Co-Tech Development Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CO-TECH DEVELOPMENT CORPORATION

By

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RAYMOND SOONG
Chairman

February 22, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Co-Tech Development Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the 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 identified in the Group's consolidated financial statements for the year ended December 31, 2021 are as follows:

Occurrence of Revenue

Refer to Note 4 to the accompanying consolidated financial statements for disclosures regarding the accounting policies and detailed information on income.

The Group's revenue mainly comes from the production and sale of copper foil. The contribution of customers' sales is highly affected by the demand of the copper foil industry and the fluctuation of international copper prices. Since sales revenue recognized can have a significant impact on the Group's financial performance, and the main significant risk of the Group is the occurrence of sales revenue. Therefore, we identified the occurrence of revenue as a key audit matter.

In response to the key audit matter on the occurrence of revenue, we performed the following audit procedures:

1. We obtained an understanding and evaluated the appropriateness of the accounting policies on revenue recognition.

2. We obtained an understanding and evaluated the effectiveness of its internal control on revenue recognition to confirm the occurrence of sales.

3. We selected samples and tested sales transactions of the current year and checked the relevant internal and external vouchers to verify the shipments; we checked the sales target and the recipients of the payments and the post-receipt collections for any major abnormalities; we checked the general ledger of sales revenue for any significant debit amount; and we checked the sales returns and allowances ledger for any significant sales returns and discounts to confirm that sales transactions did occur.

Other Matter

We have also audited the parent company only financial statements of Co-Tech Development Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chin-Fu Chang and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

Notice to Readers

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

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,898,149	35	$ 2,591,720	39
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	6,372	-	29,297	-
Notes receivable (Notes 4 and 8)	-	-	74	-
Trade receivables (Notes 4 and 8)	2,038,948	25	1,585,710	24
Other receivables (Note 4)	7,491	-	89,731	1
Current tax assets (Notes 4 and 18)	24,236	-	24,236	-
Inventories (Notes 4 and 9)	770,091	9	478,953	7
Other current assets	74,953	1	46,474	1
Total current assets	5,820,240	70	4,846,195	72
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11 and 23)	2,414,266	29	1,759,354	26
Right-of-use assets (Notes 4 and 12)	3,127	-	4,424	-
Other intangible assets, net (Note 4)	1,511	-	1,948	-
Deferred tax assets (Notes 4 and 18)	79,259	1	74,243	1
Refundable deposits	37,940	-	38,258	1
Other non-current assets	12,722	-	13,400	-
Total non-current assets	2,548,825	30	1,891,627	28
TOTAL	$ 8,369,065	100	$ 6,737,822	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 381,387	5	$ 350,531	5
Short-term bills payable (Note 13)	159,000	2	140,035	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	14	-
Trade payables	665,672	8	334,457	5
Other payables (Note 14)	396,372	5	277,830	4
Current tax liabilities (Notes 4 and 18)	337,126	4	113,202	2
Lease liabilities - current (Notes 4 and 12)	1,927	-	2,050	-
Current portion of long-term borrowings (Notes 13 and 23)	110,600	1	110,600	2
Other current liabilities	30,143	-	22,122	-
Total current liabilities	2,082,227	25	1,350,841	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 23)	55,300	-	165,900	2
Deferred tax liabilities (Notes 4 and 18)	2,529	-	8,839	-
Lease liabilities - non-current (Notes 4 and 12)	1,232	-	2,389	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	58,396	1	53,413	1
Total non-current liabilities	117,457	1	230,541	3
Total liabilities	2,199,684	26	1,581,382	23
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
Ordinary shares	2,525,880	30	2,525,880	37
Capital surplus	1,560,897	19	1,583,629	24
Retained earnings				
Legal reserve	335,777	4	282,039	4
Special reserve	8,302	-	8,279	-
Unappropriated earnings	1,746,769	21	764,915	12
Total retained earnings	2,090,848	25	1,055,233	16
Other equity	(8,244)	-	(8,302)	-
Total equity (Note 16)	6,169,381	74	5,156,440	77
TOTAL	$ 8,369,065	100	$ 6,737,822	100

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Note 4)	$ 8,914,783	100	$ 6,037,386	100
COST OF GOODS SOLD (Notes 9 and 17)	6,735,488	76	5,069,304	84
GROSS PROFIT	2,179,295	24	968,082	16
OPERATING EXPENSES (Note 17)				
Selling and marketing expenses	(121,416)	(1)	(95,473)	(2)
General and administrative expenses	(87,906)	(1)	(67,069)	(1)
Research and development expenses	(62,370)	(1)	(66,687)	(1)
Total operating expenses	(271,692)	(3)	(229,229)	(4)
OPERATING INCOME	1,907,603	21	738,853	12
NON-OPERATING INCOME AND EXPENSES				
Interest income	7,124	-	10,572	-
Other income	8,270	-	8,334	-
Other gains and losses (Note 17)	(12,017)	-	(12,070)	-
Impairment loss recognized on disposal of property, plant and equipment (Notes 4 and 11)	-	-	(62,336)	(1)
Finance costs (Notes 4 and 17)	(6,033)	-	(11,494)	-
Total non-operating income and expenses	(2,656)	-	(66,994)	(1)
PROFIT BEFORE INCOME TAX	1,904,947	21	671,859	11
INCOME TAX EXPENSE (Notes 4 and 18)	(381,709)	(4)	(130,269)	(2)
NET PROFIT FOR THE YEAR	1,523,238	17	541,590	9

(Continued)

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 15)	$ (5,180)	-	$ (4,211)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	58	-	(23)	-
Other comprehensive loss for the year, net of income tax	(5,122)	-	(4,234)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,518,116	17	$ 537,356	9
EARNINGS PER SHARE (Note 19)				
Basic	$6.03		$2.14	
Diluted	$6.02		$2.14	

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent Company						
		Capital Surplus				Other Equity	
			Retained Earnings				
	Issue of Shares Capital Amount	Additional Paid-in Capital from Share Issuance in Excess of Par Value	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2020	$ 2,525,880	$ 1,740,234	$ 242,369	$ 7,992	$ 616,064	$ (8,279)	$ 5,124,260
Appropriation of 2019 earnings							
Legal reserve	-	-	39,670	-	(39,670)	-	-
Special reserve	-	-	-	287	(287)	-	-
Cash dividends distributed by the Company	-	-	-	-	(348,571)	-	(348,571)
Issuance of share dividends from capital surplus	-	(156,605)	-	-	-	-	(156,605)
Net profit for the year ended December 31, 2020	-	-	-	-	541,590	-	541,590
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(4,211)	(23)	(4,234)
BALANCE AT DECEMBER 31, 2020	2,525,880	1,583,629	282,039	8,279	764,915	(8,302)	5,156,440
Appropriation of 2020 earnings							
Legal reserve	-	-	53,738	-	(53,738)	-	-
Special reserve	-	-	-	23	(23)	-	-
Cash dividends distributed by the Company	-	-	-	-	(482,443)	-	(482,443)
Issuance of share dividends from capital surplus	-	(22,732)	-	-	-	-	(22,732)
Net profit for the year ended December 31, 2021	-	-	-	-	1,523,238	-	1,523,238
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(5,180)	58	(5,122)
BALANCE AT DECEMBER 31, 2021	$ 2,525,880	$ 1,560,897	$ 335,777	$ 8,302	$ 1,746,769	$ (8,244)	$ 6,169,381

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,904,947	$ 671,859
Adjustments for:		
Depreciation expense	200,321	241,389
Amortization expense	943	1,062
Net gain on fair value changes of financial assets as at fair value through profit or loss	(6,372)	(29,283)
Finance costs	6,033	11,494
Interest income	(7,124)	(10,572)
Net loss (gain) on disposal of property, plant and equipment	5,325	(28)
Impairment loss recognized on property, plant and equipment	-	62,336
Write-down of inventories (reversal of write-down)	(3,452)	35,238
Net loss on foreign currency exchange	11,696	14,211
Other non-cash items	5,726	4,532
Changes in operating assets and liabilities		
Notes receivable	74	(74)
Trade receivables	(426,765)	(47,328)
Other receivables	82,102	(82,152)
Inventories	(287,686)	(85,914)
Other current assets	(28,479)	(5,561)
Trade payables	329,485	(15,908)
Other payables	48,631	20,404
Other current liabilities	7,994	9,844
Net defined benefit liabilities	(1,492)	(374)
Cash generated from operations	1,841,907	795,175
Interest received	7,261	11,080
Interest paid	(6,134)	(11,918)
Income tax paid	(167,816)	(36,481)
Net cash generated from operating activities	1,675,218	757,856
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(795,072)	(94,345)
Proceeds from disposal of property, plant and equipment	733	666
Increase in refundable deposits	(249)	-
Purchases of intangible assets	(506)	-
Decrease (increase) in other non-current assets	678	(754)
Net cash used in investing activities	(794,416)	(94,433)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	26,134	-
Repayments of short-term borrowings	-	(253,673)
Proceeds from short-term bills payable	17,587	48,659
Repayments of long-term borrowings	(110,600)	(60,540)

(Continued)

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2021	2020
Repayments of the principal portion of lease liabilities	$ (2,377)	$ (2,638)
Cash dividends paid	(505,175)	(505,176)
Net cash used in financing activities	(574,431)	(773,368)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	58	(12)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	306,429	(109,957)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,591,720	2,701,677
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,898,149	$ 2,591,720

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

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

1. GENERAL INFORMATION

Co-Tech Development Corporation (the "Company") was established in May 1998. The Company mainly manufactures and sells standard, low profile and high performance series of copper foil products to supply the printed circuit board industry.

The Company's shares have been traded on the Taipei Exchange (formerly known as Taiwan GreTai Securities Market) since September 2010.

For the purpose of resource integration and operational synergies, the Company merged with Essence Optics Technology Inc. with the Company as the surviving entity, and Essence Optics Technology Inc. was dissolved. The resolution was passed in the board of directors' meeting on February 20, 2020 and the merger took effect on February 24, 2020.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on February 22, 2022.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

See Note 10 and Tables 3 and 4 for detailed information on subsidiaries, including the percentages of ownership and main businesses.

e. Foreign currencies

In preparing the Group’s financial statements, transactions in currencies other than the Group’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.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the 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 not retranslated.

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

f. Inventories

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

g. Property, plant and equipment

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

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

The 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 methods 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.

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

Impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Refer to Note 21 for the determination of fair value of the financial assets.

ii. 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 assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of 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.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group 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 at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 21.

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.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods are recognized as revenue when the goods are delivered to the customer’s specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

l. Leases

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

The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable, the Group re-measure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only 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 such temporary differences 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 assets 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes 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 JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 297	$ 283
Checking accounts and demand deposits	947,852	421,437
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	1,950,000	2,170,000
	$ 2,898,149	$ 2,591,720

The following is the market interest rate range of bank deposits at the end of each reporting period:

	December 31	
	2021	**2020**
Bank deposit	0.001%-0.35%	0.001%-0.41%

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2021	**2020**
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 4,059	$ -
Currency swaps	2,313	29,297
	$ 6,372	$ 29,297
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 14

At the end of the reporting period, outstanding foreign exchange forward contracts and currency swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021			
Sell foreign exchange forward contracts	USD/NTD	2022.1.6-2022.4.27	USD37,300/NTD1,032,778
Currency swaps	USD/NTD	2022.1.7-2022.8.15	USD7,000/NTD195,545
December 31, 2020			
Sell foreign exchange forward contracts	CNY/USD	2021.1.12	CNY818/USD125
Currency swaps	USD/NTD	2021.1.21-2021.8.13	USD30,200/NTD875,656

The Group entered into foreign exchange forward contracts and cross-currency swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative contracts entered into by the Group did not meet the criteria for hedge accounting. Thus, the derivative contracts are classified as financial assets or financial liabilities at FVTPL.

8. NOTES AND TRADE RECEIVABLES, NET

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ -	$ 74
Less: Allowance for impairment loss	-	-
	$ -	$ 74
Trade receivables		
At amortized cost		
Gross carrying amount	$ 2,038,948	$ 1,585,710
Less: Allowance for impairment loss	-	-
	$ 2,038,948	$ 1,585,710

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer’s current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group’s different customer base.

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

December 31, 2021

	Not Past Due	Less Than and Including 60 Days	61 to 90 Days	91 to 120 Days	More Than 121 Days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	$ 2,032,496	$ 6,202	$ -	$ -	$ 250	$ 2,038,948
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 2,032,496	$ 6,202	$ -	$ -	$ 250	$ 2,038,948

December 31, 2020

	Not Past Due	Less Than and Including 60 Days	61 to 90 Days	91 to 120 Days	More Than 121 Days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	$ 1,584,707	$ 830	$ -	$ -	$ 247	$ 1,585,784
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 1,584,707	$ 830	$ -	$ -	$ 247	$ 1,585,784

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ -	$ -
Less: Net remeasurement of loss allowance	-	-
Balance at December 31	$ -	$ -

9. INVENTORIES, NET

	December 31	
	2021	2020
Finished good	$ 414,805	$ 269,590
Work in progress	50,071	38,274
Raw materials	281,975	146,456
Supplies	23,240	24,633
	$ 770,091	$ 478,953

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 6,738,940	$ 5,034,066
Inventory write-downs (reversed)*	(3,452)	35,238
	$ 6,735,488	$ 5,069,304

* Inventory write-downs were reversed as a result of increased selling prices in the copper market.

10. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Nature of Activities	% of Ownership December 31 2021	% of Ownership December 31 2020
The Company	Co-Tech Copper Foil (BVI) Inc.	Investment activities	100	100
The Company	Essence Optics Technology Inc.	Manufacturing and selling of glass products		-
Co-Tech Copper Foil (BVI) Inc.	Co-Tech Copper Foil Shanghai Trade Ltd.	Selling of copper foil products	100	100

For the purpose of resource integration and operational synergies, the Company merged with Essence Optics Technology Inc. with the Company as the surviving entity, and Essence Optics Technology Inc. was dissolved. The resolution was passed in the board of directors' meeting on February 20, 2020 and the merger took effect on February 24, 2020.

b. Subsidiaries excluded from consolidated financial statements: None.

11. PROPERTY, PLANT AND EQUIPMENT, NET

	For the Year Ended December 31, 2020							
	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
January 1, 2020	$ 824,098	$ 1,379,850	$ 5,654,748	$ 43,600	$ 14,104	$ 12,314	$ 58,548	$ 7,987,262
Additions	-	3,014	73,264	445	155	78	8,326	85,282
Disposals	-	-	(13,194)	(1,254)	(1,124)	(766)	-	(16,338)
Effect of foreign currency exchange difference	-	-	-	(12)	(1)	-	-	(13)
Reclassification	-	4,933	48,266	128	-	-	(53,327)	-
December 31, 2020	$ 824,098	$ 1,387,797	$ 5,763,084	$ 42,907	$ 13,134	$ 11,626	$ 13,547	$ 8,056,193
Accumulated depreciation and impairment								
January 1, 2020	$ -	$ 1,020,411	$ 4,924,704	$ 40,090	$ 13,141	$ 8,574	$ -	$ 6,006,920
Impairment losses	-	43,619	18,717	-	-	-	-	62,336
Depreciation expense	-	66,306	170,485	916	609	442	-	238,758
Disposals	-	-	(13,158)	(658)	(1,118)	(766)	-	(15,700)
Effect of foreign currency exchange difference	-	-	-	(6)	(1)	-	-	(7)
Reclassification	-	-	4,532	-	-	-	-	4,532
December 31, 2020	$ -	$ 1,130,336	$ 5,105,280	$ 40,342	$ 12,631	$ 8,250	$ -	$ 6,296,839
December 31, 2020, net	$ 824,098	$ 257,461	$ 657,804	$ 2,565	$ 503	$ 3,376	$ 13,547	$ 1,759,354

	For the Year Ended December 31, 2021							
	Freehold Land	**Buildings**	**Machinery**	**Transportation Equipment**	**Office Equipment**	**Other Equipment**	**Property under Construction**	**Total**
Cost								
January 1, 2021	$ 824,098	$ 1,387,797	$ 5,763,084	$ 42,907	$ 13,134	$ 11,626	$ 13,547	$ 8,056,193
Additions	-	8,787	23,030	-	1,327	63	831,416	864,623
Disposals	-	(9,957)	(65,846)	(180)	(2,365)	-	-	(78,348)
Effect of foreign currency exchange difference	-	-	-	-	1	-	-	1
Reclassification	-	-	13,864	-	231	-	(14,095)	-
December 31, 2021	$ 824,098	$ 1,386,627	$ 5,734,132	$ 42,727	$ 12,328	$ 11,689	$ 830,868	$ 8,842,469
Accumulated depreciation and impairment								
January 1, 2021	$ -	$ 1,130,336	$ 5,105,280	$ 40,342	$ 12,631	$ 8,250	$ -	$ 6,296,839
Depreciation expense	-	43,299	152,875	846	569	338	-	197,927
Disposals	-	(3,899)	(65,846)	(180)	(2,365)	-	-	(72,290)
Effect of foreign currency exchange difference	-	-	-	-	1	-	-	1
Reclassification	-	-	5,726	-	-	-	-	5,726
December 31, 2021	$ -	$ 1,169,736	$ 5,198,035	$ 41,008	$ 10,836	$ 8,588	$ -	$ 6,428,203
December 31, 2021, net	$ 824,098	$ 216,891	$ 536,097	$ 1,719	$ 1,492	$ 3,101	$ 830,868	$ 2,414,266

As the Group considers future operation plans and current capacity needs, for the plant and equipment not aligned with production need, the Group determines the amounts of assets by using the value in use and expects that there is no future cash inflow. Impairment loss was recognized at the amount of $62,336 thousand and was presented under other gains or losses in the consolidated comprehensive income statements, for the year ended December 31, 2020.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	
Main building	14-20 years
Plant construction	4-21 years
Machinery equipment	2-16 years
Transportation equipment	3-6 years
Office equipment	4 years
Other equipment	4-11 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 23.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Buildings	$ 2,872	$ 3,403
Transportation equipment	255	1,021
	$ 3,127	$ 4,424

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 1,090	$ 5,325
Depreciation charge for right-of-use assets		
Buildings	$ 1,629	$ 1,865
Transportation equipment	765	766
	$ 2,394	$ 2,631

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 1,927	$ 2,050
Non-current	$ 1,232	$ 2,389

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.615%	1.615%-1.865%
Transportation equipment	1.615%	1.615%-1.865%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 223	$ 250
Total cash outflow for leases	$ (2,668)	$ (2,932)

The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments	$ 3,200	$ 4,522

13. BORROWINGS

a. Short-term borrowings

	December 31 2021	December 31 2020
Unsecured borrowings		
Letter of credit borrowings	$ 290,225	$ 154,216
Bank loans	91,162	196,315
	$ 381,387	$ 350,531

The range of weighted average effective interest rates on bank loans was 0.52%-0.73% and 0.54%-0.73% per annum on December 31, 2021 and 2020, respectively.

b. Short-term bills payable

	December 31 2021	December 31 2020
Bank acceptances	$ 159,000	$ 140,035

Outstanding short-term bills payable were as follows:

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Collateral	Carrying Amount of Collateral
Bank acceptances					
Bank SinoPac	$ 14,012	$ -	$ 14,012	$ -	$ -
Far Eastern International Bank	97,945	-	97,945	-	-
Mega International Commercial Bank	16,798	-	16,798	-	-
Taipei Fubon Bank	16,875	-	16,875	-	-
Land Bank of Taiwan	13,370	-	13,370	-	-
	$ 159,000	$ -	$ 159,000	$ -	$ -

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Collateral	Carrying Amount of Collateral
Bank acceptances					
Bank SinoPac	$ 41,705	$ -	$ 41,705	$ -	$ -
Far Eastern International Bank	31,229	-	31,229	-	-
Mega International Commercial Bank	26,414	-	26,414	-	-
Taipei Fubon Bank	22,503	-	22,503	-	-
Land Bank of Taiwan	18,184	-	18,184	-	-
	$ 140,035	$ -	$ 140,035	$ -	$ -

c. Long-term borrowings

	Maturity Date	Major Clause	December 31 2021	December 31 2020
Floating rate borrowings				
Bank loans	2023.01.11	From January 11, 2018 to 2023, the line of credit of the bank borrowings from Bank SinoPac, secured by the Company's freehold land and buildings, was $340,000 thousand. The grace period is 2 years. After the grace period expires, payments will be made by installments of 6 months, and the principal amount will be amortized in 6 installments.	$ 165,900	$ 276,500
Less: Current portion			(110,600)	(110,600)
			$ 55,300	$ 165,900
Interest rate			1.615%	1.615%

During the term of loan contract, the Group shall maintain the following financial ratios:

1) Current ratio: The ratio of current assets to current liabilities shall not be less than 100%.

2) Debt ratio: The ratio of total liabilities to (shareholders' equity minus intangible assets) shall not be higher than 200%.

3) Net tangible assets: Shall not be less than $1,700,000 thousand.

The financial ratios are based on the interim and annual consolidated financial statements which have been audited. The Company complies with the financial ratio specifications.

14. OTHER LIABILITIES

	December 31 2021	December 31 2020
Payables for salaries or bonuses	$ 57,614	$ 63,252
Payables for utility	48,242	47,190
Payables for equipment	91,555	22,004
Payables for repair and maintenance	21,028	19,227
Payables for compensation of employees and remuneration of directors	48,845	17,227
Payables for annual leave	11,710	9,970
Others	117,378	98,960
	$ 396,372	$ 277,830

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Also, Co-Tech Copper Foil Shanghai Trade Ltd. contributes the retirement benefit in accordance the provisions of the local government, and the remaining subsidiaries did not have employee retirement plans due to no employees.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 76,733	$ 69,724
Fair value of plan assets	(18,337)	(16,311)
Net defined benefit liabilities	$ 58,396	$ 53,413

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2020	$ 63,867	$ (15,343)	$ 48,524
Current service cost	-	-	-
Net interest expense (income)	639	(162)	477
Recognized in profit or loss	639	(162)	477
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(486)	(486)
Actuarial loss - changes in demographic assumptions	784	-	784

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial loss - changes in financial assumptions	$ 4,797	$ -	$ 4,797
Actuarial loss - experience adjustments	168	-	168
Recognized in other comprehensive loss (gain)	5,749	(486)	5,263
Contributions from the employer	-	(1,658)	(1,658)
Benefits paid	(1,338)	1,338	-
Others	807	-	807
Balance at December 31, 2020	69,724	(16,311)	53,413
Current service cost	-	-	-
Net interest expense (income)	349	(86)	263
Recognized in profit or loss	349	(86)	263
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(185)	(185)
Actuarial loss - changes in demographic assumptions	2607	-	2,607
Actuarial loss - experience adjustments	4,053	-	4,053
Recognized in other comprehensive loss (gain)	6,660	(185)	6,475
Contributions from the employer	-	(1,755)	(1,755)
Balance at December 31, 2021	$ 76,733	$ (18,337)	$ 58,396

(Concluded)

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

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

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

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

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

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	$ (2,546)	$ (2,457)
0.25% decrease	$ 2,658	$ 2,570
Expected rate of salary increase		
0.25% increase	$ 2,567	$ 2,483
0.25% decrease	$ (2,473)	$ (2,388)

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	$ 1,896	$ 1,681
The average duration of the defined benefit obligation	13.4 years	14.3 years

16. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	300,000	300,000
Amount of shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	252,588	252,588
Amount of shares issued	$ 2,525,880	$ 2,525,880

b. Capital surplus

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares and the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition) and donations may be used to offset a deficit. In addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (restricted to a certain percentage of the Company's capital surplus).

Investments accounted for using the equity method, the capital surplus arising from employees' shares and share options may not be used for any purposes.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, unless the accumulated legal reserve is equal to the total capital of the Company, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors refer to compensation of employees and remuneration of directors in Note 17-e.

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. In consideration of the funding needs and the degree of diluted earnings per share, the distribution will be made in the form of share dividends or cash dividends. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 10% of the total dividends.

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

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on August 6, 2021 and June 10, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 53,738	$ 39,670
Special reserve	$ 23	$ 287
Cash dividends	$ 482,443	$ 348,571
Cash dividends per share (NT$)	$ 1.91	$ 1.38

On August 6, 2021 and June 10, 2020, the Company's shareholders also resolved in the shareholders' meeting to issue cash dividends of $22,732 thousand ($0.09 per share) and $156,605 thousand ($0.62 per share) from the capital surplus.

The appropriation of earnings for 2021 was proposed by the Company's board of directors on February 22, 2022. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 151,806
Special reserve	$ (58)
Cash dividends	$ 1,060,870
Cash dividends per share (NT$)	$ 4.2

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on June 21, 2022.

17. PROFIT BEFORE TAX

Net income included the following items:

a. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	$ (9,665)	$ (35,467)
Net gain on fair value changes of financial assets and financial liabilities as at FVTPL	6,372	29,283
Net (loss) gain on disposal of property, plant and equipment	(5,325)	28
Others	(3,399)	(5,914)
	$ (12,017)	$ (12,070)

b. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 6,678	$ 11,450
Interest on lease liabilities	68	44
Total interest expense for financial liabilities not measured at fair value through profit or loss	6,746	11,494
Less: Amount included in the cost of qualifying assets	713	-
	$ 6,033	$ 11,494

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	$ 713	$ -
Capitalization rate	0.6164%	-

c. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Recognized in operating costs	$ 180,578	$ 208,429
Recognized in operating expenses	19,743	32,960
	$ 200,321	$ 241,389
An analysis of amortization by function		
Recognized in operating expenses	$ 943	$ 1,062

d. Employee benefit expenses

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	$ 10,904	$ 10,299
Defined benefit plans (Note 15)	263	477
	11,167	10,776
Other employee benefits	329,269	284,448
	$ 340,436	$ 295,224
Employee benefit expenses summarized by function		
Recognized in operating costs	$ 246,726	$ 235,705
Recognized in operating expenses	93,710	59,519
	$ 340,436	$ 295,224

e. Compensation of employees and remuneration of directors

The Company distributed compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2021 and 2020, which have been approved by the Company's board of directors on February 22, 2022 and January 27, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	1.5%	1.5%
Remuneration of directors	1.0%	1.0%

Amount

	For the Year Ended December 31	
	2021	2020
Compensation of employees	$ 29,307	$ 10,336
Remuneration of directors	$ 19,538	$ 6,891

If there is a change in the proposed amounts after issuance of the annual consolidated financial report, the differences are recognized as a change in accounting estimate and will be adjusted in the following year.

There was no difference between the actual amounts of compensation of employees and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 76,755	$ 104,247
Foreign exchange losses	(86,420)	(139,714)
Net (losses)	$ (9,665)	$ (35,467)

18. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current income tax expense		
In respect of the current year	$ 391,151	$ 149,683
Adjustments for prior year	589	(2,473)
	391,740	147,210
Deferred tax		
In respect of the current year	(10,162)	(16,271)
Adjustments for prior year	(131)	(670)
	(10,031)	(16,941)
Income tax expense recognized in profit or loss	$ 381,709	$ 130,269

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

	For the Year Ended December 31	
	2021	2020
Income before income tax	$ 1,904,947	$ 671,859
Income tax expense calculated at the statutory rate	$ 380,989	$ 134,372
Nondeductible items in determining taxable income (deductible)	308	(960)
Unrecognized deductible temporary differences	-	110
Investment gains of foreign operations	(177)	(456)
Effect of different tax rates of entities in the Group operating in other jurisdictions	(131)	346
Adjustments for prior year's tax	720	(3,143)
Income tax expense recognized in profit or loss	$ 381,709	$ 130,269

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	**2020**
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plans	$ 1,295	$ 1,052

c. Current tax assets and liabilities

	December 31	
	2021	**2020**
Current tax assets		
Tax refund receivable	$ 24,236	$ 24,236
Current tax liabilities		
Income tax payable	$ 337,126	$ 113,202

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 16,704	$ (177)	$ -	$ 16,527
Defined benefit obligations	10,655	(301)	1,295	11,649
Unrealized loss on inventories	8,144	(691)	-	7,453
Unrealized foreign exchange losses	8,348	(4,822)	-	3,526
Valuation losses on financial instruments	3	(3)	-	-
Revenue recognized	7,090	8,886	-	15,976
Unrealized impairment loss of property, plant and equipment	20,263	(4,321)	-	15,942
Provisions	525	4,707		5,232
Others	2,511	443	-	2,954
	$ 74,243	$ 3,721	$ 1,295	$ 79,259

Deferred Tax Liabilities	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Valuation gains on financial instruments	$ 5,860	$ (4,586)	$ -	$ 1,274
Unrealized foreign exchange gains	2,979	(1,724)	-	1,255
	$ 8,839	$ (6,310)	$ -	$ 2,529

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 16,248	$ 456	$ -	$ 16,704
Defined benefit obligations	9,839	(236)	1,052	10,655
Unrealized loss on inventories	1,096	7,048	-	8,144
Unrealized foreign exchange losses	7,788	560	-	8,348
Valuation losses on financial instruments	212	(209)	-	3
Revenue recognized	5,653	1,437	-	7,090
Unrealized impairment loss of property, plant and equipment	9,221	11,042	-	20,263
Provisions	145	380		525
Others	2,380	131	-	2,511
	$ 52,582	$ 20,609	$ 1,052	$ 74,243

Deferred Tax Liabilities	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Valuation gains on financial instruments	$ 2,509	$ 3,351	$ -	$ 5,860
Unrealized foreign exchange gains	2,662	317	-	2,979
	$ 5,171	$ 3,668	$ -	$ 8,839

e. Income tax assessments

The Company’s tax returns through 2018 have been assessed by the tax authorities. The Group agreed with the tax authorities’ assessment of tax returns.

19. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2021	**2020**
Profit for the year attributable to owners of the Company	$ 1,523,238	$ 541,590
Effects of potentially dilutive ordinary shares:		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 1,523,238	$ 541,590

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	252,588	252,588
Effects of potentially dilutive ordinary shares:		
Compensation of employees	394	220
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	252,982	252,808

The Group may settle the bonuses or remuneration paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the bonus or remuneration will 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. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. CAPITAL MANAGEMENT

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

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

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

21. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 6,372	$ -	$ 6,372

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 29,297	$ -	$ 29,297
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 14	$ -	$ 14

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

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial assets at FVTPL - Currency swaps	Discounted cash flow. Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.

b. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 6,372	$ 29,297
Financial assets at amortized costs (1)	4,982,528	4,305,493
Financial liabilities		
FVTPL		
Held for trading	-	14
Amortized cost (2)	1,650,162	1,288,904

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, trade payables, other payables, and long-term loans (including current portion of long-term borrowings).

c. Financial risk management objectives and policies

The Group's major financial instruments include notes receivable and trade receivables, other receivables, refundable deposits, short-term bills payable, trade payables, other payables, and loans. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a foreign exchange forward contracts to manage its exposure to foreign currency risk.

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

a) Foreign currency risk

The Group's had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Notes 7 and 26.

Sensitivity analysis

The Group was mainly exposed to the fluctuation of the U.S. dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening against the relevant currency. For a weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Profit or loss	$ (1,826)	$ (4,968)

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 1,650,000	$ 1,570,000
Financial liabilities	159,000	140,035
Cash flow interest rate risk		
Financial assets	1,285,780	1,059,693
Financial liabilities	547,287	627,031

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $3,692 thousand and $2,163 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets; and the maximum amount the entity would have to pay if the financial guarantee is called upon.

The receivables from major customers amounted to $1,333,056 thousand and $976,231 thousand, which both accounted for more than 40% of total trade receivables as of December 31, 2021 and 2020, respectively.

3) Liquidity risk

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

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

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

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

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 686,511	$ 148,508	$ 227,025	$ -	$ -
Lease liabilities undiscounted	204	408	1,318	1,270	-
Debt instruments	284,591	311,483	55,775	56,193	-
	$ 971,306	$ 460,399	$ 284,118	$ 57,463	$ -

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 1,930	$ 1,270	$ -	$ -	$ -	$ -

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 375,984	$ 109,709	$ 126,594	$ -	$ -
Lease liabilities undiscounted	204	346	1,555	2,417	-
Debt instruments	369,409	176,652	55,775	168,579	-
	$ 745,597	$ 286,707	$ 183,924	$ 170,996	$ -

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 2,105	$ 2,417	$ -	$ -	$ -	$ -

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

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 3,505	$ -	$ -
Outflows	(3,519)	-	-
	$ (14)	$ -	$ -

c) Financing facilities

	December 31	
	2021	2020
Amount unused	$ 4,415,613	$ 3,815,434

22. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries (the Company's related parties), which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 55,019	$ 37,611
Post-employment benefits	1,274	1,194
	$ 56,293	$ 38,805

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

23. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2021	2020
Land	$ 345,346	$ 345,346
Buildings, net	88,704	101,475
	$ 434,050	$ 446,821

24. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2021	2020
USD	$ 24,706	$ 14,089
JPY	303,120	-
NTD	7,318	-

b. Unrecognized commitments for the acquisition of property, plant and equipment were as follows:

	December 31	
	2021	2020
USD	$ 3,527	$ 755
NTD	2,171,878	27,011
JPY	420,378	-
CNY	46,950	-

Unpaid amount were as follow:

	December 31	
	2021	2020
USD	$ 3,107	$ 327
NTD	1,528,375	6,712
JPY	349,098	-
CNY	24,275	-

25. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the global economic situation is still facing high risks and uncertainties. However, the Group's operating revenue was $8,914,783 thousand in 2021, 48% higher than the same period last year; net income was 1,523,238 thousand, 181% higher than the same period last year with EPS of $6.03. The Group's operations were normal, and there was no asset impairment or financing risk due to the epidemic in 2021.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Group's functional currency, and the exchange rates between the respective foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 87,084	27.625 (USD:NTD)	$ 2,405,690
CNY	8,043	4.3459 (CNY:NTD)	34,955
Non-monetary items			
Derivative instruments			
USD	44,300	27.625 (USD:NTD)	6,372
Financial liabilities			
Monetary items			
USD	44,106	27.625 (USD:NTD)	1,218,433

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 56,497	28.045 (USD:NTD)	$ 1,584,452
CNY	1,168	4.3026 (CNY:NTD)	5,026
Non-monetary items			
Derivative instruments			
USD	30,200	28.045 (USD:NTD)	29,297
Financial liabilities			
Monetary items			
USD	29,839	28.045 (USD:NTD)	836,846
Non-monetary items			
Derivative instruments			
CNY	818	4.3026 (CNY:NTD)	14

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

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gain (Loss)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gain (Loss)
USD	27.8325 (USD:NTD)	$ (9,320)	29.3692 (USD:NTD)	$ (35,708)
CNY	4.3304 (CNY:NTD)	(493)	4.2661 (CNY:NTD)	241
JPY	0.2525 (JPY:NTD)	148		-
		$ (9,665)		$ (35,467)

27. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided: None.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investments in subsidiaries): None.

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

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: (Table 1).

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

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

9) Trading in derivative instruments: (Note 7).

10) Intercompany relationships and significant intercompany transactions: (Table 2).

b. Information on investees: (Table 3).

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 4).

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 5).

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

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

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

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6).

28. SEGMENT INFORMATION

The Group has only copper foil segments, information reported to the chief operating decision maker is measured on the same basis as the financial statements. Therefore, the reportable revenue and operating results from January 1, 2021 and 2020 to December 31, 2021 and 2020 can be referred to the consolidated income statement for the period from January 1, 2021 and 2020 to December 31, 2021 and 2020.

a. Geographical information

The Group operates in two principal geographical areas - Taiwan and China.

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Taiwan	$ 833,106	$ 797,957	$ 2,468,786	$ 1,817,332
China	7,135,790	4,397,199	781	52
Korea	550,351	526,475	-	-
Others	345,536	315,755	-	-
	$ 8,914,783	$ 6,037,386	$ 2,469,567	$ 1,817,384

Non-current assets exclude deferred tax assets.

b. Information about major customers

Single customers contributing 10% or more to the Group's revenue for both 2021 and 2020 were as follows:

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Customer A	$ 1,403,344	16	$ 1,263,859	21
Customer B	1,664,168	19	936,073	16

TABLE 1

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Co-Tech Development Corporation	Property, plant and equipment engaging others to build on own land	July 5, 2021	$900,000	$343,430	Rui Ying Construction Co., Ltd.	Non-related party	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Manufacturing and operating purpose	None

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Co-Tech Development Corporation	Co-Tech Copper Foil Shanghai Trade Ltd.	1	Sales revenue Other payables	$ 98,999 35	Settled monthly (90-120 days) According to the agreement	1.11 -

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

a. The parent company is coded “0”.
b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Nature of relationship is as follows:

a. From the parent company to its subsidiary.
b. From a subsidiary to its parent company.
c. Between subsidiaries.

Note 3: The intercompany transactions have been eliminated upon consolidation.

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Co-Tech Development Corporation	CO-TECH COPPER FOIL (BVI) INC.	Virgin Islands	Investment activities	$ 113,683	$ 113,683	3,500	100	$ 7,177	$ 884	$ 884	Subsidiary

Note 1: Refer to Table 4 for information on investments in mainland China.

Note 2: The intercompany transactions have been eliminated upon consolidation.

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Co-Tech Copper Foil Shanghai Trade Ltd.	Selling of copper foil products	Registered and paid-in capital of US$200	Note 1	$ 6,796	$ -	$ -	$ 6,796	$ 903	100	$ 903	$ 5,875	$ -

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 6,796	US$ 200	$3,701,629 (Note 3)

Note 1: Indirect investment in mainland China through CO-TECH COPPER FOIL (BVI) INC.

Note 2: Investment gain (loss) was recognized based on the Company’s audited financial statements.

Note 3: Net assets value x 60% = $6,169,381 x 60% = $3,701,629.

Note 4: The intercompany transactions have been eliminated upon consolidation.

TABLE 5

CO-TECH DEVELOPMENT CORPORATION

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

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Co-Tech Copper Foil Shanghai Trade Ltd.	Sale	$ 98,999	-	Normal	Settled monthly (90-120 days)	No significant difference	$ -	-	$ -

Note: The intercompany transactions have been eliminated upon consolidation.

TABLE 6

CO-TECH DEVELOPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
SONG, GONG-YUAN	13,812,998	5.46

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