AP Memory Technology Corporation

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

INDEPENDENT AUDITORS'S REPORT

The Board of Directors and Stockholders
AP Memory Technology Corporation

Opinion

We have audited the accompanying parent company only financial statements of AP Memory Technology Corporation (hereinafter referred to as the Corporation), which comprise the parent company only balance sheet as of December 31, 2021 and 2020, and the parent company only statements of comprenehsive 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 financial position of the Corporation 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 Corporation 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 judgement, were of the most significance in our audit of the parent company only financial statements for the year ended 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Corporation's parent company only financial statements for the year ended 2021 are described as follows:

<u>Sales Revenue from Specific Customers</u>

The sales revenue of AP Memory Technology Corporation was $6,206,697 thousand in 2021. The revenue from sales to some customers, which increased significantly comparing with the previous year, counts for a large portion of the total sales revenue and is therefore determined as one of the key audit matters.

Our main audit procedures performed in response to the key audit matter described above were as follows:

1. Understand and evaluate revenue recognition related internal control system and test the design and implementation of thereof.
2. Target specific customers to randomly select related revenue transactions and issue an inquiry letter thereto accordingly. If the inquiry letter cannot be taken back on time, implement alternative procedures, such as checking transaction certificates and post-period payment collection status.
3. Target specific customers to sample the sales revenue records thereof; and review related transaction documents, such purchase order, shipping documents and payment collection receipts to confirm the authenticity of revenue recognition.
4. Sample post-period sales returns, discounts and payment collection status to confirm the rationality of revenue recognition.

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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation'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 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 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 Corporation'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 Corporation'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 Corporation 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Corporation 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 Corporation's parent company only financial statements for the year ended 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-Yen Chien and Cheng-Chun Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.
For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

AP Memory Technology Corporation

Parent Company Only Balance Sheet

As of December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
Assets	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	$ 2,303,832	37	$ 225,802	6
Valuation gain on financial assets at fair value through profit or loss - Current (Notes 4, 7 and 27)	-	-	180,197	5
Financial assets at amortized cost - Current (Notes 4, 8 and 29)	2,763	-	2,744	-
Accounts receivable (Notes 4, 9 and 20)	740,801	12	556,225	15
Accounts receivable from related parties (Notes 4, 9, 20 and 28)	110,246	2	200,474	5
Current tax assets	-	-	14,836	-
Other receivables (Notes 4 and 9)	38,095	-	401,081	10
Inventories (Notes 4 and 10)	1,696,402	27	624,862	16
Other current assets (Note 15)	7,015	-	1,009	-
Total current assets	4,899,154	78	2,207,230	57
Non-current assets				
Valuation gain on financial assets at fair value through profit or loss- Non-current (Notes 4, 5, 7 and 27)	141,989	2	68,016	2
Investments accounted for using equity method (Notes 4 and 11)	329,481	5	1,103,817	29
Property, plant and equipment (Notes 4 and 12)	80,347	1	5,723	-
Right-of-use assets (Notes 4 and 13)	97,499	2	40,955	1
Other intangible assets (Notes 4 and 14)	6,098	-	13,973	-
Deferred income tax assets (Notes 4 and 22)	25,486	1	78,811	2
Prepayments for business facilities	-	-	1,869	-
Refundable deposits (Notes 17 and 30)	464,609	8	208,194	6
Other non-current assets (Note 15)	205,876	3	122,764	3
Total non-current assets	1,351,385	22	1,644,122	43
Total assets	$ 6,250,539	100	$ 3,851,352	100
Liabilities and equity				
Current liabilities				
Short-term loans (Note 16)	$ -	-	$ 85,140	2
Contract liabilities (Notes 4 and 20)	172,570	3	-	-
Accounts payable	600,046	10	228,188	6
Other payables (Note 17)	153,178	2	305,268	8
Other payables from related parties (Note 28)	14,532	-	15,843	1
Current tax liabilities	387,146	6	71,602	2
Lease liabilities－Current (Notes 4 and 13)	40,872	1	15,696	-
Other current liabilities (Note 17)	3,392	-	1,726	-
Total current liabilities	1,371,736	22	723,463	19
Non-current liabilities				
Deferred tax liabilities(Notes 4 and 22)	19,278	-	233	-
Lease liabilities - Non-current (Notes 4 and 13)	50,570	1	24,686	-
Guarantee deposits received	14,000	-	-	-
Total non-current liabilities	83,848	1	24,919	-
Total liabilities	1,455,584	23	748,382	19
Equity (Notes 4, 19 and 24)				
Share capital				
Ordinary share	744,136	12	742,316	19
Advance receipts for ordinary share	2,861	-	532	-
Total shares	746,997	12	742,848	19
Capital surplus	1,054,788	17	1,020,722	27
Retained earnings				
Legal reserve	364,163	6	282,992	8
Special reserve	-	-	4,576	-
Unappropriated retained earnings	2,631,525	42	1,053,036	27
Total retained earnings	2,995,688	48	1,340,604	35
Other equity interest	8,728	-	10,042	-
Treasury shares	(11,246)	-	(11,246)	-
Total equity	4,794,955	77	3,102,970	81
Total liabilities and equity	$ 6,250,539	100	$ 3,851,352	100

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

AP Memory 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)

	2021		2020	
	Amount	%	Amount	%
Operating revenue (Notes 4, 20 and 28)	$ 6,461,280	100	$ 3,535,263	100
Operating costs (Notes 10, 21 and 28)	3,593,354	56	2,549,684	72
Gross profit	2,867,926	44	985,579	28
Operating expense (Notes 4, 9, 21 and 28)				
Selling expense	101,916	2	69,721	2
Administrative expense	166,463	2	85,305	3
Research and development expense	278,473	4	294,269	8
Expected credit/ impairment (gain on reversal of impairment loss) loss	(602)	-	2,086	-
Total operating expense	546,250	8	451,381	13
Net operating income	2,321,676	36	534,198	15
Non-operating income and expense				
Share of profit of subsidiaries and associates accounted for using equity method (Notes 4 and 11)	85,024	1	326,833	9
Interest income (Note 4)	3,110	-	2,038	-
Interest income (Notes 4, 21 and 28)	982	-	25,212	1
Net loss on disposals of investments (Notes 7 and 25)	-	-	(5,078)	-
Net foreign exchange loss (Notes 4, 21 and 31)	(14,849)	-	(44,017)	(1)

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	2021 Amount	2021 %	2020 Amount	2020 %
Net gains on financial assets at fair value through profit or loss (Notes 4 and 30)	$ 118,983	2	$ 38,050	1
Interest expense	(1,806)	-	(1,727)	-
Loss on disposals of property, plant and equipment	-	-	(142)	-
Total non-operating income and expense	191,444	3	341,169	10
Income before tax	2,513,120	39	875,367	25
Income tax expense (Notes 4 and 22)	(487,663)	(8)	(63,657)	(2)
Net profit (loss) for the year	2,025,457	31	811,710	23
Other comprehensive income (Notes 4 and 19)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,299)	-	(1,832)	-
Share of the other comprehensive income of subsidiaries accounted for using equity method	(15)	-	12,857	-
	(1,314)	-	11,025	-
Other comprehensive income for the year (net of income tax)	(1,314)	-	11,025	-
Total comprehensive income for the year	$ 2,024,143	31	$ 822,735	23
Earnings per share (Note 23)				
Basic	$ 13.67		$ 5.50	
Diluted	$ 13.45		$ 5.42	

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

AP Memory Technology Corporation

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

	Share capital (Notes 4, 19 and 24)				Retained earnings (Notes 4 and 19)				Other equity (Notes 4, 19 and 24)				
	Ordinary share	Advance receipts for ordinary share	Total	Capital surplus(Notes 4,19 and 24)	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unearned compensation cost	Total	Treasury shares (Notes 4 and 19)	Total equity
Balance at January 1, 2020	$ 738,535	$ -	$ 738,535	$ 838,388	$ 282,992	$ 3,225	$ 316,359	$ 602,576	($ 4,576)	($ 1,120)	($ 5,696)	($ 11,246)	$2,162,557
Appropriation of the 2019 earnings													
Special reserve	-	-	-	-	-	1,351	(1,351)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(73,682)	(73,682)	-	-	-	-	(73,682)
Compensation cost for employee share options	-	-	-	10,365	-	-	-	-	-	-	-	-	10,365
Net profit for the year 2020	-	-	-	-	-	-	811,710	811,710	-	-	-	-	811,710
Other comprehensive income after tax for the year 2020	-	-	-	-	-	-	-	-	11,025	-	11,025	-	11,025
Total comprehensive income for the year 2020	-	-	-	-	-	-	811,710	811,710	11,025	-	11,025	-	822,735
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	153,042	-	-	-	-	3,593	-	3,593	-	156,635
Changes in ownership interests in subsidiaries	-	-	-	401	-	-	-	-	-	-	-	-	401
Issuance of ordinary shares under the employee share option plan	3,781	532	4,313	18,526	-	-	-	-	-	-	-	-	22,839
Issuance of restricted stock awards (RSAs) by the Corporation	-	-	-	-	-	-	-	-	-	1,120	1,120	-	1,120
Balance at December 31, 2020	742,316	532	742,848	1,020,722	282,992	4,576	1,053,036	1,340,604	10,042	-	10,042	(11,246)	3,102,970
Appropriation of the 2020 earnings													
Legal reserve	-	-	-	-	81,171	-	(81,171)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(4,576)	4,576	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(370,373)	(370,373)	-	-	-	-	(370,373)
Compensation cost for employee share options	-	-	-	25,465	-	-	-	-	-	-	-	-	25,465
Net profit for the year 2021	-	-	-	-	-	-	2,025,457	2,025,457	-	-	-	-	2,025,457
Other comprehensive income after tax for the year 2021	-	-	-	-	-	-	-	-	(1,314)	-	(1,314)	-	(1,314)
Total comprehensive income for the year 2021	-	-	-	-	-	-	2,025,457	2,025,457	(1,314)	-	(1,314)	-	2,024,143
Issuance of ordinary shares under the employee share option plan	1,820	2,329	4,149	8,601	-	-	-	-	-	-	-	-	12,750
Balance at December 31, 2021	$ 744,136	$ 2,861	$ 746,997	$1,054,788	$ 364,163	$ -	$2,631,525	$2,995,688	$ 8,728	$ -	$ 8,728	($ 11,246)	$4,794,955

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

AP Memory Technology Corporation

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
Cash flow from operating activities		
Income before tax for the year	$ 2,513,120	$ 875,367
Adjustments to reconcile profit (loss)		
Depreciation expense	43,001	13,814
Amortization expense	14,439	16,403
Expected credit/ impairment (gain on reversal of impairment loss) loss	(602)	2,086
Valuation gain on financial assets at fair value through profit or loss	(118,983)	(38,050)
Interest expense	1,806	1,727
Interest income	(3,110)	(2,038)
Dividend income	(503)	(155)
Cost of share-based payment	20,135	11,917
Share of profit (loss) of subsidiaries and associates accounted for using equity method	(85,024)	(326,833)
Loss on disposal and scrap of property, plant and equipment	-	142
Gains on disposal of associates accounted for using equity method	-	(461)
Loss of inventory falling price and slow-moving inventory	63,481	26,333
Reversal of (reserve for) unrealized loss on transaction with associates	-	9,728
Unrealized foreign exchange loss (gain)	(24,446)	24,645
Loss on disposal of subsidiaries	-	5,539
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	225,207	(134,192)
Accounts receivable	(91,907)	(516,817)
Other receivables	383,337	(1,374)
Inventories	(1,135,021)	324,657
Prepayment	(89,037)	(7,847)
Other current assets	(81)	431
Refundable deposits	(243,440)	-
Contract liabilities	172,570	-
Accounts payable	373,870	(180,946)

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	2021	2020
Other payables	($ 153,094)	($ 24,147)
Other current liabilities	1,251	(1,375)
Cash inflow (outflow) generated from operations	1,866,969	78,554
Interest received	3,030	2,014
Dividend received	503	155
Interest paid	(1,808)	(1,806)
Income taxes paid	(84,913)	(160)
Net cash inflow (outflow) generated from operating activities	1,783,781	78,757
Cash flows from investing activities		
Acquisition of investment accounted for using equity method	-	(500)
Proceeds from disposal of subsidiaries	-	6,946
Purchase of property, plant and equipment	(88,055)	(3,107)
Decrease (increase) in refundable deposits	(12,975)	(4,761)
Acquisition of intangible assets	(6,564)	(1,518)
Increase in prepayments for business facilities	-	(1,869)
Dividends received from associates and subsidiaries	492,041	107,740
Net cash flows from investing activities	384,447	102,931
Cash flows from (used in) financing activities		
Decrease in short-term loans	(85,140)	(114,860)
Increase in guarantee deposits	14,000	-
Payment of lease liabilities	(32,770)	(7,347)
Cash dividend paid	(370,373)	(73,682)
Exercise of employee share options	12,750	22,839
Acquisition of ownership interests in subsidiaries (Note 11)	(27,665)	-
Disposal of ownership interests in subsidiaries	399,000	-
Net cash from financing activities	(90,198)	(173,050)
Net increase in cash and cash equivalents	2,078,030	8,638
Cash and cash equivalents at the beginning of the year	225,802	217,164
Cash and cash equivalents at the end of the year	$ 2,303,832	$ 225,802

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

AP Memory Technology Corporation

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2021 and 2020

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

1. General Information

AP Memory Technology Corporation (hereinafter referred to as "the Corporation") was incorporated on August 4, 2011, upon approval of the Ministry of Economic Affairs. The Corporation mainly engages in the research, development, production and sale of various integrated circuit (IC) products; and provides technical services related to the product design, research and development.

Upon approval of Taipei Exchange (TPEx) in June 2015, the Corporation started trading on TPEx's Emerging Stock Board; and then trading on Taiwan Stock Exchange (TWSE) on May 31, 2016. The Corporation also, for the first time ever, publicly issued global depository receipts (GDRs) by issuing new shares for capital increase in January 2022; and then become a listed company at Luxembourg Stock Exchange.

The parent company only financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. Approval of Financial Statements

The parent company only financial statements were approved by the Corporation's board of directors on February 25, 2022.

3. Application of New Amended and Revised Standards and Interpretation

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

Whenever applied, the initial applications of the amendments to IFRSs endorsed by FSC would not have any material impact on the Corporation's accounting policy.

(2) Applicable IFRSs endorsed by FSC in 2022

Newly released, amended or revised standards and interpretations	Effective date issued by IASB
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022 (Note 1)
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022 (Note 2)
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022 (Note 3)
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022 (Note 4)

Note 1: Amendments to IFRS 9 are applicable to exchanges or modified terms of financial liabilities incurred during annual reporting period beginning on or after January 1, 2022; amendments to "IAS 41 Agriculture" are applicable to fair value measurements incurred during annual reporting period beginning on or after January 1, 2022; and amendments to "First-time adoption of International Financial Reporting Standards (IFRS)" are applied retrospectively during annual reporting period beginning on or after January 1, 2022.

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

Note 3: The amendment shall be applied retrospectively only to items of 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 the beginning of the first annual reporting period beginning on or after January 1, 2021.

Note 4: The Corporation shall apply the amendment to contracts for which the Corporation has not yet fulfilled all its obligations at the beginning of the annual reporting period beginning on or after January 1, 2022.

As of the publication date of the parent company only financial statements, the Corporation still continuously evaluate the impact of the aforesaid standard and interpretation amendments to the Corporation's financial position and financial performance.

(3) IFRSs that have been issued by International Accounting Standards Board (IASB) without being endorsed and issued into effect by FSC

Newly released, amended or revised standards and interpretations	Effective date issued by IASB (Note 1)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Undefined
IFRS 17 Insurance Contract	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Initial application of IFRS 17 and IFRS 9 — Comparative information (Amendments to IFRS 17)	January 1, 2023
Classifying liabilities as current or non-current (Amendments to IAS 1)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1)	January 1, 2023 (Note 2)
Definition of Accounting Estimates (Amendment to IAS 8)	January 1, 2023 (Note 3)
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023 (Note 4)

Note 1: Except for separate notes, the above newly released, amended or revised standards or interpretations shall become effective for annual reporting periods beginning on or after the specified dates.

Note 2: The effective date of the amendment shall be delayed to annual reporting periods beginning on or after January 1, 2023.

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

Note 4: Except for leases and decommissioning obligations related temporary differences that are recognized as deferred tax on January 1, 2022, amendments are applicable to transactions incurred during annual reporting period beginning on or after January 1, 2022.

As of the publication date of the parent company only financial statements, the Corporation still continuously evaluate the impact of the aforesaid standard and interpretation amendments to the Corporation's financial position and financial performance. Relevant effects will be exposed upon completion of the evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and related regulations.

(2) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

C. Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit (loss) for the year, other comprehensive income for the year and total equity in these parent company only financial statements to be the same with the amounts attributable to the Corporation's consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and consolidated basis were made to "investments accounted for using equity method", "the share of profit or loss of subsidiaries and associates", "the share of other comprehensive income of subsidiaries and associates" and the related equity items, as appropriate, in the parent company only financial statements.

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

Current assets include:

A. Assets held primarily for the purpose of trading;

B. Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

A. Liabilities held primarily for the purpose of trading;

B. Liabilities due to be settled within 12 months after the reporting period, and

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

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

(4) Foreign currencies

In preparing the Corporation's parent company only financial statements, transactions in currencies other than the Corporation's functional currency (i.e. 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 from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

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

For the purpose of presenting parent company only financial statements, the functional currencies of the Corporation and foreign operations (including the Corporation's subsidiaries that are located in a different country or use different currency) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

For the disposal of the Corporation's foreign ownership interests, the currency translation differences accumulated in equity will be reclassified to profit or loss.

(5) Inventories

Inventories consist of raw materials, supplies, work-in-process and finished goods. Inventories 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. 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 calculated using the weighted average method.

(6) Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

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

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries attributable to the Corporation.

Changes in the Corporation's ownership interest in subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (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 Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation 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 the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements.

(7) Investment in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary.

The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates attributable to the Corporation.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

The Corporation discontinues the use of the equity method from the date when the Corporation ceases to have significant influence over an associate. When the Corporation retains an interest in the former associate, the Corporation measures the retained interest at fair value at that date. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized only in the parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

(8) Property, plant and equipment

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

(9) Intangible assets

A. Intangible assets acquired separately

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

B. Derecognition of intangible assets

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

(10) Impairment of property, plant, equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant, equipment, right-of-use assets and intangible assets, excluding goodwill, 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 parent company only asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

(11) Financial instruments

Financial assets and financial liabilities are recognized in parent company only balance sheet when the Corporation becomes a party to the contractual provisions of the instruments.

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

A. Financial assets

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

a. Measurement categories

Financial assets possessed by the Corporation are classified into financial assets at fair value through profit or loss (FVTPL) and financial assets at amortized cost.

(a) Financial assets at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include equity instrument investments that the Corporation has not specified to be Measured at FVTPL through other comprehensive income and investments in debt instruments that do not meet the amortized cost criteria or the fair value through other comprehensive income (FVTOCI) criteria.

Financial assets at FVTPL are subsequently measured at fair value, with dividends, interest and any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 27.

(b) Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash, cash equivalents, debt investments at amortized cost, accounts receivable (including those from related parties), other 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:

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

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

A financial asset is credit-impaired when the issuer or debtor suffers from a major financial difficulty; contract violation takes place; the debtor can possibly file for bankruptcy or financial organization; or the active market of financial assets disappears due to financial difficulty.

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

b. Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Corporation always recognizes lifetime Expected Credit Loss (i.e. ECLs) for accounts receivable. For all other financial instruments, the Corporation 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 the financial instrument has not increased significantly since initial recognition, the Corporation 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. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs 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.

If the Corporation, oriented to the objective of internal credit risk management, determines that the debtor is incapable to pay off debts based on internal or external information without considering its possessed collaterals, it indicates that the financial asset has defaulted.

The Corporation 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.

c. Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss.

B. Equity instruments

Liability and equity instruments issued by the Corporation are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definition of financial liability and equity instruments.

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

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

C. Financial liabilities

a. Subsequent measurement

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

b. Derecognition of financial liabilities

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

(12) Revenue recognition

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

A. Revenue from the sale of goods

Revenue from the sale of goods comes from the sales of integrated circuit (IC) products. Revenue and receivables from the sale of goods are recognized when trade terms are fulfilled because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility to sales to future customers and bears the risk of obsolescence. The advance receipts from the sale of goods are recognized as contract liabilities before the goods arrive.

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

B. Revenue from the rendering of services

Revenue from the rendering of services comes from providing design and R&D related technical services in accordance with customer contract specifications and are recognized depending on the fulfillment of performance criteria.

C. Revenue from licensing

As technology licensing does not change the functionality of silicon intellectual property and the technology can continue to function without updating and technical support, the charged licensing fee is recognized as revenue from licensing when transferring the use right of silicon intellectual property.

(13) Leases

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

<u>The Corporation as lessee</u>

Except for short-term leases and low-value asset leases which are recognized as expense on straight-line basis over the lease terms, the Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in parent company only balance sheet.

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 comprises fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If implicit rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation 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 parent company only balance sheet.

(14) Employee benefits

A. Short-term employee benefits

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

B. Retirement benefits

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

(15) Share-based payment arrangements

A. Equity-settled employee share options offered to employees

The fair value at the grant date of the employee share options and RSAs is expensed on the straight-line basis over the vesting period, based on the Corporation's best estimates of the number of options or options that are expected to ultimately vest, with a corresponding adjustment to capital surplus – employee share options or other equity (unearned compensation cost). It is recognized as an expense in full at the grant date if vested immediately.

The Corporation's issuance of RSAs is based on the other equity (unearned compensation cost) on the grant date, with a corresponding adjustments to capital surplus – RSAs.

At the end of each reporting period, the Corporation revises its estimate of the number of employee share options and RSAs expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that cumulative expense reflect the revised estimate, with a corresponding adjustment to capital surplus – employee share options or capital surplus - RSAs.

B. Equity-settled employee share options offered to subsidiaries' employees

The fair value at the grant date of the equity-settled employee share options, which is deemed as the Corporation's investment in subsidiaries, is recognized as an increase in the carrying amount of investment in subsidiaries over the vesting period with a corresponding adjustment to capital surplus – employee share options.

(16) Income taxes

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

A. Current tax

The laws of the Republic of China are adopted to conclude the Corporation's current income, on which the payable (recoverable) income tax is then calculated based.

According to the Republic of China Income Tax Law, an additional tax of unappropriated earnings is recognized in current tax in the year of approval by the shareholders' meeting resolution.

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

B. Deferred tax

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

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

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

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

C. Current and deferred taxes for the year

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

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Fair value measurements and valuation process

When the assets and liabilities measured at fair value do not have market quotation in an active market, the Corporation shall decide whether to outsource the valuation process in accordance with relevant regulations or based on the evaluation thereof; and shall determine the appropriate fair value valuation techniques.

If the estimated fair value fails to obtain Level I inputs, the Corporation or appraiser appointed thereby shall decide the input value based on the analysis of investee's financial status and operations results; recent transaction price; quotation of the same equity instrument in inactive market; quotation of similar instrument in the active market; and comparable company valuation multiples. If the actual change in the future input value is different from the expected, the fair value may change accordingly.

The Corporation shall update the input value according to the market status on a quarterly basis in order to monitor the fair value measurement and ensure the appropriateness thereof.

For detailed information about fair value valuation techniques, please refer to Notes 7 and 27.

6. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 30	$ 30
Demand deposits	953,802	225,772
Cash equivalents (investments with original maturities of three months or less)		
Time deposits	1,350,000	-
	$ 2,303,832	$ 225,802

The interest rate intervals of the time deposits at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Bank deposit	0.001%～0.05%	0.001%～0.05%
Time deposits	0.05%～0.4%	-

7. Financial Instruments at FVTPL

	December 31, 2021	December 31, 2020
Financial Assets－ Current		
Non-derivative financial assets		
－Trust fund beneficiary certificates	$ -	$ 180,197
Financial assets - Non-current		
Non-derivative financial assets		
- Foreign unlisted (non-OTC) stocks		
Haining Changmeng Tachnology Partnership Enterprise (Limited Partnership) (1)	$ 123,638	$ 27,243
- Domestic listed (OTC) stocks		
Powerchip Semiconductor Manufacturing Corp. (2)	12,001	-
- Domestic emerging stocks		
Powerchip Semiconductor Manufacturing Corp. (2)	-	39,984
- Domestic unlisted (non-OTC) stocks		
GeneASIC Technologies Corporation (3)	6,350	789
	$ 141,989	$ 68,016

(1) The Corporation signed an investment agreement with Haining Changmeng Tachnology Partnership Enterprise (Limited Partnership) (hereinafter referred to as Haining Changmeng) in August 2019. With a total investment of RMB6,900 thousand (24.64%), the Corporation does not have the ability to influence relevant activities and therefore does not have relevant significant influence. As of December 31, 2021, the Corporation has contributed 24.64% of the total paid-in capital.

(2) The Corporation acquired 1,500 thousand ordinary shares of Powerchip Semiconductor Manufacturing Corp. (hereinafter referred to as PSMC), counting 0.048% of Powerchip's issued shares, in August 2019 at the price of $15,150 thousand. Later in June 2021, August 2021 and June 2020, the Corporation sold 250,000, 451,000 and 700,000 shares at $16,713 thousand, $30,809 thousand and $15,775 thousand; and produced realized benefits amounted at $14,188 thousand, $26,253 thousand and $8,705 thousand, respectively. The Corporation also purchased 70 thousand shares newly issued by 2021 in April 2021 and the investment amount thereof was $2,782 thousand. As of December 31, 2021, the Corporation possesses 0.005% of PSMC's shares.

(3) In August 2020, the Corporation acquired 500 thousand ordinary shares of GeneASIC Technologies Corporation (hereinafter referred to as GeneASIC) with a in August 2020 at the price of $500 thousand. The shareholding ratio thereof is 20% and this investment is listed as investments accounted for using equity method. Nevertheless, as the Corporation failed to participate in GeneASIC's seasoned equity offering (SEO) in December 2020, its shareholding ratio therefore dropped to 19.05%. As such change has affected the Corporation's significant influence over GeneASIC, investments to GeneASICs are measured at fair value and are recognized as financial assets at fair value through profit or loss. The difference with the carrying value is $461 thousand, which is recognized as gains on disposal of fixed assets. Besides, as the Corporation did not purchase new shares issued by GeneASIC for capital increase in August 2021, its shareholding ratio reduced to 14.46. As of December 31, 2021, the Corporation possesses 14.46% of GeneASIC's shares.

8. Financial Assets at Amortized Cost

	December 31, 2021	December 31, 2020
Current		
Time deposits with the original maturity of more than 3 months.	$ 2,763	$ 2,744

Please refer to Note 29 for information relating to investments

9. Accounts Receivable and Other Receivables

	December 31, 2021	December 31, 2020
Accounts receivable (1)		
Measured at amortized cost		
Gross carrying amount	$ 742,285	$ 558,311
Less: Allowance for impairment loss	(1,484)	(2,086)
	$ 740,801	$ 556,225
Accounts receivable from related parties (1)		
Measured at amortized cost	$ 110,246	$ 200,474
Other receivables (2)		
Tax receivable	$ 34,257	$ 19,198
Loans receivable		
Fixed interest rate	-	381,523
Others	3,838	360
	$ 38,095	$ 401,081

(1) Accounts receivable

In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amount. In this regard, the management believes that the Corporation's credit risk was significantly reduced.

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

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

The following table details the impairment loss allowance of accounts receivable as assessed by the Corporation based on provision matrix:

December 31, 2021

	Not past due	Due in 1 – 30 days	Due in 31 – 60 days	Due in 61 – 90 days	Due in 91 – 180 days	Due in 181 – 360 days	Due in more than 361 days	Total
Gross carrying amount	$ 668,713	$ 168,782	$ 14,209	$ -	$ -	$ -	$ 827	$ 852,531
Impairment loss allowance (lifetime ECL)	(120)	(201)	(336)	-	-	-	(827)	(1,484)
Amortized cost	$ 668,593	$ 168,581	$ 13,873	$ -	$ -	$ -	$ -	$ 851,047

December 31, 2020

	Not past due	Due in 1 – 30 days	Due in 31 – 60 days	Due in 61 – 90 days	Due in 91 – 180 days	Due in 181 – 360 days	Due in more than 361 days	Total
Gross carrying amount	$ 681,610	$ 39,298	$ 35,075	$ -	$ 2,802	$ -	$ -	$ 758,785
Impairment loss allowance (lifetime ECL)	-	-	-	-	(2,086)	-	-	(2,086)
Amortized cost	$ 681,610	$ 39,298	$ 35,075	$ -	$ 716	$ -	$ -	$ 756,699

The movements in the impairment loss allowance of accounts receivable are as follows:

	2021	2020
Balance at the beginning of the year	$ 2,086	$ -
Add: Impairment loss recognized for the year	-	2,086
Less: Impairment loss reversed for the year	(602)	-
Cash at the end of the year	$ 1,484	$ 2,086

(2) Other receivables－Loans receivable

The interest rate exposure and contract expiry date of the Corporation's fixed-rate loans receivable are as follows (December 31, 2021: None) :

	December 31, 2020
Fixed-rate loans receivable	
No more than 1 year	$ 381,523

The Corporation's contractual interest rate on loans receivable is 0.37%. For more information, please refer to "Financing Provided to Others" in Appendix 1.

10. Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 212,581	$ 156,371
Work-in-process goods	659,230	263,186
Raw materials	824,591	205,305
	$ 1,696,402	$ 624,862

The costs of inventories recognized as cost of goods sold for the year ended December 31, 2021 and 2020 were $3,593,354 thousand and $2,549,684 thousand, respectively.

The costs of goods sold, including loss on disposal and scrap of property, plant and equipment, for the year ended December 31, 2021 and 2020 were $63,481 thousand and $26,333 thousand, respectively.

11. Investments Accounted for Using Equity Method

	December 31, 2021	December 31, 2020
Investments in subsidiaries	$ 242,358	$ 1,023,912
Investments in associates	87,123	79,905
	$ 329,481	$ 1,103,817

(1) Investments in subsidiaries

	December 31, 2021	December 31, 2020
AP Memory Corp, USA (hereinafter referred to as "AP-USA")	$ 33,855	$ 43,245
AP MEMORY HOLDING Co., Ltd. (hereinafter referred to as "AP-HOLDING")	-	-
Zentel Electronics Corp. (hereinafter referred to as "Zentel Electronics")	75,784	955,794
AP Memory Technology (Hangzhou) Limited Co. (hereinafter referred to as "AP Hangzhou")	132,719	24,873
AP Memory Japan G.K. (hereinafter referred to as "AP Japan")	-	-
APware Technology Corp. (hereinafter referred to as APware)	-	-
	$ 242,358	$ 1,023,912

	Proportion of ownership interests and voting rights	
	December 31, 2021	December 31, 2020
AP-USA	100%	100%
AP-HOLDING	-	-
Zentel Electronics	100%	100%
AP Hangzhou	100%	100%
AP Japan	-	-
APware	100%	-

Please refer to Note 32 and Appendixes 5 and 6 for the Corporation's indirectly held investments in subsidiaries.

A. Established in State of Oregon of the United States in February 2012, AP-USA mainly engages in the research and development of integrated circuits (ICs). As of February 25, 2022, the Corporation already contributed US$2,000 thousand of capital thereto.

B. To cope with the projected growth of reinvestment business and to develop into operational deployment planning, the Corporation established the subsidiary "AP-HOLDING" in the Republic of Seychelles in April 2015. Through the reinvestments of AP-HOLDING, the Corporation then established AP Beijing. AP-HOLDING mainly engages in investments related affairs.

In the consideration of operational adjustments, the Corporation reached a decision on March 2, 2020 to sell the full equity ownership of AP-Holding; and, on March 20, the AP-Holding was settled at US$230 thousand. Please refer to Note 25 for more information.

C. To integrate all resources and optimize the synergy of economies of scale, the Corporation's board of directors reached a decision on September 2, 2016 to publicly purchase the ordinary shares of Zentel Electronics. As of the expiry date of the acquisition period, the Corporation totally purchased 55.24% of the equity in Zentel Electronics at the price of $544,291 thousand. Later on June 19, 2017, the Corporation then, upon resolution of the board of directors, acquire the remaining equity of Zentel Electronics (counting 44.76%) at the price of $441,040 thousand via cash consideration in accordance with Business Mergers And Acquisitions Act. Up until now, the Corporation already purchased the full equity of Zentel Electronics. Zentel Electronics engages in the design, development and sale of ICs. To plan the operations and enhance the capital use efficiency of Zentel Electronics, the Corporation has reduced capitalization and returned the share money of $399,000 thousand on July 30, 2021. As of February 25, 2022, Zentel Electronics' paid-in capital is $1,000 thousand.

D. Established in Hangzhou in December 2017, AP Hangzhou mainly engages in the design, development and sale of ICs. In 2021, the Corporation contributed US$1,000 thousand of capital thereto. As of February 25, 2022, AP Hangzhou's paid-in capital is amounted US$2,000 thousand

E. To cope with the projected growth of reinvestment business and to develop into operational deployment planning, the board of directors has adopted the resolution of establishing the subsidiary "APware Technology Corp." (hereinafter referred to as APware) in Cayman Islands on October 15, 2021; and APware, which engages in IC design, development and sales, was established in October 2021. As of February 25, 2022, the Corporation has not invested capital therein yet.

F. AP Japan was established in September 2019 in Japan to promote the sale of ICs. In the consideration of operational adjustments, the Corporation reached a decision on the dissolution of AP Japan on September 18, 2020 and completed the amendment registration on November 2, 2020.

The income and share of other comprehensive income of subsidiaries accounted for using equity in 2021 and 2020 are recognized based on subsidiaries' CPA audited parent company only financial statements during the same reporting period.

(2) Investments in associates

	December 31, 2021	December 31, 2020
Individually insignificant associates		
Lyontek Inc. (hereinafter referred to as "Lyontek")	$ 87,123	$ 79,905

Information related to Corporation's associates are summarized as follows:

	2021	2020
Shares held by the Corporation		
Net profit for the year	$ 12,618	$ 4,948
Total comprehensive income	$ 12,618	$ 4,948

The Corporation owns 30% of Lyontek's share. The goodwill of $2,610 thousand arose from the investment in Lyontek is recognized as the cost of investments in associates.

In August 2020, the Corporation acquired 500 thousand shares of GeneASIC at the price of NT$500 thousand in August 2020. The said investment was originally recognized as investments accounted for using equity method; and was changed to financial assets at fair value through profit or loss in December 2020. Please refer to Note 7 (3) for more information.

12. Property, Plant and Equipment

	Machinery and equipment	Computer and communications equipment	Office equipment	Leasehold improvement	Total
Cost					
Balance at January 1, 2021	$ 68,595	$ 6,924	$ 2,120	$ 5,375	$ 83,014
Addition	76,802	3,383	83	7,787	88,055
Internal transfer	-	-	-	1,869	1,869
Balance at December 31, 2021	145,397	10,307	2,203	15,031	172,938
Accumulated depreciation					
Balance at January 1, 2021	65,083	5,995	2,024	4,189	77,291
Depreciation expense	11,795	1,552	124	1,829	15,300
Disposal	-	-	-	-	-
Balance at December 31, 2021	76,878	7,547	2,148	6,018	92,591
Carrying amounts at December 31, 2021	$ 68,519	$ 2,760	$ 55	$ 9,013	$ 80,347

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	Machinery and equipment	Computer and communications equipment	Office equipment	Leasehold improvement	Total
Cost					
Balance at January 1, 2020	$ 66,618	$ 7,809	$ 2,510	$ 4,494	$ 81,431
Addition	1,977	-	10	1,120	3,107
Disposal	-	(885)	(400)	(239)	(1,524)
Balance at December 31, 2020	68,595	6,924	2,120	5,375	83,014
Accumulated depreciation					
Balance at January 1, 2020	61,807	5,036	1,813	2,959	71,615
Depreciation expense	3,276	1,777	547	1,458	7,058
Disposal	-	(818)	(336)	(228)	(1,382)
Balance at December 31, 2020	65,083	5,995	2,024	4,189	77,291
Carrying amounts at December 31, 2020	$ 3,512	$ 929	$ 96	$ 1,186	$ 5,723

Depreciation expense is calculated on a straight-line basis over the estimated useful lives as follows:

Machinery and equipment	3 to 5 years
Computer and communications equipment	3 years
Office equipment	3 years
Leasehold improvement	3 years

13. Lease Agreements

(1) Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amounts of right-of-use assets		
Building	$ 14,615	$ 7,338
Machinery and equipment	82,884	33,617
	$ 97,499	$ 40,955

	2021	2020
Increase of the right-of-use assets	$ 84,245	$ 38,169
Depreciation expense of the right-of-use asset		
Building	$ 7,415	$ 5,597
Machinery and equipment	20,286	1,159
	$ 27,701	$ 6,756

(2) Lease liabilities

	December 31, 2021	December 31, 2020
Carry amounts of lease liabilities		
Current	$ 40,872	$ 15,696
Non-current	$ 50,570	$ 24,686

The discount rate intervals of lease liabilities are as follows:

	December 31, 2021	December 31, 2020
Building	1.8%~2%	1.68%
Machinery and equipment	1.8%	1.8%

(3) Other lease information

	2021	2020
Expense relating to short-term leases	$ 2,626	$ 2,538
Total cash (outflow) for leases	($ 37,108)	($ 10,100)

By adopting the exemption offered for short-term leases (office, boarding houses and parking lots), the Corporation shall not recognize related right-of-use assets and lease liabilities therefor.

14. Other Intangible Assets

	Computer software
Cost	
Balance at January 1, 2021	$ 48,600
Separate acquisition	6,564
Balance at December 31, 2021	55,164
Accumulated amortization	
Balance at January 1, 2021	34,627
Amortization expense	14,439
Balance at December 31, 2021	49,066
Carrying amounts at December 31, 2021	$ 6,098

	Computer software
Cost	
Balance at January 1, 2020	$ 47,082
Separate acquisition	1,518
Balance at December 31, 2020	48,600
Accumulated amortization	
Balance at January 1, 2020	18,224
Amortization expense	16,403
Balance at December 31, 2020	34,627
Carrying amounts at December 31, 2020	$ 13,973

Amortization expense is calculated on a straight-line bases over the estimated useful lives as follows:

Computer software	3 years

15. Other Assets

	December 31, 2021	December 31, 2020
Current		
Temporary payments	$ 485	$ 404
Others	6,530	605
	$ 7,015	$ 1,009
Non-current		
Masks and probe cards	$ 182,884	$ 122,764
Prepayment for bonus	22,992	-
	$ 205,876	$ 122,764

16. Loans

Short-term loans (December 31, 2021: None)

	December 31, 2020
Unsecured loan	
Line of credit loan	$ 85,140

The valid annual interest rate on unsecured loan at December 31, 2020 was 0.72%.

Other Liabilities

	December 31, 2021	December 31, 2020
Current		
Other payables		
Payable for employees' compensation	$ 93,658	$ 36,649
Payable for salaries and bonuses	33,797	30,636
Payable for board directors' remuneration	8,000	9,000
Payable for compensated absences	6,426	3,688
Payable for labor and national health insurance	2,316	1,473
Payable for pension	2,095	1,508
Payable for labor costs	2,081	1,268
Payable for masks and probe cards	625	20,737
Payable for the customer complaint compensation(1)	-	195,435
Others	4,180	4,874
	$ 153,178	$ 305,268
Other liabilities		
Advance receipts	$ 2,557	$ 1,724
Others	835	2
	$ 3,392	$ 1,726

(1) The Corporation received a customer complaint about the specifications of a specific batch of customized products. After negotiating with the customer who suffered from the said damage, the Corporation set $342,309 thousand, which is then given to the customer to offset future payments in the following three years as compensation, aside in Q1 of 2019. Apart from the said customer complaint loss, the Corporation also deposited $200,000 thousand into the customer's account as a guarantee before the debt is settled. At the end of 2019, the Corporation checked with the customer in regard to related losses and damages; and then transfer related liability reserves to other payables. Related liabilities have been paid off in December 2021.

17. Retirement Benefit Plans

Defined Contribution Plans

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

18. Equity

(1) Share capital

A. Ordinary shares

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	200,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	148,827	74,231
Shares issued	$ 744,136	$ 742,316
Advance receipts for ordinary share	$ 2,861	$ 532

After the resolution of amendments to Code of Conduct was adopted at the shareholders' meeting in August 2021, the Corporation has changed the par value per share from $10 to $5. This change has been approved by the competent authority and the registration has been accomplished. The stock exchange base date was set on October 15, 2021.

Such change to the Corporation's share capital was resulted from the exercise of employee stock options (ESO).

For years ended in December 31, 2021 and 2020, the Corporation still needs to issue new shares for exercised 38,000 and 12,000 stock options. The exercise price received thereby are $2,861 thousand and 532 thousand, respectively; and the said amounts are recognized as advance receipts for ordinary share.

B. Issuance of GDRs

For the purpose off issuing global depository receipts (GDRs), the resolution of issuing new ordinary shares for capital increase was adopted at extraordinary shareholders' meeting on December 6, 2021. The Corporation then issued 6,400 thousand GDRs at Luxembourg Stock Exchange on January 25, 2022. The price of each GDR is US$29.65 and each GDR represents 2 ordinary shares of the Corporation. The issued GDRs, which represent 12,800 thousand shares, have recruited US$189,760 thousand.

(2) Capital surplus

	December 31, 2021	December 31, 2020
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)		
Arising from issuance of ordinary shares	$ 633,916	$ 625,315
Exercised and invalid employee share options	184,275	180,740
Difference between consideration and carrying amount of subsidiaries acquired or disposed	153,042	153,042
Acquired RSAs	47,595	47,595
	1,018,828	1,006,692
May be used to offset a deficit only(2)		
SEO for employee share options	467	467
Changes in subsidiaries' ownership interests recognized using the equity method	401	401
	868	868
May not be used for any purpose		
Employee share options	35,092	13,162
	$ 1,054,788	$ 1,020,722

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

B. Capital surplus generated from SEO for employee share options and changes in subsidiaries' ownership interests recognized using the equity method shall only be used to offset a deficit. No other use is allowed.

(3) Retained earnings and dividend policy

The Corporation's Articles of Incorporation state that any earnings received by the Corporation in the fiscal year shall be used to pay taxes and offset accumulated deficits first; have 10% thereof set aside as legal reserve; and then recognize or reverse the remaining amount as a special reserve as prescribed by law. The board of directors shall draft an earnings distribution proposal for the remaining earnings together with unappropriated earnings accumulated over the years. The said surplus earnings may be distributed in the form of new shares after a resolution has been adopted by the shareholders' meeting; or in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and been reported to the shareholders' meeting. With respect to the policy of distributing employees' compensation and board directors' remuneration as prescribed in the Corporation's Articles of Incorporation, please refer to "Employees' Compensation and Board Directors' Remuneration" in Note 21(4).

Considering the Corporation's environment and growth stage, dividends may be distributed in cash or in stock in response to the future demand for funds and long-term financial plan. Among them, the proportion of cash dividends shall not be less than 20% of the dividends distributed to shareholders.

The aforesaid proportion of dividend distribution may be adjusted according to the Corporation's earnings and available funds for the year upon resolution of the shareholders meeting.

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

The Corporation's distribution of earnings for 2020 and 2019 is as follows:

	2020	2019
Legal reserve	$ 81,171	$ -
Special reserve (reversal) set aside	($ 4,576)	$ 1,351
Cash dividends	$ 370,373	$ 73,682
Dividends per share (NT$)	$ 5.0	$ 1.0

The above cash dividends have been approved by board of directors on March 12, 2021 and April 30, 2020; and the proposed appropriation of the rest earnings has been adopted at shareholders' meeting on August 20, 2021 and June 15, 2020, respectively.

In 2020 and 2019, dividends per share are adjusted to $4.99946006 and $0.99742797 due to the exercise of employee share options.

The Corporation's appropriation of earnings for 2021 proposed by the board of directors on February 25, 2022 is as follows:

	2021
Legal reserve	$ 202,546
Special reserve (reversal) set aside	$ 968,275
Cash dividends	$ 6.0

The above cash dividends have been approved by the board of directors, whereas the appropriation of rest earnings will be finalized at the shareholders' meeting to be held on May 27, 2022.

(4) Other equity

A. Exchange differences on translation of foreign financial statements

	2021	2020
Balance at the beginning of the year	$ 10,042	($ 4,576)
In respect of the current year		
Exchange differences on translating the	(1,299)	(1,832)

	2021	2020
financial statements of foreign operations		
Share of the other comprehensive income of subsidiaries accounted for using equity method	(15)	36
Reclassification adjustment		
Disposal of foreign operations	-	12,821
Other comprehensive income for the year	(1,314)	11,025
Disposal of subsidiaries' partial equity	-	3,593
Cash at the end of the year	$ 8,728	$ 10,042

B. Unearned compensation cost (2021: None)

Please refer to Note 24 for information relating to the Corporation's issuance of restricted stock awards (RSA).

	2020
Balance at the beginning of the year	($ 1,120)
Expense recognized as share-based payment	1,120
Cash at the end of the year	$ -

(5) Treasury shares

Purpose of redemption	Shares transferred to employees (in thousands of shares)
2021	
Number of shares at the beginning of the year	258
Increase during the year – change in par value	258
Number of shares at the end of the year	516
2020	
Number of shares at the beginning and end of the years	258

To transfer shares to employees, the Corporation had, upon resolution of the board of directors on October 8, 2018, bought back 258 thousand shares between October 9, 2018 and December 8, 2018 at the price of NT$11,246 thousand. The Corporation is expected to write off the aforesaid shares before March 2022.

According to Securities and Exchange Act, the number of shares bought may not exceed ten percent of the total number of issued and outstanding shares of the Corporation. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital surplus. The shares bought back by the Corporation for having them transferred to employees shall be transferred within 3 years from the redemption date. The shares not transferred within the said time limit shall be deemed as not issued by the Corporation and amendment registration shall be proceeded. The shares bought back by the Corporation for maintaining the Corporation's creditability and shareholders' equity shall be retired within 6 months from the redemption date. Treasury shares possessed by the Corporation shall not be pledged; and, before transfer, the shareholders' rights shall not be enjoyed as prescribed in Securities and Exchange Act.

19. Revenue

	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	$ 6,206,697	$ 3,195,318
Revenue from the rendering of services	127,140	205,816
Revenue Licensing	123,048	76,603
Interest income	4,395	57,526
	$ 6,461,280	$ 3,535,263

(1) Descriptions of contracts with customers

Please refer to Note 4 (12) for more information.

(2) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (including those from related parties) (Note 9)	$ 851,047	$ 756,699	$ 628,698
Contract liabilities			
Sale of goods	$ 172,570	$ -	$ 184

The changes in contract liabilities is primarily due to the difference between the time when the performance obligation is satisfied and when the customer arranges the payment.

Contract liabilities that incurred at the beginning of the year and recognized as revenue in the year is as follows:

	2021	2020
From the contract liabilities at the beginning of the year		
Sale of goods	$ -	$ 184

20. Net Profit

(1) Other Revenue

	2021	2020
Dividend income	$ 503	$ 155
Subsidiaries - management service income (Note 28)	-	24,000
Others	479	1,057
	$ 982	$ 25,212

(2) Depreciation and amortization

	2021	2020
Property, plant and equipment	$ 15,300	$ 7,058
Right-of-use assets	27,701	6,756
Other intangible assets	14,439	16,403
	$ 57,440	$ 30,217
Depreciation expense by function		
Cost of sales	$ 31,686	$ 5,366
Operating expense	11,315	8,448
	$ 43,001	$ 13,814
Amortization expense by function		
Cost of sales	$ 153	$ 3,162
Operating expense	14,286	13,241
	$ 14,439	$ 16,403

(3) Employee benefit expense

	2021	2020
Retirement benefit plans (Note 18)		
Defined contribution plans	$ 7,354	$ 5,721
Share-based payment		
Equity settlement	20,135	11,917
Other employee benefits		
Salary expense	357,215	211,341
Labor insurance and national health insurance expense	15,017	9,320
Other employment expense	13,205	8,200
	385,437	228,861
Total employee benefits expense	$ 412,926	$ 246,499

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	2021	2020
Summarized by functions		
Cost of sales	$ 50,482	$ 41,491
Operating expense	362,444	205,008
	$ 412,926	$ 246,499

(4) Employees' compensation and board directors' remuneration

According to the Corporation's Articles of Incorporation, the Corporation shall appropriate employees' compensation at a rate of no less than 1% and directors' remuneration at a rate of no higher than 3%.

The estimation of employees' compensation and directors' remuneration for 2021 and 2020 have been adopted by board of directors on February 25, 2022 and March 12, 2021, respectively, as follows:

Accrual rate

	2021	2020
Employees' compensation	2.86%	3.77%
Board directors' remuneration	0.31%	0.87%

Amount

	2021	2020
Employees' compensation	$ 74,262	$ 34,592
Board directors' remuneration	8,000	8,000

If there is any change in the amounts after the annual parent company only financial statements are authorized for issue, the differences will be handled as a change in accounting estimate and will be adjusted in the following year accordingly.

No employees' compensation and board directors' remuneration has been estimated for 2019 due to pre-tax loss.

For the year of 2020, there is no difference between the paid amounts of employees compensation and board directors remuneration and the amounts recognized in the 2020 Parent Company Only Financial Statements

With respect to the resolutions of the Corporation's board of directors on employees' compensation and board directors' remuneration, please go to the website of Taiwan Stock Exchange "Market Observation Post System" for detailed information.

(5) Exchange difference recognized in profit or loss

	2021	2020
Total exchange gain	$ 63,103	$ 39,039
Total exchange loss	(77,952)	(83,056)
Net loss	($ 14,849)	($ 44,017)

21. Income Taxes

(1) Major components of tax expense recognized in profit or loss

	2021	2020
Current income tax		
Expense recognized in the current year	($ 408,630)	($ 71,762)
Unappropriated earnings	(14,477)	-
Adjustments on prior years	7,814	-
	(415,293)	(71,762)
Deferred income tax		
Expense recognized in the current year	(72,370)	(25,786)
Adjustments on prior years	-	33,891
	(72,370)	8,105
Income tax expense recognized in profit or loss	($ 487,663)	($ 63,657)

A reconciliation of income and income tax expense recognized in profit and loss is as follows:

	2021	2020
Income before tax	$ 2,513,120	$ 875,367
Income tax expense at the statutory rate	($ 502,624)	($ 175,073)
Unrecognized tax benefit	21,624	77,525
Income tax adjustments on prior years	7,814	-
Unappropriated earnings	(14,477)	-
Unrecognized deductible temporary differences/ loss carryforwards	-	33,891
Income tax expense recognized in profit or loss	($ 487,663)	($ 63,657)

(2) Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities are as follows:

2021

	Balance at the beginning of the year	Recognized in profit or loss	Cash at the end of the year
Deferred income tax assets			
Temporary differences			
Exchange loss	$ 5,162	($ 4,566)	$ 596
Payable for compensated absences	738	548	1,286
Allowance for inventory valuation and obsolescence losses	33,267	(9,663)	23,604
Financial assets at fair value through profit or loss	557	(557)	-
Compensation for loss	39,087	(39,087)	-
	$ 78,811	($ 53,325)	$ 25,486
Deferred income tax assets			
Temporary differences			
Unrealized loss from sale	$ -	$ 18,721	$ 18,721
Exchange gain	233	324	557
	$ 233	$ 19,045	$ 19,278

2020

Deferred income tax assets	Balance at the beginning of the year	Recognized in profit or loss	Cash at the end of the year
Temporary differences			
Exchange loss	$ 2,040	$ 3,122	$ 5,162
Payable for compensated absences	1,460	(722)	738
Allowance for inventory valuation and obsolescence losses	39,125	(5,858)	33,267
Financial assets at fair value through profit or loss	-	557	557
Compensation for loss	-	39,087	39,087
Loss carryforwards	31,450	(31,450)	-
	$ 74,075	$ 4,736	$ 78,811

Deferred income tax assets			
Temporary differences			
Unrealized loss from sale	$ 1,946	($ 1,946)	$ -
Exchange gain	1,656	(1,423)	233
	$ 3,602	($ 3,369)	$ 233

(3) Income tax assessment

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

22. Earnings Per Share

Unit: NT$ per share

	2021	2020
Basic earnings per share	$ 13.67	$ 5.50
Diluted earnings per share	$ 13.45	$ 5.42

The effect of changing the par value of shares has been adjusted retrospectively in the calculation of earnings per share. The stock exchange base date was set on October 15, 2021. Due to the said retrospective adjustments, the basic and diluted earnings per share of 2020 are as follows:

Unit: NT$ per share

	Before the retrospective adjustment	After the retrospective adjustment
Basic EPS	$ 11.00	$ 5.50
Diluted EPS	$ 10.84	$ 5.42

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the year

	2021	2020
Earnings used in the computation of basic and diluted earnings per share	$ 2,025,457	$ 811,710

Number of shares

Unit: 1,000 shares

	2021	2020
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	148,148	147,529
Effects of potentially dilutive ordinary shares:		
Arising from employee share options	2,251	1,993
Employee share options	167	163
Restricted stock awards (RSAs)	-	24
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share	150,566	149,709

Since the Corporation can offer to settle the bonuses to employees in cash or shares, the Corporation assumes that the entire amount of bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at the meeting in the following year.

23. Share-based Payment Arrangements

(1) Employee share option plan

Grant date	March 12, 2021	September 26, 2020	December 20, 2019	April 26, 2019	November 9, 2018	January 25, 2017	November 30, 2014
Approval date by board of directors	August 7, 2020	August 7, 2020	April 26, 2019	August 8, 2018	August 8, 2018	November 3, 2016	July 7, 2014
Grant unit	69,430	319,000	750,000	8,000	692,000	680,000	1,800,000
Exercise price (NT$) (Notes 1 and 2)	781	333.5	83.7	43.85	44.8	81.70	36.76
Share per unit (Note 2)	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share
Granted to	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation's employees who meet specific requirements
Vesting conditions (Note 3)	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 40% 3 years 30% 4 years 30%	3 months 40% 2 years 30% 3 years 30%
Life/ duration (year)	10		10	10	10	10	6

After the resolution of amendments to Code of Conduct was adopted at the shareholders' meeting in August 2021, the Corporation has changed the par value per share from $10 to $5; and related exchange procedures were completed in October 2021. Consequently, the exercise price per share of each stock option has been adjusted to 50% of its original exercise price; and the number of exercisable shares has been adjusted from 1 share to 2 shares.

Note 1: Where there is movement in the Corporation's ordinary share upon the issuance of option or the Corporation issues cash dividends, the exercise price of the option will be adjusted based on the formula accordingly. If the said adjustment results in a higher price after the adjustment according to the formula, no adjustment will be made to the exercise price

Note 2: Where the Corporation changes the par value per share after the issuance of stock options, the exercise price of the option shall be adjusted according to the formula before adjusting the subscription ratio as prescribed. However, with respect to exercised warrant, no retrospective adjustments shall be made accordingly.

Note 3: The computation starts after the employee share options are granted.

Information relating to issued employee share options is as follows:

	2021		2020	
Employee share options	Unit	Weighted average exercise prices (NT$)	Uni	Weighted average exercise prices (NT$)
Outstanding at the beginning of the year	1,540,000	$ 123.40	1,773,000	$ 66.47
Offered in the year	69,430	781.00	319,000	333.50
Became invalid in the year	(36,000)	152.80	(173,800)	68.37
Exercised in the year	(182,000)	57.26	(378,200)	58.98
Outstanding at the end of the year	1,391,430	162.99	1,540,000	123.40
Exercisable at the end of the year	239,500	71.41	64,500	47.21
The weighted average fair value of options offered in the year (NT$)	$ 322.04		$ 136.31	

The weighted average price of options exercised in 2021 and 2020 were $564.10 and $351.63, respectively on the exercise day.

Information relating to employee share options outstanding at the end of the reporting period is as follows:

December 31, 2021			December 31, 2020		
Issue date	Exercise price (NT$)	Weighted average remaining contractual life (year)	Issue date	Exercise price (NT$)	Weighted average remaining contractual life (year)
January 25, 2017	$ 73.18	5.07	January 25, 2017	$ 73.18	6.07
November 9, 2018	44.30	6.86	November 9, 2018	44.30	7.86
April 26, 2019	43.30	7.32	April 26, 2019	43.30	8.32
December 20, 2019	82.90	7.98	December 20, 2019	83.50	8.97
September 26, 2020	331.20	8.74	September 26, 2020	333.50	9.75
March 12, 2021	775.50	9.20			

Employee share options offered by the Corporation in March 2021 and September 2020, respectively, were assessed using the binomial option pricing model. The parameters of the model are as follows:

Year of offering	March 2021	September 2020
Fair value on the offering date	NT$259.14- 374.71	NT$108.79- 161.73
Exercise price	NT$781.00	NT$333.50
Expected volatility	55,64%	54.68%
Expected life	6-7.5 years	6-7.5 years
Expected dividend yield	-	-
Risk-free interest rate	0.40%-0.46%	0.35%-0.38%

Expected volatility is computed based on the average historical volatility of similar entities. The Corporation assumes that, between the end of vested period and expected life, employees would exercise options.

Compensation costs recognized in 2021 and 2020 were $20,135 thousand and $10,797 thousand, respectively. The compensation costs generated from employee share options offered to subsidiaries in 2021 and 2020 were $5,330 thousand and $(432) thousand, respectively.

(2) Restricted stock awards (RSAs)

Approval date by board of directors	June 19, 2017
Number of issued shares (in thousands)	500
Issue amount	Free of charge issuance
Effective date upon approval of FSC	July 18, 2017

Employees' restricted rights before reaching the vesting conditions are as follows:

A. The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in any other manner.

B. All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).

C. The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the "Restricted Share and Cash Distribution").

Before employees reach the vesting conditions, the Corporation may retire such RSAs at no consideration.

The movement in restricted stock awards (RSAs) in 2020 is as follows (2021: None):

	Number of shares (in thousands)
	2020
Outstanding at the beginning of the year	53
Vested in the year	(53)
Balance at the end of the year	-

Compensation costs recognized in 2020 were $1,120 thousand.

24. Disposal of Subsidiaries

The Corporation reached a resolution to dispose "AP Holding", a subsidiary thereof, on March 2, 2020. Upon completion of the share transfer process on March 20, 2020, the Corporation no longer controls AP Holding.

(1) Consideration received

	Amount
Cash	$ 6,946

(2) Analysis of assets and liabilities over which the Company lost control

	Amount
Current assets	
Cash	$ 17,135
Others	1,022
Non-current assets	
Property, plant and equipment	11
Others	21
Current liabilities	
Advance receipts	(6,227)
Others	(1,031)
Net assets disposed of	$ 10,931

(3) Loss on disposal of subsidiaries

	Amount
Consideration received	$ 6,946
Net assets disposed of	(10,931)
Cumulative exchange difference reclassified from equity to profit or loss on the disposal of subsidiaries	(1,554)
Disposal loss	($ 5,539)

(4) Net cash inflow from disposal of subsidiaries

	Amount
Consideration received in cash and cash equivalents	$ 6,946
Less: Balance of cash and cash equivalents disposed of	(17,135)
	($ 10,189)

25. Capital Risk Management

The Corporation has, on the premise of having continuing operations, conducted capital management to balance the liabilities and equity in order to optimize total shareholder return (TSR).

The Corporation's capital structure comprises the Corporation's equity (i.e., dividends, capital surplus, retained earnings and other equity) and short-term loans.

The Corporation is not obliged to abide by other external capital requirements.

The Corporation's management level regularly reviews the capital structure and take potential costs and risks into consideration. Generally, the Corporation adopts a careful and cautious risk management strategy.

26. Financial Instruments

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

The Corporation considers that the carrying amounts of financial instruments that are not measured at fair value recognized in the parent company only financial statements approximate their fair values.

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

A. Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity instrument investment	$ 12,001	$ -	$ 129,988	$ 141,989

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Trust fund beneficiary certificates	$ 180,197	$ -	$ -	$ 180,197
Equity instrument investment	39,984	-	28,032	68,016
	$ 220,181	$ -	$ 28,032	$ 248,213

B. Level 3 Reconciliation- Financial Liabilities at FVTPL.

2021

Financial assets	Measured at FVTPL Equity instrument
Balance at the beginning of the year	$ 28,032
Recognized in profit or loss	101,956
Cash at the end of the year	$129,988
Related to assets at the end of the year and current unrealized profit recognized in profit or loss	$ 101,956

2020

Financial assets	Measured at FVTPL Equity instrument
Balance at the beginning of the year	$ 45,179
Newly added in the year	789
Recognized in profit or loss	15,215
Decrease in the year	(15,775)
Transfer into Level 3	(17,376)
Cash at the end of the year	$ 28,032
Related to assets at the end of the year and current unrealized profit recognized in profit or loss	$ 29,118

C. Level 3 fair value measurements and inputs

Classification of financial instruments	Valuation techniques and inputs
Domestic and foreign unlisted (non-OTC) stocks	1. Adopted the market approach, where the valuation of companies similar to the investee and investee's recent financing activities are used to measure the fair value thereof. 2. Adopted the asset approach, where the total market value of investee's individual assets and individual liabilities are considered when measuring the fair value thereof.
Derivatives	The fair value of option is measured using binomial option pricing model and Black-Scholes-Merton (BSM) model, where unobservable inputs are adopted to calculate the volatility of share price. When the expected volatility increases, the fair value of that derivative will increase as well.

(3) Classification of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
At Fair Value Through Profit or Loss (FVTPL)		
Trust fund beneficiary certificates	$ -	$ 180,197
Equity instrument investment	141,989	68,016
Measured at amortized cost (Note 1)	3,626,089	1,575,322
Financial liabilities		
Measured at amortized cost (Note 2)	781,756	634,439

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, debt instrument investments, accounts receivable (including those from related parties), other receivables excluding tax refund receivable) and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, accounts payable (including those of related parties), other payables (including those of related parties) and guarantee deposit received.

(4) Financial risk management objectives and policies

The Corporation's main financial instruments are equity and debt instrument investments, accounts receivable, other receivables, refundable deposits, accounts payable, other payables, lease liabilities and guarantee deposit received. The Corporation's financial management department provides services to all business units; and organizes, supervises and manages all financial risks related to the Corporation's operations. Such risks include market risks (including currency, interest rate and other price risks), credit risks and liquidity risks.

A. Market risks

The Corporation's operating activities expose it primarily to the financial risks of changes in foreign currency exchange rates (please refer to (1) below), interest rates (please refer to (2) below) and other price volatility (please refer to (3) below).

No change has been made to the Corporation's exposures of financial instrument market risks and its exposure management and measurement approaches.

a. Currency risk

The Corporation is exposed to exchange rate fluctuation due to its engagement in sales and purchase transactions denominated in foreign currencies.

For the Corporation's monetary assets denominated in non-functional currency and carrying values of monetary liabilities recorded at the balance sheet date, please refer to Note 31.

Sensitivity analysis

The Corporation is mainly exposed to the US dollar.

The following table shows the Corporation's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency of the Corporation) against the US dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the reporting date and adjusts their translation for a 5% change at the end of the year. The positive number in the table indicates the decrease in pretax profit associated with the 5% appreciation of the New Taiwan dollar against the US dollar; and, when the New Taiwan Dollar depreciates by 5%, the pretax profit would be affected, resulting a negative number of the same amount.

	Impact of US dollar	
	2021	2020
Loss (i)	$ 34,377	$ 53,819

(a) The above profit or loss is mainly associated with demand deposits, accounts receivable, other receivable, accounts payable and other payables calculated in U.S. dollar, which are outstanding and not being hedged against cash flows risk at balance sheet date.

b. Interest rate risk

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

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
－Financial assets	$ 1,352,763	$ 384,267
－Financial liabilities	91,442	125,522
Cash flow interest rate risk		
－Financial assets	953,802	225,772

Sensitivity analysis

The sensitivity analysis was determined on the basis of the Corporation's exposure to interest rate changes for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of assets and liabilities outstanding during the reporting period had been outstanding for the whole year. Had interest rates been fifty basis points higher and all other variables were held constant, the Corporation's pretax profits would have increased by $4,769 and $1,129 thousand in 2021 and 2020, respectively. Such increase is resulted from the Corporation's variable-rate account.

c. Other price risks

The price risk exposed to the Corporation in 2021 and 2020 through financial assets at FVTPL primarily comes from trust fund beneficiary certificates and equity instrument investment。

Sensitivity Analysis

The following sensitivity analysis is carried out on the equity price on the balance sheet date. Nevertheless, as the beneficiary certificates of funds possessed by the Corporation are money market funds, the price volatility risk thereof is relatively low and is therefore excluded from the sensitivity analysis.

If the equity price increases/decreases by 5%, the Corporation's net profit before tax for 2021 and 2020 will increase/decrease by 7,099 thousand and 3,401 thousand as the financial assets (excluding beneficiary certificates of funds) are measured at fair value through profit and/or loss.

B. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Corporation. As of the end of the reporting period, the Corporation's maximum exposure to credit risk, which will cause a financial loss to the Corporation because of the counterparties' failure to discharge their obligations, could arise from the carrying amount of the financial assets recognized in the parent company only balance sheets.

The Corporation has a policy to have transactions only with reputable counterparties; and, whenever it is necessary, obtain a full guarantee to reduce the risk of financial loss due to arrears. The Corporation uses publicly available financial information and transaction records to rate major customers. The Corporation will continue monitoring the exposure to credit risk and the creditworthiness of the counterparty; and will spread the total trade volume to customers with good credit rating.

The Corporation did not have a significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Besides, as the Corporation continues to evaluate the financial status of accounts receivable customers, credit risks involved in the transactions therewith are very limited. At the end of the reporting period, the Corporation's maximum credit risk amount was almost equal to the carrying amounts of recognized financial assets.

C. Liquidity risk

The Corporation's objectives of managing liquidity risk are to ensure that it has sufficient liquidity to continue operating in the following 12 months. The Corporation has maintained a level of cash and cash equivalents deemed adequate to finance its operations. The Corporation also adopted a series of control measures with respect to change in cash flow, net cash balance and major capital expenditure in order to know its available line of credit and to ensure its compliance with loan contract terms.

For the Corporation, bank borrowing is a significant source of liquidity. With respect to the Corporation's available line of credit, please refer to "(2) Line of credit" as follows.

a. Table of liquidity and interest rate risks

The following tables show the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables included both interest and principal cash flows.

December 31, 2021

	weighted average effective interest rate (%)	On demand or less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative Financial liabilities					
Non-interest bearing current liability	-	$ 765,806	$ 1,950	$ -	$ -
Lease liabilities	1.83	12,527	29,635	51,171	-
		$ 778,333	$ 31,585	$ 51,171	$ -

December 31, 2020

	weighted average effective interest rate (%)	On demand or less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative Financial liabilities					
Non-interest bearing current liability		$ 383,022	$ 166,277	$ -	$ -
Lease liabilities	1.78	4,278	12,002	25,174	-
Fixed interest rate financial instrument	0.72	85,237	-	-	-
		$ 472,537	$ 178,279	$ 25,174	$ -

b. Line of credit

	December 31, 2021	December 31, 2020
Line of		
－Used line of credit	$ -	$ 85,140
－Available line of credit	700,000	714,860
	$ 700,000	$ 800,000

As liquidity risk refers to the risk that a fund does not have enough cash or liquid assets that can be quickly converted into cash to meet its liabilities; and the Corporation's working capital and line of credit are sufficient to continue its operations, the Corporation therefore does not have any liquidity risk.

27. Related-Party Disclosures

Except as disclosed in other notes, details of transactions between the Corporation and other related parties are disclosed below.

(1) Related parties and their relationships with the Corporation

Name of related parties	Relationship with the Corporation
Lyontek	Associate
AP-USA	Subsidiary
Zentel Electronics	Subsidiary
AP Hangzhou	Subsidiary
AP Hong Kong	Sub-subsidiary
Zentel Japan	Sub-subsidiary (became a non-related party since November 30, 2020)

(2) Operating revenue

Name of related parties	2021	2020
AP Hong Kong	$ 1,427,563	228,678
AP Hangzhou	226,795	144,805
Associates	10,196	(5,591)
Zentel Japan	-	349,866
Zentel Electronics	-	56,071
	$ 1,664,554	$ 773,829

The sales transactions between the Corporation and related parties shall be handled according to the price agreed by both parties. The payment terms shall refer to ordinary customers.

(3) Related party purchase (2021: None)

Name of related parties	2020
Zentel Japan	$ 65,467
Zentel Electronics	15,715
	$ 81,182

(4) Accounts receivable from related parties

Name of related parties	December 31, 2021	December 31, 2020
AP Hong Kong	$ 97,700	$ 151,870
AP Hangzhou	10,710	48,604
Associates	1,836	-
	$ 110,246	$ 200,474

(5) Other payables from related parties

Name of related parties	December 31, 2021	December 31, 2020
AP-USA	$ 14,532	$ 15,445
Associates	-	398
	$ 14,532	$ 15,843

(6) R&D and design commission fee

Name of related parties	2021	2020
AP-USA	$ 62,346	$ 65,835
Zentel Japan	-	33,420
	$ 62,346	$ 99,255

As there is no similar case can be referred to, transactions between the Corporation and related parties are dealt according to the payment and trade terms agreed by both parties. The R&D and design commission contracts entered in and between the Corporation and AP-USA and Zentel Japan are paid according to the contractual terms on a quarterly basis.

(9) Endorsement and guarantee

Endorsement or guarantee for others (December 31, 2021: None)

Name of related parties	December 31, 2020
Zentel Electronics	
Guarantee amount	$ 100,000
Actual amount drawn down	$ -
AP Hong Kong	
Guarantee amount	$ 28,480
Actual amount drawn down	$ -

(10) Other related-party transactions

The Corporation provides partial management services to Zentel Electronics. The amount of recognized and charged annual management fee was $24,000 thousand in 2020.

(11) Salaries and bonuses of key management personnel

	2021	2020
Short-term employee benefits	$ 74,554	$ 43,366
Post-employment benefits	432	561
Share-based payment	4,019	1,837
	$ 79,005	$ 45,764

The remuneration of board directors and salaries of other key management personnel are decided by Remuneration and Compensation Committee based on individual performance and market trends.

28. Pledged Assets

The following assets have been provided as tariff guarantees for imported raw materials:

	December 31, 2021	December 31, 2020
Pledged time deposits (recognized as financial assets at amortized cost)	$ 2,763	$ 2,744

29. Liabilities and Unrecognized Contractual Commitments with Significance

Apart from those specified in other notes, the Corporation significant commitments and contingencies on the balance sheet date are as follows:

Significant Commitments

The Corporation has signed a long-term raw material purchase contract with suppliers. The contract period is from October 2021 to December 2023; and the Corporation has set $443,440 as production capacity/purchase guarantee in October 2021. The contracts are also specified with the monthly purchase amount; and the violation terms and conditions. The Corporation has evaluated related contracts and regulations and conclude that these terms and conditions will not result in significant influence on the Corporation's financial status and operations.

30. Foreign Currency Assets and Liabilities with Significance

The following information was aggregated by the foreign currencies other than functional currency of the Corporation and the exchange rates between foreign currencies and respective functional currency were disclosed. The significant financial assets and liabilities denominated in foreign currencies are as follows:

(NT$ for ER; and in Thousand for Other Foreign Currencies/ Carrying Amounts)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 47,010	27.68 (USD : TWD)	$ 1,301,229
Non-monetary items			
Equity instruments at FVTPL	28,462	4.344 (RMB : TWD)	$ 123,638
Equity-method subsidiaries			
USD	1,223	27.68 (USD : TWD)	33,855
RMB	30,552	4.344 (RMB : TWD)	132,720
			$ 290,213
Foreign currency liabilities			
Monetary items			
USD	$ 22,171	27.68 (USD : TWD)	$ 613,699

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 45,796	28.48 (USD : TWD)	$ 1,304,262
Non-monetary items			
Equity instruments at FVTPL	6,262	4.377 (RMB : TWD)	$ 27,243
Equity-method subsidiaries			
USD	1,518	28.48 (USD : TWD)	$ 43,245
RMB	5,683	4.377 (RMB : TWD)	24,873
			$ 95,361
Foreign currency liabilities			
Monetary items			

USD	8,002	28.48 (USD : TWD)	$ 227,883

The exchange rate gains and losses (including realized and non-realized) are summarized as follows:

	2021		2020	
Foreign currency	Exchange rate	Net exchange loss	Exchange rate	Net exchange loss
USD	28.009 (USD : TWD)	($ 17,248)	29.549 (USD : TWD)	($ 43,303)
JPY	0.2554(JPY : TWD)	2,402	0.2769 (JPY : TWD)	(639)
EUR	33.1600 (EUR : TWD)	(3)	33.7100 (EUR : TWD)	(75)
		($ 14,849)		($ 44,017)

31. Additional Disclosures

(1) Information on significant transactions and (2) Information on reinvestments:

A. Financing provided to others: Please refer to Appendix 1.

B. Endorsement and guarantee for others: Please refer to Appendix 2.

C. Marketable securities held at the end of the year (investments in subsidiaries are excluded): Please refer to Appendix 3.

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please refer to the table of Appendix 4.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

I. Information about the derivative financial instrument transaction: None.

J. Information of investees: Please refer to Appendix 5.

(3) Information on investments in Mainland China:

A. 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, ending balance, amount received as dividends from the investee, and the limitation on investees: Please refer to Appendix 6.

B. Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gain or loss:

a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.

b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Note 28.

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

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please refer to the table of Appendix 2.

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

f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Please refer to Note 28.

(4) Information about major shareholders: The name, number of shares and stake held by shareholders with a stake of 5%: Please refer to Appendix 7.

AP Memory Technology Corporation

Financing Provided to Others

For the year ended December 31, 2021

Appendix 1

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

No.	Financing company	Counterparty	Financial statement account	Related party	Maximum balance for the period	Ending balance	Drawn amount	Interest rate collars	Nature of financing	Trading amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Maximum amount permitted to a single borrower (Note 1)	Aggregate financing limit (Note 1)	Remarks
													Item	Value			
0	AP Memory Technology Corporation	Zentel Japan Corp.	Other receivables	No	$ 415,200	$ -	$ -	-	Business contacts (Note 2)	$ -	-	$ -	-	$ -	$ 958,991	$ 1,917,982	

Note 1: For financing with the purpose of business contacts, the aggregate financing limit and maximum amount permitted to a single borrower shall not exceed 40% and 20% of the Corporation's net value, respectively. The said aggregate financing limit is calculated based on the net value as of December 31, 2021.

Note 2: The board of directors has adopted the resolution of providing financing to Zentel Japan Corp. on September 26, 2020; and transferred payables exceeding the agreed payment terms (normal credit period) to other payables. The Corporation already successively received all of these payables before December 31, 2021.

AP Memory Technology Corporation

Endorsement and Guarantee for Others

For the year ended December 31, 2021

Appendix 2

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ guarantee provider	Endorsed/ guaranteed party		Maximum endorsement/ guarantee amount permitted to a single party (Note 3)	Maximum balance for the period	Ending balance	Drawn amount	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements (%)	Aggregate external endorsement/guarantee amount (Note 3)	Endorsement/ guarantee provided by the parent company	Endorsement/ guarantee provided by the subsidiary	Endorsement/ guarantee provided to subsidiaries in mainland China.	Remarks
		Company name	Relationship (Note 2)											
0	AP Memory Technology Corporation	Zentel Electronics Corp.	(2)	$ 1,438,487	$ 100,000	$ -	$ -	$ -	-	$ 2,397,478	Y	N	N	
0	AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	(2)	1,438,487	27,680	-	-	-	-	2,397,478	Y	N	N	
1	Zentel Electronics Corp.	AP Memory Technology (Hangzhou) Limited Co.	(4)	22,735	55,360	-	-	-	-	37,892	N	N	Y	

Note 1: The description of the column is as follows:

(1) Issuer: “0”.

(2) Investees: are numbered starting from “1”.

Note 2: The relationships between the endorser/ guarantor and endorsee/ guarantee can be classified into seven types as follows. Only need to mark the type of it:

(1) A company with which it does business.

(2) A company in which the Corporation directly or indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Corporation.

(4) Companies in which the Corporation holds, directly or indirectly, 90% or more of the voting shares.

(5) Where the Corporation fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other,

Note 3: For the Corporation and its subsidiary Zentel Electronics Corp., the aggregate external endorsement/ guarantee amounts and maximum endorsement/ guarantee amount permitted to a single party shall not exceed 50% and 30% of their net value, respectively.

AP Memory Technology Corporation

Marketable Securities Held at the End of the Year

December 31, 2021

Appendix 3

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

Held company	Type and name of marketable securities	Relationship with the issuer of securities	Account	At the end of the year (period)				Remarks
				Number of shares/ units	Carrying value	Percentage of ownership (%)	Fair value	
AP Memory Technology Corporation	Equity investments in listed (OTC) stocks							
	Powerchip Semiconductor Manufacturing Corp.	–	Current financial assets at fair value through profit or loss-Non-current	168,560	$12,001	0.005%	$12,001	
	Equity investments in unlisted (non-OTC) stocks							
	Haining Changmeng Tachnology Partnership Enterprise (Limited Partnership)	–	Current financial assets at fair value through profit or loss-Non-current	-	123,638	24.64%	123,638	
	GeneASIC Technologies Corporation	–	Current financial assets at fair value through profit or loss-Non-current	500,000	6,350	14.46%	6,350	

Note 1: Please refer to Appendixes 6 and 7 for more information about investments in subsidiaries and Associate.

AP Memory Technology Corporation

Total Purchases from or Sales to Related Parties of at Least NT$100 million or 20% of the Paid-in Capital

For the year ended December 31, 2021

Appendix 4

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Company name	Related party	Nature of relationship	Transaction details				Abnormal transactions (Note 1)		Notes/ accounts payable or receivable		Remarks
			Purchase/ sale	Amount	% to total	Payment terms	Unit price	Payment terms	Balance	% to total	
AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	Sub-subsidiary	Sale	($ 1,427,563)	(21.53%)	OA 30 days	$ -	—	$ 97,700	11.42%	
AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Limited Co.	Subsidiary	Sale	(226,795)	(3.42%)	OA 30 days	-	—	10,710	1.25%	

Note 1: Transactions between the Corporation and AP Memory Technology (Hangzhou) Co., Ltd. and AP Memory Technology (Hong Kong) Co., Ltd. shall be dealt according to the payment and trade terms agreed by both parties.

Note 2: The paid-in capital refers to the paid-in capital of the parent. Where the issuer's shares are denominated or the par value is not NT$10, the paid-in capital shall be calculated as 10% of the parent's equity on the balance sheet and the rule of having 20% of paid-in capital shall be discarded accordingly.

AP Memory Technology Corporation

Information of Investees

For the year ended December 31, 2021

Appendix 5

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Investor	Investee	Location	Main business activities	Original investment amount		Balance at the end of the year			Net income of the investee (Note 2)	Investment profit or loss recognized in the year (Note 2)	Remarks
				At the end of the year	At the end of last year	Number of shares	% of ownership	Carrying amount (Note 1)			
AP Memory Technology Corporation	AP Memory Corp, USA	Suite 251,BG Plaza,3800 S.W. Cedar Hills Blvd, Beaverton OR. 97005, USA	IC research and development services	$ 60,521 (USD 2,000,000)	$ 60,521 (USD 2,000,000)	2,000,000	100%	$ 33,855	($ 10,806) (USD(385,793))	($ 10,806)	Subsidiary
	Zentel Electronics Corp.	10F-1, No. 1, Taiyuan 1st St., Zhubei City, Hsinchu County	IC research, development and sales	306,798	705,798	100,000	100%	75,784	5,631	5,631	Subsidiary
	Lyontek Inc.	No. 17, Industry East 2nd Road, East District, Hsinchu City	IC design and sales	75,060	75,060	3,600,000	30%	87,123	42,061	12,618	Associate
	APware Technology Corp.	Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, Cayman Islands	IC design, development and sales	-	-	-	100%	-	-	-	Subsidiary (Note 3)
AP Memory Technology (Hangzhou) Limited Co.	AP Memory Technology (Hong Kong) Co. Limited	Rm.19C,Lockhart Ctr.,301-307 Lockhart Rd.,Wan Chai, Hong Kong.	Sale of ICs	275 (USD 10,000)	-	10,000	100%	5,377	5,152 (USD 183,947)	5,152	Subsidiary (Note 4)

Note 1: Based on the exchange rate at December 31, 2021.

Note 2: Based on the average exchange rate for the year ended December 31, 2021.

Note 3: To develop into operational deployment planning, the Corporation established the subsidiary “APware Technology Corp.” in October 2021 in Cayman Island. However, the Corporation has not invested in capital therein yet.

Note 4: To develop into operational deployment planning, AP Memory Technology (Hangzhou) Limited Co. established a subsidiary “AP Memory Technology (Hong Kong) Co. Limited” in Hong Kong in October 2019.; and invested capital therein in June 2021.

AP Memory Technology Corporation

Information on investments in Mainland China－AP Memory Technology Corporation

For the year ended December 31, 2021

Appendix 6

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Investee	Main business activities	Paid-in capital (Note 1)	Investment method	Accumulated investment outflow from Taiwan at the beginning of the year	Investment flows		Accumulated investment outflow from Taiwan at the end of the year (Note 1)	Net income of the investee (Note 3)	The Corporation's direct or indirect shareholding	Investment profit or loss recognized in the year (Notes 3 and 5)	Carry amount of the investment at the end of the year (Notes 4 and 5)	Inward investment benefits at the end of the year
					Outflow	Inflow						
AP Memory Technology (Hangzhou) Limited Co.	IC design, development and sale	$ 58,009 (USD 2,000,000)	Note 2	$ 30,344 (USD 1,000,000)	$ 27,665 (USD 1,000,000)	$ -	$ 58,009 (USD 2,000,000)	$ 77,581 (RMB17,871,671)	100%	$ 77,581	$ 132,719	$ -

Accumulated Investment in Mainland China at the end of the year	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$58,009(USD2,000,000)	$58,009(USD2,000,000)	$2,876,973 (Note 6)

Note 1: The calculation is based on the original investment costs.

Note 2: A direct investment to AP Memory Technology (Hangzhou) Limited Co. by AP Memory Technology Corporation.

Note 3: Based on the average exchange rate of 2021.

Note 4: Based on the exchange rate at December 31, 2021.

Note 5: The calculation is based on the parent company's (Taiwan) CPA-certified financial statements prepared for the same fiscal year.

Note 6: The calculation is made based on 60% of the Corporation's net value at December 31, 2021 in accordance with Letter Ching-Shen-Tzu No. 09704604680 issued by the Ministry of Economic Affairs.

AP Memory Technology Corporation

Information on Major Shareholders

December 31, 2021

Appendix 7

Name of major shareholders	Shares	
	No. of shares	Percentage of ownership
Shanyi Investment Co.,Ltd.	26,456,668	17.77%

Note 1: The above table discloses the information on stockholders with over 5% ownership of the Corporation on the last business day as of the end of the reporting period. The percentage of ownership was calculated by the Taiwan Depository & Clearing Corporation (TDCC) based on the number of common stock and preferred stock, including treasury stock, registered by the Corporation through the delivering of non-physical securities to TDCC. The number of issued capital stock recorded in the consolidated financial statements may be different from the actual number of stocks registered by the Corporation through the delivering of non-physical securities to TDCC due to the difference in the calculation basis.

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

§THE CONTENTS OF STATEMENTS OF MAJOR ACCONTING ITEMS§

AP Memory Technology Corporation

Statement of Cash and Cash Equivalents

December 31, 2021

Statement 1

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Item	Summary	Amount
Cash on hand and revolving funds		$ 30
Bank demand deposit		
Demand deposit in TWD		505,104
Demand deposit in other currencies	US$16,210 thousand@27.68	448,698
		953,802
Cash equivalents (investments with original maturities of three months or less)		
Time deposits		1,350,000
		1,350,000
Total		$2,303,832

AP Memory Technology Corporation

Statement of Accounts Receivable

December 31, 2021

Statement 2 (In Thousands of New Taiwan Dollars)

Item	Amount
Accounts receivable from non-related parties	
Customer A	$ 305,500
Customer B	150,157
Customer C	65,990
Customer D	59,134
Customer E	49,043
Customer F	40,695
Others (Note)	71,766
Less: Allowance for bade debts	(1,484)
Net accounts receivable from non-related parties	740,801
Accounts receivable from related parties (Note 28)	110,246
Net accounts receivable	$ 851,047

Note: All balance is maintained below 5% of the account balance.

AP Memory Technology Corporation

Statement of Inventory

December 31, 2021

Statement 3 (In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Raw materials	$ 893,408	$ 994,821
Work-in-process goods	671,147	1,620,161
Finished goods	249,870	566,243
	1,814,425	$ 3,181,225
Less: Allowance for inventory valuation loss	(118,023)	
Total	$ 1,696,402	

AP Memory Technology Corporation

Statement of Changes in Investments Accounted for Using Equity Method

For the year ended December 31, 2021

Statement 4

(In Thousands of New Taiwan Dollars)

Name	Balance at the beginning of the year Increase during the year (less)				Changes in ownership equity (Note 4)	Share of other comprehensive income of subsidiaries accounted for using equity	Exchange differences on translating the financial statements of foreign operations	Cash at the end of the year		Shareholding at the end of the year	Net equity value	Guarantee or pledge	Remarks
	Number of shares (shares)	Amount	Number of shares (shares)	Amount				Number of shares (shares)	Amount				
Measured at equity													
AP Memory Corp, USA	2,000,000	$ 43,245	-	$ -	$ 2,534	($ 10,806)	($ 1,118)	2,000,000	$ 33,855	100%	$ 33,855	None	
Zentel Electronics Corp.	40,000,000	955,794	(39,900,000)	(885,641)	-	5,631	-	100,000	75,784	100%	75,784	None	Note 1
AP Memory Technology (Hangzhou) Limited Co.	-	24,873	-	27,665	2,796	77,581	(196)	-	132,719	100%	132,719	None	Note 2
Lyontek Inc.	3,600,000	79,950	-	(5,400)	-	12,618	-	3,600,000	87,123	30%	266,384	None	Note 3
		$ 1,103,817		($ 863,376)	$ 5,330	$ 85,024	($ 1,314)		$ 329,481		$ 508,742		

Note 1: The decrease comes from the share capital returned by and cash dividends distributed by Zentel Electronics Corp., counting $399,000 thousand and $486,641 thousand, respectively.

Note 2: A direct investment to AP Memory Technology (Hangzhou) Limited Co. by AP Memory Technology Corporation as approved by Investment Commission, MOEA.

Note 3: The decrease for the year comes from cash dividends ($5,400 thousand) distributed by Lyontek Inc.

Note 4: Capital investment generated from employee share options granted to subsidiaries' employees.

AP Memory Technology Corporation

Statement of Refundable Deposits

December 31, 2021

Statement 5 (In Thousands of New Taiwan Dollars)

Nature	Amount
Refundable deposits	
Guarantee of purchase contract	$ 443,400
Lease of machines and equipment	18,000
Property lease(s)	3,209
	$ 464,609

AP Memory Technology Corporation

Statement of Accounts Receivable

December 31, 2021

Statement 6 (In Thousands of New Taiwan Dollars)

Item	Amount
Non-related parties	
Company A	$ 499,841
Company B	34,301
Others (Note)	65,904
Total	$ 600,046

Note : All balance is maintained below 5% of the account balance.

AP Memory Technology Corporation

Statement of Net Revenue

For the year ended December 31, 2021

Statement 7 (In Thousands of New Taiwan Dollars)

Item	Amount
Operating revenue	
IC	$ 6,223,469
Revenue from the rendering of services	250,188
	6,473,657
Sales discount and return	(12,377)
Net operating revenue	$ 6,461,280

AP Memory Technology Corporation

Statement of Operating Costs

For the year ended December 31, 2021

Statement 8 (In Thousands of New Taiwan Dollars)

Item	Amount
Operating costs	
Consumption of raw materials	
Add: Raw materials at the beginning of the year	$ 223,521
Raw materials purchased in the year	3,763,933
Less: Raw materials at the end of the year	(893,408)
Others	(708)
	3,093,338
Manufacturing costs	833,103
Add: Supplies at the beginning of the year	275,758
Others	32,556
Less: Supplies at the end of the year	(671,147)
	3,563,608
Add: Finished products at the beginning of the year	291,922
Purchased in the year	89,568
Less: For R&D	(13,982)
Finished products at the end of the. year	(249,870)
Others	(169,834)
	3,511,412
Add: Loss on disposal and scrap of property, plant and equipment	63,481
Loss on disposal and scrap of inventory	18,461
Operating costs	$ 3,593,354

AP Memory Technology Corporation

Statement of Manufacturing Expense

For the year ended December 31, 2021

Statement 9 (In Thousands of New Taiwan Dollars)

Item	Amount
Commission and processing fees	$ 626,793
Expense from masks and probe cards	122,892
Indirect labor	45,301
Others (Note)	38,117
	$ 833,103

Note : All balance is maintained below 5% of the manufacturing costs.

AP Memory Technology Corporation

Statement of Operating Expense

For the year ended December 31, 2021

Statement 10 (In Thousands of New Taiwan Dollars)

Item	Selling expense	Administrative expense	Research and development expense	Total
Salaries	$ 61,762	$ 107,524	$ 149,907	$ 319,193
Various amortization	424	11,528	2,334	14,286
R&D commission fee	9,825	-	70,120	79,945
Expense from masks and probe cards	-	-	22,080	22,080
Board directors' remuneration	-	12,856	-	12,856
Others (Note)	29,905	34,555	34,032	98,492
	$ 101,916	$ 166,463	$ 278,473	$ 546,852

Note : All balance is maintained below 5% of the Operating expense.

AP Memory Technology Corporation

Summary of Employee Benefits, Depreciation and Amortization Expense by Function

For the years ended December 31, 2021 and 2020

Statement 11 (In Thousands of New Taiwan Dollars)

	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salaries	$ 45,301	$ 319,193	$ 364,494	$ 35,001	$ 175,461	$ 210,462
Labor and national health insurance	2,193	12,824	15,017	2,594	6,726	9,320
Pension	1,086	6,268	7,354	1,685	4,036	5,721
Board directors' remuneration	-	12,856	12,856	-	12,796	12,796
Other employee benefit expense	1,902	11,303	13,205	2,211	5,989	8,200
	$ 50,482	$ 362,444	$ 412,926	$ 41,491	$ 205,008	$ 246,499
Depreciation expense	$ 31,686	$ 11,315	$ 43,001	$ 5,366	$ 8,448	$ 13,814
Amortization expense	$ 153	$ 14,286	$ 14,439	$ 3,162	$ 13,241	$ 16,403

Notes:

1. The number of employees for the year and previous year was 115 and 92 people, respectively. Among them, the number of non-employee board members was 4 and 6 people, respectively.

2. Listed or OTC companies shall disclose the following information:

(1) The average of employee benefit expense of the year is $3,604 thousand ("Employee benefit expense of the year - Board directors' remuneration" / "Number of employees of the year - Non-employee board members").

The average of employee benefit expense of the previous year was $2,717 thousand ("Employee benefit expense of the year - Board directors' remuneration" / "Number of employees of the year - Non-employee board members").

(2) The average of employee salary of the year is $3,284 thousand (Employee salary of the year / "Number of employees of the year - Non-employee board members")

The average of employee salary of the previous year was $2,447 thousand (Employee salary of the year / "Number of employees of the year - Non-employee board members")

(3) Adjustment to the average of employee salary is 34% ("Average of employee salary of the year - The average of employee salary of the previous year" / "Average employee salary costs of the previous year")

(4) No remuneration for supervisors as the supervisors were replaced by members of the Audit Committee this year.

(5) The performance assessment and salary / remuneration of board directors, members of the Audit Committee and managers are usually carried out/ distributed based on the industry's standards as well as individual performance, the Corporation's operating performance and future risks.