying parent company only financial statements were approved by the Board of Directors on February 24, 2022.

III. Application of New and Revised International Financial Reporting Standards

- (I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's accounting policies.

- (II) The IFRSs endorsed by the FSC for application starting from 2022

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	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 are 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” are 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” are 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 financial statements were authorized for issue, the Company assessed that the amendments of other standards and interpretations have no material impact on the Company’s financial positions and financial performance.

(III) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17).	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 that 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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose relevant impact when the assessment is completed.

#### IV. Summary of Significant Accounting Policies

##### (I) Statement of compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### (II) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that 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 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, which 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.

When preparing the parent company only financial statements, the Company account for subsidiaries by using the equity method. In order to agree with the

amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and other equity items in the parent company only financial statements.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held for trading purposes;
2. Assets that are expected to be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period.

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

(IV) Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company'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 in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on



the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries operating in countries or currencies different from those of the Company) are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

(V) Inventories

Inventories consist of raw materials, supplies, finished goods, work in progress, 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 moving average cost. Inventories are recorded at weighted-average cost on the balance sheet date.

(VI) Investment in subsidiaries

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize losses in proportion to its ownership.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

(VII) Property, plant and equipment

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

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

Depreciation of property, plant and equipment is provided on a straight-line basis over their useful lives, except for certain molds (recognized as other equipment), which are depreciated on the actual purchase quantity on the basis of the estimated purchase quantity. The remaining items are depreciated on a straight-line basis over their useful lives. Each significant part is depreciated separately. 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 and is recognized in profit or loss.

(VIII) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line

basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

(IX) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right - of use assets 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(X) Financial instrument

Financial assets and liabilities shall be recognized in the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 fair value through profit or loss 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.

### (1) Category of financial assets and measurement

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

#### A. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, long-term receivables, overdue receivables, and refundable deposits) 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:

- a. 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
- b. 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 significant financial

difficulty of the issuer or the borrower; breach of contract; default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and investments 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.

#### B. Investments in equity instruments at FVTOCI

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.

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, they will be transferred to retained earnings.

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

#### (2) Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable and overdue receivables).

The loss allowance for accounts receivable and overdue receivables is measured at an amount equal to lifetime ECLs. 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 default occurring as the weights. 12-month ECLs represent 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. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

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

- A. Internal or external information show that the debtor is unlikely to pay its creditors.
- B. When a financial asset is due longer than the collection period as stated in the contract, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

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 that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Financial Liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities at fair value

through profit or loss. Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading. Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

(2) 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 incurred) is recognized in profit or loss.

3. Derivative Financial Instruments

The derivative financial instruments entered into by the Company are foreign exchange forward contracts and FX swap contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

(XI) Revenue recognition

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

For a contract where the period between the date the Company transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for any effect of a significant financing component.

1. Revenue from the sale of goods

Revenue from sales of goods is mainly generated from sales of LCD modules and LCD products. Revenue and accounts receivable are recognized when the customer has control over the committed assets, and the prepayment for sales of goods is recognized as a contract liability.

When supplying materials for processing, control of the processed goods is not transferred, in which case it is not recognized as revenue.

2. Construction revenue

The Company is engaged in the contracting business of LED street lighting projects. Since the assets are under the control of the customers at the time of construction, the revenue is gradually recognized over time based on the proportion of the completion of the construction contracts. The Company provides standard warranties that are in compliance with the agreed specifications for LED street lighting projects and has recognized provisions for these warranties.

(XII) Leases

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

The Company 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 re-measurement of the lease liabilities. Right-of-use assets are presented separately in the parent company only 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, which comprise fixed 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 Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is



reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

(XIII) Employee welfare

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 service rendered by employees.

2. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability are recognized as employee benefits expense in the period 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 they occur. 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 represents the actual deficit in the Group's defined benefit plan. 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.

(XIV) Share-based Payment Agreement - Employee Stock Options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date is the date on which the Board of Directors approved the transfer of treasury stock to employees.

(XV) Income tax

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

1. Current income tax

According to the R.O.C Income Tax Act, income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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 in the consolidated financial statements 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 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 Company 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 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 balance sheet date 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 deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the balance sheet date and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of 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 year in which the liability is settled or the asset is

realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current 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 and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

V. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

In the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions about the information 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 Company considers the recent development of the COVID-19 pandemic in Taiwan and its economic environment implications when making its critical accounting estimates with respect to cash flow projections, revenue growth rates, discount rate profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation and Uncertainty - Impairment of Inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Such estimates are based on current market conditions and historical selling experience for similar products, and changes in market conditions may materially affect the results of these estimates.

VI. CASH AND CASH EQUIVALENTS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Petty cash	\$ -	\$ 100
Deposits in banks	224,444	289,717
Cash equivalents (Investments with a maturity date of three months or less)		
Time deposits	442,880	524,352
Repurchase agreements	<u>-</u>	<u>76,896</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	\$ <u>667,324</u>	\$ <u>891,065</u>
<u>Annual interest rate (%)</u>		
Deposits in banks	0.01-0.11	0.01-0.06
Cash equivalents	0.24-0.34	0.15-0.45

VII. Financial liabilities at fair value through profit or loss - current

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Held for trading</u>		
Derivative instruments (not for hedging purposes)		
- FX Swap Contracts	\$ <u>-</u>	\$ <u>2,196</u>

FX swap contracts not applied for hedge accounting and not yet due at the balance sheet date are as follows:

<u>Currency</u>	<u>Due Date</u>	<u>Contract Amount</u>
<u>December 31, 2020</u>		
NTD/USD	2021.2-2021.3	NTD123,000/USD4,300

The Company entered into FX swap contracts to manage exposures due to fluctuations of foreign exchange rates.

VIII. Financial assets at fair value through other comprehensive income or loss

<u>Investments in equity instruments</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Domestic listed shares	\$ <u>407,026</u>	\$ <u>99,360</u>
<u>Non-current</u>		
Foreign unlisted preference shares	\$ 16,043	\$ 18,403
Domestic unlisted common shares	<u>6,220</u>	<u>6,861</u>
	\$ <u>22,263</u>	\$ <u>25,264</u>

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

The Company disposed the financial assets at FVTPL in 2021 and 2020, respectively, and realized gains of NT\$36,737 thousand and NT\$42,804 thousand were transferred to retained earnings.

IX. Financial assets at amortized cost - current

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted		
Time deposits	\$ <u>13,000</u>	\$ <u>-</u>

For information on pledged financial assets at amortized cost, see Note 27.

X. Accounts receivable and Overdue receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts receivable - unrelated party, net</u>		
At amortized cost		
Carrying Amount	\$ 405,508	\$ 293,227
Less: Unrealized interest income	( 4,426 )	-
Less: Loss allowance	( <u>533</u> )	( <u>1,896</u> )
	\$ <u>400,549</u>	\$ <u>291,331</u>
Current	\$ 277,504	\$ 282,761
Non-current	<u>123,045</u>	<u>8,570</u>
	\$ <u>400,549</u>	\$ <u>291,331</u>
<u>Overdue receivables</u>		
Overdue receivables	\$ 1,299	\$ 121
Less: Loss allowance	( <u>1,299</u> )	( <u>121</u> )
	\$ <u>-</u>	\$ <u>-</u>

Accounts receivable and Overdue receivables

The average credit period of the Company for commodity sales is 30 to 90 days. Contracted projects are billed in accordance with the contracts. The amounts billed over one year are recorded as long-term receivables, and no interest is accrued on the accounts receivable. The policy adopted by the Company is to conduct transactions only with those who are equal to or higher than the investment grade and to attain sufficient guarantees, if necessary, to mitigate the risk of financial loss due to default. The Company uses publicly available financial information and historical transaction records to rate major customers.

In order to minimize credit risk, management of the Company is 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 Company reviews the recoverable amount of trade debts to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The Company recognizes the loss allowance of accounts receivable and overdue receivable according to the lifetime expected credit losses. The lifetime expected credit

losses is calculated by using the reserve matrix, which examines the past default records of customers and the current financial situation. The historical experience of the Company's credit loss history has shown that the loss patterns of different customer have not significantly different from the loss patterns. Therefore, the provision matrix is not further differentiated in the client base. Only the number of overdue days for accounts receivable are used for setting the expected credit loss rate.

The Company directly writes off related accounts receivable and overdue receivable when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the Company. The Company continues to engage in enforcement activity, and the recovered amounts are recognized as profit or loss.

The Company's loss allowance for trade receivable based on the provision matrix were as follows:

	Not past due	Past due within 30 days	Past due 31 - 60 days	Past due 61 - 90 days	Past due 91 - 365 days	Past due over 365 days	Total
<u>December 31, 2021</u>							
Expected credit loss ratio	0.1%	3%	6%	10%	50%	100%	
Carrying Amount	\$ 401,320	\$ 4,182	\$ -	\$ 6	\$ -	\$ 1,299	\$ 406,807
Allowance for loss (loss on lifetime expected credit)	( 407).	( 125).	-	( 1).	-	( 1,299).	( 1,832).
Unrealized interest income	( 4,426).	-	-	-	-	-	( 4,426).
At amortized cost	<u>\$ 396,487</u>	<u>\$ 4,057</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,549</u>
<u>December 31, 2020</u>							
Expected credit loss ratio	0.1%	3%	6%	10%	50%	100%	
Carrying Amount	\$ 283,191	\$ 8,556	\$ 76	\$ -	\$ 1,404	\$ 121	\$ 293,348
Allowance for loss (loss on lifetime expected credit)	( 282).	( 257).	( 5).	-	( 1,352).	( 121).	( 2,017).
At amortized cost	<u>\$ 282,909</u>	<u>\$ 8,299</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 291,331</u>

Movements in loss allowance for accounts receivable and overdue receivables are as follows:

	2021		2020	
	Accounts receivable	Overdue receivables	Accounts receivable	Overdue receivables
Balance, beginning of year	\$ 1,896	\$ 121	\$ 549	\$ -
Impairment loss (reversed) recognized for the year	( 1,363).	1,178	1,347	121
Balance, end of year	<u>\$ 533</u>	<u>\$ 1,299</u>	<u>\$ 1,896</u>	<u>\$ 121</u>

Long-term receivables expected to be collected in 2023, 2024, 2025, 2026, 2027

and 2028, are NT\$22,381 thousand, NT\$22,381 thousand, NT\$22,381 thousand, NT\$22,381 thousand, NT\$22,380 thousand and NT\$15,567 thousand, respectively.

XI. Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Raw materials	\$ 239,463	\$ 229,527
Work in process	65,419	64,909
Supplies	7,281	56,850
Finished goods	46,554	35,957
Goods in transit	<u>3,479</u>	<u>10,838</u>
	<u>\$ 362,196</u>	<u>\$ 398,081</u>

The nature of cost of goods sold related to inventories is as follows:

	<u>2021</u>	<u>2020</u>
Cost of inventory sold	\$ 1,603,795	\$ 1,463,920
Unallocated manufacturing expenses	18,089	41,079
Inventory write-down	<u>1,015</u>	<u>6,996</u>
	<u>\$ 1,622,899</u>	<u>\$ 1,511,995</u>

XII. Credit balance of investments accounted for using the equity method

<u>Investment in subsidiaries</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
FIRSTHILL LIMITED	\$ 8,064	\$ 8,284
BRIGHT YEH, LTD. (BRIGHT YEH, LTD)	1,277	1,675
UNITED RADIANT TECHNOLOGY (H.K.) CO., LTD.	( <u>8,751</u> )	( <u>6,845</u> )
	590	3,114
Add: Transferred to non-current liabilities	<u>8,751</u>	<u>6,845</u>
	<u>\$ 9,341</u>	<u>\$ 9,959</u>

<u>Subsidiary</u>	<u>Percentage of ownership interest and voting rights (%)</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
FIRSTHILL LIMITED	100	100
BRIGHT YEH, LTD	100	100
UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.	100	100

Information on the subsidiaries indirectly owned by the Company is shown in Table 4 attached.

XIII. Property, plant and equipment

<u>2021</u>	<u>Buildings</u>	<u>Machinery &amp; equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 376,705	\$ 1,191,311	\$ 72,159	\$ 1,640,175
Additions	-	1,123	3,128	4,251
Disposals	-	( 1,162).	( 1,167).	( 2,329).
Reclassifications	<u>45,333</u>	<u>3,467</u>	<u>1,357</u>	<u>50,157</u>
Balance, December 31, 2021	<u>\$ 422,038</u>	<u>\$ 1,194,739</u>	<u>\$ 75,477</u>	<u>\$ 1,692,254</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2021	\$ 326,750	\$ 1,153,991	\$ 64,622	\$ 1,545,363
Disposals	-	( 287).	( 476).	( 763).
Depreciation expense	<u>3,942</u>	<u>10,837</u>	<u>2,811</u>	<u>17,590</u>
Balance, December 31, 2021	<u>\$ 330,692</u>	<u>\$ 1,164,541</u>	<u>\$ 66,957</u>	<u>\$ 1,562,190</u>
Carrying amounts at December 31, 2021	<u>\$ 91,346</u>	<u>\$ 30,198</u>	<u>\$ 8,520</u>	<u>\$ 130,064</u>
<u>2020</u>	<u>Buildings</u>	<u>Machinery &amp; equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>				
Balance, January 1, 2020	\$ 376,705	\$ 1,203,604	\$ 72,917	\$ 1,653,226
Additions	-	1,216	960	2,176
Disposals	-	( 17,521).	( 1,745).	( 19,266).
Reclassifications	<u>-</u>	<u>4,012</u>	<u>27</u>	<u>4,039</u>
Balance, December 31, 2020	<u>\$ 376,705</u>	<u>\$ 1,191,311</u>	<u>\$ 72,159</u>	<u>\$ 1,640,175</u>
<u>Accumulated depreciation</u>				
Balance, January 1, 2020	\$ 322,595	\$ 1,153,062	\$ 62,449	\$ 1,538,106
Disposals	-	( 14,790).	( 610).	( 15,400).
Depreciation expense	<u>4,155</u>	<u>15,719</u>	<u>2,783</u>	<u>22,657</u>
Balance, December 31, 2020	<u>\$ 326,750</u>	<u>\$ 1,153,991</u>	<u>\$ 64,622</u>	<u>\$ 1,545,363</u>
Carrying amounts at December 31, 2020	<u>\$ 49,955</u>	<u>\$ 37,320</u>	<u>\$ 7,537</u>	<u>\$ 94,812</u>

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

Buildings	
Main buildings	20 to 40 years
Others	1 to 32 years
Machinery & equipment	1 to 8 years
Other equipment	2 to 20 years



XIV. Lease Arrangements

(I) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amounts		
Land	\$ 6,173	\$ 6,583
Buildings	<u>511</u>	<u>170</u>
	<u>\$ 6,684</u>	<u>\$ 6,753</u>
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 874</u>	<u>\$ 817</u>
Depreciation of right-of-use assets		
Land	\$ 631	\$ 554
Buildings	<u>312</u>	<u>860</u>
	<u>\$ 943</u>	<u>\$ 1,414</u>

(II) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amounts		
Current	<u>\$ 818</u>	<u>\$ 745</u>
Non-current	<u>\$ 5,962</u>	<u>\$ 6,057</u>

Discount rates for lease liabilities are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	1.75%	1.75%
Buildings	2%	2%

(III) Material lease terms

The Company leases some land and buildings for the use of factories, offices and warehouses. The lease terms are 2 to 10 years. The Company does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

(IV) Other lease information

	<u>2021</u>	<u>2020</u>
Expenses relating to short-term leases	<u>\$ 1,327</u>	<u>\$ 787</u>
Total cash outflow for leases	<u>(\$ 2,343)</u>	<u>(\$ 2,279)</u>

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

XV. Intangible assets

<u>2021</u>	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>
<u>Cost</u>				
Computer software	\$ 15,269	\$ <u>5,481</u>	(\$ <u>1,119</u> )	\$ 19,631
<u>Accumulated amortization</u>				
Computer software	<u>9,291</u>	\$ <u>2,510</u>	(\$ <u>1,119</u> )	<u>10,682</u>
	<u>\$ 5,978</u>			<u>\$ 8,949</u>
<u>2020</u>				
<u>Cost</u>				
Computer software	\$ 16,071	\$ <u>120</u>	(\$ <u>922</u> )	\$ 15,269
<u>Accumulated amortization</u>				
Computer software	<u>8,015</u>	\$ <u>2,198</u>	(\$ <u>922</u> )	<u>9,291</u>
	<u>\$ 8,056</u>			<u>\$ 5,978</u>

Intangible assets were amortized on a straight-line basis over their useful lives between 3 to 10 years.

XVI. Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payables for salaries and bonus	\$ 35,332	\$ 37,805
Payables for factory supplies	23,926	27,790
Payables for annual leave	10,059	9,278
Remuneration to employees	11,554	6,506
Remuneration to directors and supervisors	7,522	4,205
Prepayments for business facilities	2,247	2,885
Others	<u>11,241</u>	<u>11,419</u>
	<u>\$ 101,881</u>	<u>\$ 99,888</u>

XVII. Retirement benefit plans

(I) Defined contribution plans

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

(II) Defined benefit plan

The Company adopted a defined benefit plan under the Labor Standards Act (the “LSA”), which is a state-managed defined benefit plan. Under the LSA, pension benefits are calculated based on the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of

total monthly salaries and wages to a pension fund administered by the supervisory committee of workers' retirement reserve fund. Pension contributions are deposited in the Bank of Taiwan in the committees' 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 following year, the Company is required to fund the difference in a one-time appropriation that shall be made before the end of March of the following year. The funds are operated and managed by the Bureau of Labor Funds, MOL; as such, the Company does not have any right to intervene in the investments of the funds.

The amount of defined benefit plans included in the parent company only balance sheets were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	\$ 174,960	\$ 182,619
Fair value of plan assets	( <u>102,911</u> )	( <u>98,179</u> )
Net defined benefit liability	<u>\$ 72,049</u>	<u>\$ 84,440</u>

Changes in net defined benefit liability are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2020	<u>\$ 178,559</u>	( <u>\$ 95,774</u> )	<u>\$ 82,785</u>
Service Cost			
Current service cost	729	-	729
Interest expenses (income)	<u>1,339</u>	( <u>739</u> )	<u>600</u>
Recognized in profit or loss	<u>2,068</u>	( <u>739</u> )	<u>1,329</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 2,863 )	( 2,863 )
Actuarial (gain) loss			
- arising from changes in demographic assumptions	3,094	-	3,094
- arising from changes in financial assumptions	5,233	-	5,233
- arising from experience adjustments	( <u>1,796</u> )	<u>-</u>	( <u>1,796</u> )

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Other comprehensive income (loss)	<u>6,531</u>	<u>( 2,863 )</u>	<u>3,668</u>
Benefits paid directly by the Company	-	<u>( 3,342 )</u>	<u>( 3,342 )</u>
Benefits paid	<u>( 4,539 )</u>	<u>4,539</u>	<u>-</u>
December 31, 2020	<u>182,619</u>	<u>( 98,179 )</u>	<u>84,440</u>
Service Cost			
Current service cost	497	-	497
Interest expenses (income)	<u>913</u>	<u>( 497 )</u>	<u>416</u>
Recognized in profit or loss	<u>1,410</u>	<u>( 497 )</u>	<u>913</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	<u>( 1,281 )</u>	<u>( 1,281 )</u>
Actuarial (gain) loss			
- arising from changes in demographic assumptions	4,019	-	4,019
- arising from changes in financial assumptions	<u>( 2,472 )</u>	-	<u>( 2,472 )</u>
- arising from experience adjustments	<u>( 5,200 )</u>	<u>-</u>	<u>( 5,200 )</u>
Other comprehensive income (loss)	<u>( 3,653 )</u>	<u>( 1,281 )</u>	<u>( 4,934 )</u>
Benefits paid directly by the Company	-	<u>( 8,370 )</u>	<u>( 8,370 )</u>
Benefits paid	<u>( 5,417 )</u>	<u>5,417</u>	<u>-</u>
December 31, 2021	<u>\$ 174,959</u>	<u>( \$ 102,910 )</u>	<u>\$ 72,049</u>

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

	2021	2020
Operating cost	\$ 660	\$ 952
Selling expenses	43	66
General and administrative expenses	125	208
R&D expenses	<u>85</u>	<u>103</u>
	<u>\$ 913</u>	<u>\$ 1,329</u>

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the 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 debt investments of the plan assets.
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 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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.625%	0.50%
Expected salary increase rate	2.50%	2.50%

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 shown below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate		
0.25% increase	( \$ 4,884 )	( \$ 5,297 )
Decrease 0.25%	<u>\$ 5,079</u>	<u>\$ 5,517</u>
Expected salary increase rate		
0.25% increase	<u>\$ 4,901</u>	<u>\$ 5,315</u>
Decrease 0.25%	( \$ 4,739 )	( \$ 5,133 )

The sensitivity analysis 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.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The expected contributions to the plan for the next year	\$ <u>2,280</u>	\$ <u>2,520</u>
The average duration of the defined benefit obligation	11.3 years	11.7 years

## XVIII. EQUITY

### (I) Common shares

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized shares (in thousands)	<u>315,500</u>	<u>315,500</u>
Authorized capital	\$ <u>3,155,000</u>	\$ <u>3,155,000</u>
Number of shares issued and fully paid (in thousands)	<u>106,352</u>	<u>106,352</u>
Issued capital	\$ <u>1,063,518</u>	\$ <u>1,063,518</u>

### (II) Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Treasury stock transactions	\$ 16,072	\$ 4,434
<u>May be used to offset deficit only</u>		
Stock options that have expired	<u>1,268</u>	<u>1,268</u>
	\$ <u>17,340</u>	\$ <u>5,702</u>

Note: 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 once a year).

### (III) Retained earnings and dividend policy

The Company's Articles of Incorporation provide that, if the Company makes profit, it shall pay the tax and make up for the accumulative losses, and the allocate 10% of the balance as the legal reserve; however, the requirement does not apply when the accumulated legal reserve has reached the total capital of the Company. The remainder shall be set aside or reversed as a special reserve in accordance with the laws and regulations. The Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders' meeting to resolve the distribution of dividends to shareholders if there is still a balance available, together with the accumulated undistributed earnings. In accordance with Article 240(5) of

the Company Act, the Board of Directors is authorized to resolve, by a resolution adopted by a two-thirds majority of the directors present who represent two-thirds or more of the directors, to distribute all or part of the dividends and bonuses or legal reserve and capital reserve under Article 241(1) of the Company Act in cash, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy in Articles of Incorporation is to distribute dividends to shareholders at a rate of not less than 30% of available earnings for the year, taking into account current and future development plans, the investment environment, capital requirements, domestic and international competition, and the shareholders' interests. The dividend may be distributed in cash or in shares; the cash dividend shall not be less than 20% of the total dividends paid.

An appropriation of earnings to a 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 2020 and 2019 earnings appropriations were as follows:

	2020	2019
Statutory reserves	\$ 13,186	\$ 6,971
(Reversal) of special reserve	6,422	( 11,558)
Cash dividend	87,297	84,561
Cash dividend per share (NT\$)	0.82	0.8

The above cash dividends have been resolved by the board of directors in February 2021 and February 2020, respectively, and the remaining appropriations of earnings will be resolved by the shareholders' meeting in May 2021 and May 2020, respectively.

The appropriations of earnings for 2021 had been proposed by the Company's board of directors on February 24, 2022:

	2021
Statutory reserves	\$ 22,381
Reversal of special reserve	( 24,351)
Cash dividend	138,257
Cash dividend per share (NT\$)	1.3

The above cash dividends have been resolved by the board of directors. The remaining items are subject to the resolution of the shareholders' meeting scheduled to be held in May 2022.

(IV) Treasury stock

Purpose of Treasury Shares	Number of shares at the beginning of year (Thousand shares)	Increase (decrease) (Thousand shares)	Number of shares at the end of year (Thousand shares)
<u>2021</u>			
Shares transferred to employees	<u>3,650</u>	( <u>3,650</u> )	<u>-</u>
<u>2020</u>			
Shares transferred to employees	<u>650</u>	<u>3,000</u>	<u>3,650</u>

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.

XXIV. Operating income

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 1,944,032	\$ 1,765,756
Construction revenue	<u>125,680</u>	<u>25,816</u>
	<u>\$ 2,069,712</u>	<u>\$ 1,791,572</u>

(I) Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes receivable	\$ -	\$ 138	\$ -
Accounts receivable (Note 10)	277,504	282,761	212,053
Long-term accounts receivable (Note 10)	<u>123,045</u>	<u>8,570</u>	<u>9,999</u>
	<u>\$ 400,549</u>	<u>\$ 291,469</u>	<u>\$ 222,052</u>
Contract liabilities - current			
Merchandise sales	<u>\$ 30,098</u>	<u>\$ 13,808</u>	<u>\$ 23,151</u>
Contract liabilities - non-current			
Construction revenue	<u>\$ 7,551</u>	<u>\$ 1,524</u>	<u>\$ 473</u>



## (II) Assets recognized for contract costs

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Cost to fulfill contract	\$ <u>1,220</u>	\$ <u>-</u>
<u>Non-current</u>		
Cost to fulfill contract	\$ <u>6,877</u>	\$ <u>1,355</u>

XX. Net Income

## (I) Employee benefits, depreciation and amortization expenses

By nature	For Operating costs	For Operating costs	Total
<u>2021</u>			
Employee benefit expenses			
Wages and salaries	\$ 183,611	\$ 89,595	\$ 273,206
Labor and health insurance expenses	19,996	8,897	28,893
Pension expense			
Defined contribution plans	7,852	4,508	12,360
Defined benefit plan	660	7,036	7,696
Remuneration of directors	-	8,913	8,913
Equity-settled Share-based payments	-	11,245	11,245
Other employee benefits	11,917	8,408	20,325
Depreciation expense	14,071	4,462	18,533
Amortization expense	1,817	1,668	3,485
<u>2020</u>			
Employee benefit expenses			
Wages and salaries	180,748	84,582	265,330
Labor and health insurance expenses	19,468	8,325	27,793
Pension expense			
Defined contribution plans	8,010	4,470	12,480
Defined benefit plan	952	377	1,329
Remuneration of directors	-	5,523	5,523
Other employee benefits	12,675	8,171	20,846
Depreciation expense	18,886	5,185	24,071
Amortization expense	2,174	1,631	3,805

There were 543 and 566 employees in 2021 and 2020, respectively. There were 6 and 5 directors who did not serve concurrently as employees, respectively. The basis of calculation is consistent with the employee benefit expense.

The average employee benefit expenses for 2021 and 2020 were \$660 thousand and \$584 thousand, respectively; the average employee salary expenses were \$509 thousand and \$473 thousand, respectively, and the average employee salary expenses for 2021 increased by 8% as compared to that of 2020.

Remuneration to the supervisors in 2020 was NT\$216 thousand. The Company has established an audit committee in May 2020.

#### Remuneration Policy

1. The total amount of remuneration to directors and supervisors is allocated in accordance with the Company's Articles of Incorporation. It shall be reviewed by the Remuneration Committee, resolved and approved by the Board of Directors, and reported to the shareholders' meeting.
2. Employees' compensation and remuneration to directors and supervisors shall be allocated when the Company makes profit in the year, and no less than 6% of the profit in the year shall be allocated to employees' compensation and no more than 4% to remuneration to directors and supervisors.
3. When the Company allocates the employees' compensation and remuneration to directors and supervisors, the Company shall conduct annual performance evaluation for each director and manager (including employees) in accordance with the "Regulations Governing the Remuneration to Directors and Supervisors" and the "Regulations Governing the Evaluation of Employees", and shall pay reasonable remuneration to directors and supervisors and managers (including employees) based on their individual performance results.
4. In order to achieve the Company's operating objectives, the Company conducts annual performance evaluations on each manager (including employees) according to its regulations, and pays reasonable compensation to managers (including employees) based on their individual performance results. The performance evaluation criteria are based on the company's business objectives and the evaluation results are determined whether or not the objectives have been accomplished. The Company takes into account the remuneration system of the peer companies and the company's employee benefit policy to evaluate and formulate the remuneration policy. Compensation standard is determined based on the manager's (including employees') job performance and contribution, job value, the company's operating condition, and salary standard

in the industry.

5. The Company has established a Remuneration Committee to review and revise the policies, systems, standards and structures of performance evaluation and remuneration for directors and managers on a regular basis.

(II) Remuneration to employees, directors and supervisors

According to the Articles of Incorporation, the article stipulates the Company distributed employees' compensation and remuneration of directors and supervisors at the rates no less than 6% and no higher than 4%, respectively, of the pre-tax profit prior to deducting employees' compensation and remuneration of directors. The employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2021 and 2020 which have been resolved by the Company's board of directors on February 24, 2022 and February 20, 2021, respectively, were as follows:

Cash	2021		2020	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	6%	\$ 11,554	6%	\$ 6,506
Remuneration to directors and supervisors	4%	7,522	4%	4,205

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation, directors and supervisors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXI. Income tax

(I) Income tax recognized in profit or loss

Income tax expense (gain) consisted of the following:

	2021	2020
Current income tax		
In respect of the current year	\$ 14,125	\$ 4,824
Income tax adjustments on prior years	( 599 )	( 319 )

	<u>2021</u>	<u>2020</u>
Deferred tax		
In respect of the current year	( <u>27,671</u> )	-
Income tax expense (benefit) recognized in profit or loss	( \$ <u>14,145</u> )	\$ <u>4,505</u>

A reconciliation of income before income tax and income tax (expense) benefit was as follows:

	<u>2021</u>	<u>2020</u>
Income tax expense calculated at the statutory rate	\$ 33,797	\$ 19,445
Tax-exempt income	( 4,582 )	( 2,626 )
Additional income tax under the Alternative Minimum Tax Act	-	4,824
Unrecognized deductible temporary differences	( 31,230 )	2,567
Credit on loss carryforwards in respect of the current year	( 11,531 )	( 19,386 )
Income tax adjustments on prior years	( <u>599</u> )	( <u>319</u> )
Income tax expense (benefit) recognized in profit or loss	( \$ <u>14,145</u> )	\$ <u>4,505</u>

(II) Movement in deferred income tax assets

<u>2021</u>	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
<u>Deferred income tax</u> <u>assets</u>				
Temporary differences				
Inventory write-down	\$ -	\$ 5,703	\$ -	\$ 5,703
Defined benefit obligation	-	15,397	( 987 )	14,410
Payables for annual leave	-	2,012	-	2,012
Unrealized exchange losses	-	2,686	-	2,686
Others	-	<u>1,873</u>	<u>-</u>	<u>1,873</u>
	<u>\$ -</u>	<u>\$ 27,671</u>	<u>( \$ 987 )</u>	<u>\$ 26,684</u>

(III) Deductible temporary differences and unused loss carryforwards for deferred income tax assets not recognized in the parent company only balance sheet

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loss carryforward		
Due in 2023	<u>\$ -</u>	<u>\$ 62,488</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences		
Investments accounted for using the equity method	\$ 493,152	\$ 492,779
Inventories	-	36,519
Foreign currency exchange losses	-	20,284
Payables for annual leave	-	9,278
Operating cost	-	5,105
Others	-	3,065
	<u>\$ 493,152</u>	<u>\$ 567,030</u>

(IV) Income tax examination

The tax authorities have examined income tax returns of the Company through 2019.

XXII. Earnings per share

	<u>NET INCOME</u>	<u>(in thousands)</u>	<u>Earnings per share (NT\$)</u>
<u>2021</u>			
Basic Earnings Per Share			
Net income available to common shareholders	\$ 183,130	105,168	<u>\$ 1.74</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	665	
Diluted Earnings Per Share			
Net income available to common shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 183,130</u>	<u>105,833</u>	<u>\$ 1.73</u>
<u>2020</u>			
Basic Earnings Per Share			
Net income available to common shareholders	\$ 92,720	103,503	<u>\$ 0.90</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	463	
Diluted Earnings Per Share			
Net income available to common shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 92,720</u>	<u>103,966</u>	<u>\$ 0.89</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were 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.

#### XXIII. Share-based payment agreements

The Board of Directors resolved in March 2021 to transfer 3,650 thousand shares of treasury stock to its employees who meet certain criteria. Information on the employee stock options that were transferred from treasury stock to employees is as follows:

<u>Employee share options</u>	<u>2021</u>	
	<u>Unit: thousand shares</u>	<u>Exercise price (NT\$)</u>
Outstanding at the beginning of the year	-	\$ -
shares granted this year	3,650	13.52-15.21
<u>shares exercised this year</u>	<u>( 3,650 )</u>	13.52-15.21
Outstanding shares at the end of year	<u>-</u>	
Exercisable at the end of the year	<u>-</u>	
Fair value of stock options granted for the year (NT\$)		<u>\$ 1.7-3.38</u>

The fair value of employee stock options at the grant date was valued using the Black-Scholes Model, the input values used were as follows:

	<u>March 30, 2021</u>
Share price on grant date	NT\$16.9
Exercise price	NT\$13.52-15.21
Expected Volatility	25.96%
Duration	14 days
Risk-free interest rate	0.14%

The assumption for expected volatility is the average of the annualized standard deviation of the Company's return rate from October 1, 2020 to March 30, 2021.

The compensation cost recognized in 2021 was NT\$11,245 thousand.

#### XXIV. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of net debt (borrowings offset by

cash and cash equivalents) and equity of the Company (comprising issued capital, retained earnings, other equity and non-controlling interests).

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

Key management of the Company reviews the capital structure quarterly. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Under the recommendations of the key management, the Company may seek to pay off its debts and manage its current assets to balance its overall capital structure.

XXV. Financial instrument

- (I) Fair value of financial instruments - Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the parent company only financial statements approximate their fair values or the fair values cannot be reliably measured.

- (II) Fair value of financial instruments - Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value measurements

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income or</u>				
<u>loss</u>				
Investments in equity				
instruments				
- Domestic listed shares	\$ 407,026	\$ -	\$ -	\$ 407,026
- Foreign unlisted shares	-	-	16,043	16,043
- Domestic unlisted shares	-	-	6,220	6,220
Total	<u>\$ 407,026</u>	<u>\$ -</u>	<u>\$ 22,263</u>	<u>\$ 429,289</u>
<u>December 31, 2020</u>				
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income or</u>				
<u>loss</u>				
Investments in equity				
instruments				
- Domestic listed shares	\$ 99,360	\$ -	\$ -	\$ 99,360
- Foreign unlisted shares	-	-	18,403	18,403
- Domestic unlisted shares	-	-	6,861	6,861
Total	<u>\$ 99,360</u>	<u>\$ -</u>	<u>\$ 25,264</u>	<u>\$ 124,624</u>
<u>Financial liabilities at fair</u>				
<u>value through profit or loss</u>				
Derivative Financial	\$ -	\$ 2,196	\$ -	\$ 2,196
Instruments				

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

2. Reconciliation of Level 3 fair value measurements of financial assets

Financial assets at fair value through other comprehensive income or loss - equity instruments	2021	2020
Balance, beginning of year	\$ 25,264	\$ 22,622
Recognized in other comprehensive profit or loss (unrealized valuation gains or losses on financial assets at fair value through other comprehensive profit or loss)	( 5,964 )	( 7,239 )
Purchase	<u>2,963</u>	<u>9,881</u>
Balance, end of year	<u>\$ 22,263</u>	<u>\$ 25,264</u>

3. Valuation techniques and input used in Level 2 fair value measurement

The estimates and assumptions used in the Company's valuation technique are consistent with those used by market participants when pricing the financial instruments. The fair value of the swap contracts is assessed separately for each contract based on the quoted price information provided by the counterparties.

4. Valuation techniques and input used in Level 3 fair value measurement

Market approach or income approach is used to value unlisted domestic and foreign equity investments. The market approach is used as a reference to evaluate the subject company's value to a comparable company. The income approach is based on the discounted cash flow method to calculate the present value of the expected gain or loss for holding the investment.

(III) Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial Assets</u>		
Financial assets at amortized cost (Note 1)	\$ 1,114,327	\$ 1,240,715
Financial assets at fair value through other comprehensive income or loss - Investments in equity instruments	429,289	124,624
<u>Financial Liabilities</u>		
at fair value through profit or loss		
Held for trading	-	2,196
At amortized cost (Note 2)	324,408	432,951

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts



receivable, other receivables, refundable deposits, long-term receivables, and overdue receivables which are measured at amortized cost.

Note 2: The balance includes notes payable, accounts payable, other payables and guarantee deposits, which are measured at amortized cost.

(IV) Financial risk management objectives and policies

The Company's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, bank loans and lease liabilities. The Company's finance department provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1. Market risk

The main financial risks to which the Company is exposed from its operating activities are changes in foreign currency exchange rates and changes in interest rates.

There has been no changes to the Company's exposure to market risks or the manner in which these risks were managed and measured.

(1) Exchange rate risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. A significant portion of the Company's sales are not denominated in the functional currency used in the transactions. Exchange rate exposures were managed within approved policy parameters utilizing derivative financial instruments.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Company was mainly exposed to the USD.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and the amount that would change pre-tax net income at the end of the year when translated into New Taiwan dollars at a 1% change in foreign currencies. 1% represents management's assessment of the reasonably possible change in foreign

exchange rates.

Type of Currency	Effect of changes in foreign exchange rates on profit or loss	
	2021	2020
USD	\$ 7,176	\$ 7,416

(2) Interest rate risk

The Company has been exposed to interest rate risk due to the deposits and borrowings at fixed and floating interest rates.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value interest rate risk		
Financial Assets	\$ 442,880	\$ 604,248
Financial Liabilities	6,780	6,802
Cash flow interest rate risk		
Financial Assets	224,444	289,717

Sensitivity analysis

The sensitivity analysis of interest rate risk was determined based on the changes in fair value of financial assets and liabilities with floating interest rates as of the end of the reporting period. If interest rates had been 1% higher or lower and all other variables were held constant, Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased or decreased by \$2,244 thousand and \$2,897 thousand, respectively.

(3) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. If the equity price changes by 1%, other comprehensive income before tax will be changed by NT\$4,070 thousand and NT\$994 thousand in 2021 and 2020, respectively, due to the change in financial assets at fair value through other comprehensive income.

2. Credit risk

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

The Company's credit risk is mainly concentrated in the five largest customers. As of December 31, 2021 and 2020, the accounts receivable from these customers accounted for 46% and 22% of the total amounts, respectively.

### 3. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of financing facilities and ensures compliance with loan covenants. As of December 31, 2021 and 2020, the Company had available unutilized bank loan facilities of NT\$405,000 thousand and NT\$335,000 thousand, respectively.

The following liquidity and interest rate risk tables illustrate the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables includes both interest and principal cash flows.

Non-derivative financial liabilities	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years
<u>December 31, 2021</u>					
Non-interest					
bearing liabilities	\$ 324,408	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>931</u>	<u>3,131</u>	<u>2,241</u>	<u>1,127</u>	<u>-</u>
	<u>\$ 325,339</u>	<u>\$ 3,131</u>	<u>\$ 2,241</u>	<u>\$ 1,127</u>	<u>\$ -</u>
<u>December 31, 2020</u>					
Non-interest					
bearing liabilities	\$ 432,951	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>857</u>	<u>2,733</u>	<u>2,592</u>	<u>1,127</u>	<u>225</u>
	<u>\$ 433,808</u>	<u>\$ 2,733</u>	<u>\$ 2,592</u>	<u>\$ 1,127</u>	<u>\$ 225</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

XXVI. Related Party Transactions

The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

(I) Related party name and categories

Related Party Name	Relationship with the Company
UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.	Subsidiary
Bright Yeh Technology (Huizhou) Co., Ltd.	Subsidiary
LEADRAY ENERGY CO., LTD. (LEADRAY ENERGY)	Other related party

(II) Purchase of goods

Related Party Categories/Name	2021	2020
Other related party	\$ <u>          -</u>	\$ <u>  48,206</u>

The purchase of goods is negotiated based on market prices. There are no similar transactions between the Company and unrelated parties.

(III) Accounts payable

Related Party Categories/Name	December 31, 2021	December 31, 2020
Other related party	\$ <u>  12,051</u>	\$ <u>  32,297</u>

The outstanding accounts payable to related parties are unsecured.

(IV) Other receivables

Related Party Categories/Name	December 31, 2021	December 31, 2020
Subsidiaries		
UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.	\$ <u>  23,069</u>	\$ <u>  23,736</u>

The other receivables mentioned above are the accounts receivable from UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. HK has deferred the payment due to its capital needs resulting in the accounts were aged over the credit period; therefore, the accounts were transferred to other receivables.

(V) Other payables

Related Party Categories/Name	December 31, 2021	December 31, 2020
Other related party	\$ <u>  5,900</u>	\$ <u>          -</u>
Subsidiaries	<u>  1,306</u>	<u>  1,316</u>
	\$ <u>  7,206</u>	\$ <u>  1,316</u>

This is the outstanding amount of the processing fee.

(VI)	Prepayments		
	<u>Related Party Categories/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Other related party		
	LEADRAY ENERGY	\$ <u>          -</u>	\$ <u>    8,588</u>
(VII)	Guarantee deposits		
	<u>Related Party Categories/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Other related party		
	LEADRAY ENERGY	\$ <u>    9,441</u>	\$ <u>    9,441</u>
(VIII)	Compensation of key management personnel		
		<u>2021</u>	<u>2020</u>
	Short-term employee benefits	\$ <u>    26,497</u>	\$ <u>    19,797</u>
	Retirement benefits	<u>    354</u>	<u>    244</u>
		\$ <u>    26,851</u>	\$ <u>    20,041</u>

The compensation to directors and other key management personnel were determined by the Remuneration Committee of the Company in accordance with the individual performance and the market trends.

#### XXVII. Pledged Assets

The following assets have been provided as collateral for obligation to banks and Taichung Customs, Customs Administration, Ministry of Finance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Pledged time deposits (recognized as financial assets at amortized cost)	\$ <u>    13,000</u>	\$ <u>          -</u>
Pledged time deposits (recognized as refundable deposits)	<u>          -</u>	<u>    3,000</u>
	\$ <u>    13,000</u>	\$ <u>    3,000</u>

#### XXVIII. Significant Contingent Liabilities and Unrecognized Commitments

The unrecognized commitments of the Company were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Outsourcing contracts for construction	\$ <u>          -</u>	\$ <u>    15,949</u>

#### XXIX. Information on Foreign-Currency-Denominated Assets and Liabilities that have Significant Influence

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies. Information on Foreign-Currency-Denominated Assets and Liabilities that have Significant Influence is as follows:

Foreign currency assets	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Monetary items</u>						
USD	\$ 31,652	27.68	\$ 876,132	\$ 32,683	28.48	\$ 930,812
<u>Non-monetary items</u>						
Subsidiaries accounted for using the equity method						
USD	337	27.68	9,341	350	28.48	9,959
Financial assets at fair value through other comprehensive income or loss						
EUR	512	31.32	16,043	525	35.02	18,403

Foreign currency liabilities	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Monetary items</u>						
USD	\$ 5,726	27.68	\$ 158,483	\$ 6,644	28.48	\$ 189,221
<u>Non-monetary items</u>						
Subsidiaries accounted for using the equity method						
HKD	2,468	3.549	8,751	1,866	3.673	6,845
Derivative Financial Instruments						
USD	-	-	-	4,300	28.60	2,196

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign currency	2021		2020	
	Exchange rate	Foreign exchange (loss) gain, net	Exchange rate	Foreign exchange (loss) gain, net
USD	28.01	(\$ 13,075)	29.55	(\$ 20,366)

### XXX. Supplementary Disclosures

#### (I) Significant transactions information and (II) Information on investees:

1. Financings provided: See Table 1 attached.
2. Endorsement/guarantee provided: None.
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 2 attached.
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 properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Information about the derivative instruments transaction: See Notes 7.
10. Information on investees: See Table 3 attached.

(III) Information on investment in mainland China:

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 4 attached.
2. Significant direct or indirect transactions with the investee, its prices, terms of payment, and unrealized gain or loss:
  - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
  - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
  - (3) The amount of property transactions and the amount of the resultant gains or losses.
  - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - (5) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
  - (6) Other transactions with material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services.

(IV) Information of major shareholder: shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: None.

United Radiant Technology Corporation and Subsidiaries  
Financings provided  
For the Years Ended December 31, 2021

TABLE 1

Unit: NT\$ thousand

Serial No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Balance, end of year	Amount Amount	Interest rate Range	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note)	Financing Company's Total Financing Amount Limits (Note)
													Name	Value		
0	The Company	UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.	Other receivables	Y	\$ 23,782	\$ 23,069	\$ 23,069	-	Transaction Amounts	\$ -	\$	\$ -	\$	\$ -	\$ 158,018	\$ 632,073

Note: The limit on lending funds provided each borrowing company is up to 10% of the net worth and the total limit shall not exceed 40% of the net worth.

United Radiant Technology Corporation and Subsidiaries  
Marketable Securities Held  
DECEMBER 31, 2021

TABLE 2

Unit: NT\$ thousand

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2021				Remarks
				Shares (in thousands)	Carrying Amount	Percentage of Ownership (%)	plan assets	
The Company	<u>Stocks</u>							
	Taiwan Cement Corporation	None	Financial assets at fair value through other comprehensive income or loss - current	2,800,000	\$ 134,400	-	\$ 134,400	
	Fubon Financial Holding Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - current	1,934,805	147,626	-	147,626	
	Cathay Financial Holdings Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - current	2,000,000	125,000	-	125,000	
	Miortech Holding B.V.	None	Financial assets at fair value through other comprehensive income or loss - non-current	21,779	16,043	9	16,043	
	LEADRAY ENERGY	Other related party	Financial assets at fair value through other comprehensive income or loss - non-current	1,050,000	6,220	3	6,220	
	Chungyo Department Store	None	Financial assets at fair value through other comprehensive income or loss - non-current	3,567	-	-	-	
	Friendly International Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	56,933	-	-	-	

Note: See Table 3 and Table 4 for information on subsidiaries.



United Radiant Technology Corporation and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

For the Years Ended December 31, 2021

TABLE 3

Unit: NT\$ thousand

Investor Company	Investee Company (Note)	Location	Main businesses	Original Investment Amount		Balance as of December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021	Remarks
				December 31, 2021	December 31, 2020	Shares (in thousands)	Percentage of Ownership	Carrying Amount			
The Company	FIRSTHILL LIMITED	British Virgin Islands	Investment	\$ 625	\$ 625	197,414	100	\$ 8,064	\$ 13	\$ 13	Subsidiary
	BRIGHT YEH, LTD	British Virgin Islands	Investment	12,643	12,643	2,000	100	1,277	( 386).	( 386).	Subsidiary
	UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.	Hong Kong	Manufacture, processing and sales of all kinds of liquid crystal displays and their modules	152,525	152,525	36,495,000	100	( 8,751).	( 2,169).	( 2,169).	Subsidiary

Note: Please refer to Table 4 for information on investees in mainland China.

United Radiant Technology Corporation and Subsidiaries  
Information on investment in Mainland China:  
For the Years Ended December 31, 2021

TABLE 4

Unit: In thousand NT\$ or Foreign currency

Investee Company	Main businesses	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows for the year ended December 31, 2021		December 31, 2021 from Taiwan as of January 1, 2021	Net profit (loss) of the investee for the year ended Maximum Balance December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings as of December 31, 2021	Remarks
					Outflow	Inflow							
Bright Yeh Technology (Huizhou) Co., Ltd.	Manufacture, processing and sales of all kinds of liquid crystal displays and their modules	\$ 12,643 (USD 400).	(Note 1)	\$ 12,643 (USD 400).	\$ -	\$ -	\$ 12,643 (USD 400).	(\$ 386).	100%	(\$ 386).	\$ 1,277	\$ -	

Accumulated Amount of Remittance from Taiwan to Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on Investments in Mainland China Imposed by the Investment Commission, MOEA (Note 3)
\$ 342,995 (USD 10,400)	\$ 12,643 (USD 400)	\$ 948,109

Note 1: The Company invested in China through a third-party company (third-party company: BRIGHT YEH directly invested in China).

Note 2: The gain and loss on investment recognized for the year was based on the financial statements that were audited by R.O.C. parent company's CPA.

Note 3: The calculation of the limit is In accordance with the "Principles for Review of Investment or Technical Cooperation in Mainland China.

## The Contents of Statements of Important Accounting Items

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United Radiant Technology Corporation  
Statement of Cash and Cash Equivalents  
DECEMBER 31, 2021

Statement 1

In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Item	Amount
Petty cash	\$ -
Deposits in banks	
Demand (current) deposit	31,067
Foreign currency deposits (Note 1)	193,377
Cash equivalents (Investments with a maturity date of three months or less)	
Time deposits (Note 2)	442,880
	\$ 667,324

Note 1: These amounts are USD6, 288 thousands (USD1=NT\$27.68) and JPY80, 319 thousands (JPY1=NT\$0.241).

Note 2: Includes USD16,000 thousands (US\$1=NT\$27.68), which are maturing between January and March 2022.

United Radiant Technology Corporation  
Statement of Accounts Receivable and Long-term Accounts Receivable, Net  
DECEMBER 31, 2021

Statement 2

Unit: NT\$ thousand

Customer Name	Amount
Non-related party	
Company A	\$ 137,472
Others (Note)	<u>268,036</u>
	405,508
Less: Unrealized interest income	( 4,426)
Less: Loss allowance	<u>( 533)</u>
	<u>\$ 400,549</u>

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

United Radiant Technology Corporation  
Statement of Inventories  
DECEMBER 31, 2021

Statement 3

Unit: NT\$ thousand

Item	Cost	Net Realizable Value
Raw materials	\$ 239,463	\$ 244,570
Work in process	65,419	118,310
Supplies	7,281	25,698
Finished goods	46,554	58,928
Goods in transit	<u>3,479</u>	<u>3,479</u>
	<u>\$ 362,196</u>	<u>\$ 450,985</u>

United Radiant Technology Corporation  
Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income - Non-current  
For the Years Ended December 31, 2021

Statement 4

Unit: NT\$ thousand

Investee Company	Balance, beginning of year		Increase (decrease)		Financial Assets Unrealized gain or loss	Balance, end of year		
	Shares (in thousands)	Amount	Shares (in thousands)	Book value		Shares (in thousands)	Percentage of Ownership (%)	Amount
Miortech	20,443	\$ 18,403	1,336	\$ 2,963	(\$ 5,323)	21,779	9	\$ 16,043
LEADRAY ENERGY	1,050,000	6,861	-	-	( 641)	1,050,000	3	6,220
Chungyo	60,500	-	( 56,933)	-	-	3,567	-	-
Friendly International	-	-	56,933	-	-	56,933	-	-
		<u>\$ 25,264</u>		<u>\$ 2,963</u>	<u>(\$ 5,964)</u>			<u>\$ 22,263</u>

Note: No collateral or pledge has been provided.

United Radiant Technology Corporation  
Statement of Changes in Investments Accounted for Using the Equity Method  
For the Years Ended December 31, 2021

Statement 5

Unit: NT\$ thousand

Investee Company	Balance, beginning of year		Share of profit or loss of subsidiaries accounted for using the equity method	Exchange differences arising on translation of foreign operations	Balance, end of year			Market price or value per share
	(in thousands)	Amount			(in thousands)	Percentage of Ownership (%)	Amount	
FIRSTHILL LIMITED	197	\$ 8,284	\$ 13	(\$ 233)	197	100	\$ 8,064	\$ 8,064
BRIGHT YEH, LTD	2	1,675	( 386)	( 12)	2	100	1,277	1,277
UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.	36,495	( 6,845)	( 2,169)	263	36,495	100	( 8,751)	( 8,751)
		3,114	(\$ 2,542)	\$ 18			590	\$ 590
Add: Transferred to non-current liabilities		6,845					8,751	
		<u>\$ 9,959</u>					<u>\$ 9,341</u>	



United Radiant Technology Corporation  
Statement of Changes in Accumulated Depreciation of Right-of-Use Assets  
For the Years Ended December 31, 2021

Statement 6

Unit: NT\$ thousand

Item	Balance, beginning of year	Additions	Deductions	Balance, end of year
<u>Cost</u>				
Land	\$ 7,794	\$ 221	\$ -	\$ 8,015
Buildings	<u>1,891</u>	<u>653</u>	( <u>1,891</u> )	<u>653</u>
	<u>9,685</u>	<u>\$ 874</u>	( <u>\$ 1,891</u> )	<u>8,668</u>
<u>Accumulated depreciation</u>				
Land	1,211	\$ 631	\$ -	1,842
Buildings	<u>1,721</u>	<u>312</u>	( <u>1,891</u> )	<u>142</u>
	<u>2,932</u>	<u>\$ 943</u>	( <u>\$ 1,891</u> )	<u>1,984</u>
	<u>\$ 6,753</u>			<u>\$ 6,684</u>

United Radiant Technology Corporation  
Statement of Accounts Payable  
DECEMBER 31, 2021

Statement 7

Unit: NT\$ thousand

Supplier Name	Amount
Non-related party	
Company B	\$ 26,350
Company C	19,393
Company D	19,319
Company E	14,011
Others (Note)	<u>184,281</u>
	263,354
Related Party	
LEADRAY ENERGY	<u>12,051</u>
	<u>\$ 275,405</u>

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

United Radiant Technology Corporation  
Statement of Lease Liabilities  
DECEMBER 31, 2021

Statement 8

Unit: NT\$ thousand

Item	Summary	Lease period	Discount rate	Balance, end of year
Land	for the use of plants and offices	October 2015 to May 2023	1.75%	\$ 6,266
Buildings	for the use of dormitories and warehouses	April 2021 to May 2023	2%	<u>514</u>
				6,780
Less: Current portion				( <u>818</u> )
				<u>\$ 5,962</u>

United Radiant Technology Corporation  
Statement of Operating Revenues  
For the Years Ended December 31, 2021

Statement 9

Unit: NT\$ thousand

Item	Quantity (in thousand pcs)	Amount
Sales revenue		
LCM	3,812	\$ 1,809,868
LCD	4,039	122,983
Raw material and merchandise		18,683
Less: Sales returns		( 7,077)
Sales allowance		( 425)
Total sales revenue		1,944,032
Construction revenue		<u>125,680</u>
Net operating income		<u>\$ 2,069,712</u>

United Radiant Technology Corporation  
Statement of Operating Costs  
For the Years Ended December 31, 2021

Statement 10

Unit: NT\$ thousand

Item	Amount
Cost of sales	
Raw material, beginning of year	\$ 326,020
Raw material purchased	1,245,250
Raw material sold	( 7,175 )
Others	( 26,917 )
Raw material, end of year	( 273,174 )
Raw materials used	1,264,004
Direct labor	163,678
Manufacturing expenses	182,455
Manufacturing cost	1,610,137
Work in process, beginning of year	67,848
Others	( 2,885 )
Work in process sold	( 8,300 )
Work in process, end of year	( 68,122 )
Cost of finished goods	1,598,678
Finished goods, beginning of year	40,732
Others	( 1,675 )
Finished goods, end of year	( 49,415 )
Production and marketing costs	1,588,320
Raw material and finished goods sold	15,475
Unallocated manufacturing expenses	18,089
Inventory write-down	1,015
Total cost of sales	1,622,898
Construction costs	110,207
Operating cost	<u>\$ 1,733,106</u>

United Radiant Technology Corporation  
Statement of Operating Expenses  
For the Years Ended December 31, 2021

Statement 11

Unit: NT\$ thousand

Item	Selling expenses	General and administrativ e expenses	Research & development expenses Expense	Total
Wages and salaries	\$ 16,792	\$ 75,302	\$ 29,203	\$ 121,297
Insurance expense	2,287	5,789	3,006	11,082
Depreciation expense	97	3,383	982	4,462
Others	<u>18,623</u>	<u>25,797</u>	<u>6,380</u>	<u>50,800</u>
	<u>\$ 37,799</u>	<u>\$ 110,271</u>	<u>\$ 39,571</u>	<u>\$ 187,641</u>