ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

ABILITY ENTERPRISE CO., LTD.
DECEMBER 31, 2021 AND 2020 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR21000446

To the Board of Directors and Shareholders of Ability Enterprise Co., Ltd. and subsidiaries

Opinion

We have audited the accompanying consolidated balance sheets of Ability Enterprise Co., Ltd. and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (refer to Other Matter – Scope of the Audit section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the 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 Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of allowance for inventory valuation loss

Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventory. As of December 31, 2021, the balances of the Group's inventory and allowance for inventory valuation loss were NT$1,259,040 thousand and NT$265,770 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of digital camera, optical products and components. Due to rapid changes in technology innovations, short life cycles of electronic products and fluctuations in market prices, there is higher risk of incurring inventory valuation losses or obsolescence. The Group recognises inventories at the lower of cost and net realisable value; for inventories which are separately identified as obsolete and damaged, the Group recognises loss through net realisable value. An allowance for inventory valuation loss mainly arises from inventories aged over a certain period and separately identified obsolete inventory. As the amount of inventory is material, inventory items are numerous, and the net realisable value of obsolete and damaged inventories is subject to management judgement, we considered the assessment of the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- Ascertained whether the policies on allowance for inventory valuation losses are reasonable and consistently applied in all the periods.
- Obtained an understanding of the method used in determining the net realisable value, sampled and tested whether the net realisable values were calculated in accordance with the abovementioned method.
- Discussed with management the estimated net realisable value of separately identified obsolete and damaged inventories, obtained and corroborated against supporting documents and recalculated the allowance provision.

Impairment assessment of property, plant and equipment and investment property

Description

Refer to Notes 4(16) and (18) for accounting policies on property, plant and equipment and investment property, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on property, plant and equipment impairment, and Notes 6(9) and (11) for account details of property, plant and equipment and investment property. As of December 31, 2021, the balance of property, plant and equipment and investment property totaled to NT$3,266,632 thousand.

The property, plant and equipment and investment property primarily consist of land, buildings and structures, constituting 36% of total assets. The domestic property value has been significantly affected by the factors of market supply and demand situation, natural disasters, government policies, economic situation and the uncertainty of property valuation as well as the risk of asset impairment. Thus, we considered the impairment assessment of property, plant and equipment and investment property a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the impairment assessment of property, plant and equipment and investment property:

- Verified external information (or the most recent transaction price for similar property) to identify any potential impairment indicators for property, plant and equipment and investment property.
- Assessed the reasonableness of the recoverable amounts of property, plant and equipment and investment property, and evaluated the impairment assessment based on the most recent transaction price for similar property.

Other matter – Scope of the audit

We did not audit the financial statements of a wholly-owned consolidated subsidiary and investments accounted for under equity method that are included in the financial statements, which statements reflect total assets (including investments accounted for using equity method) of NT$23,686 thousand and NT$64,878 thousand, constituting 0.26% and 0.71% of consolidated total assets as of December 31, 2021 and 2020, respectively, operating revenues of NT$0 and NT$32,962 thousand, constituting 0% and 0.96% of the consolidated total net operating revenue for the years then ended, respectively, and the related share of profit (loss) of associates and joint ventures accounted for under equity method of NT$5,730 thousand and (NT$74,486) thousand, constituting 0.68% and 9.58% of consolidated total comprehensive income (loss) for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein relative to the consolidated subsidiary and investees, is based solely on the audit reports of the other auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion with other matter section on the parent company only financial statements of Ability Enterprise Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 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 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 generally accepted auditing standards 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 financial statements.

As part of an audit in accordance with the generally accepted auditing standards 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 appropriate audit evidence regarding the financial information of the 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 of the current period 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.

Lin, Ya-Hui Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,137,166	24	$ 2,498,472	27
1110	Financial assets at fair value through profit or loss - current	6(2)	16,101	-	16,073	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	413,429	4	279,967	3
1136	Current financial assets at amortised cost	6(4)	65,123	1	218,240	2
1170	Accounts receivable, net	6(5) and 7	813,800	9	529,291	6
130X	Inventory	6(6)	993,270	11	496,549	6
1470	Other current assets	6(7)	154,283	2	129,947	2
11XX	**Total current assets**		4,593,172	51	4,168,539	46
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	793,580	9	650,592	7
1550	Investments accounted for under equity method	6(8)	61,559	1	58,476	1
1600	Property, plant and equipment	6(9) and 8	3,192,847	35	3,248,040	36
1755	Right-of-use assets	6(10)	84,981	1	105,938	1
1760	Investment property - net	6(11)	73,785	1	644,111	7
1780	Intangible assets	6(12)	10,169	-	9,446	-
1840	Deferred income tax assets	6(29)	99,712	1	211,985	2
1900	Other non-current assets		55,392	1	34,056	-
15XX	**Total non-current assets**		4,372,025	49	4,962,644	54
1XXX	**Total assets**		$ 8,965,197	100	$ 9,131,183	100

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ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(14)	$ 266,979	3	$ 1,370,415	15
2170	Accounts payable	7	921,563	10	726,066	8
2200	Other payables	6(15)	814,400	9	765,999	8
2230	Current income tax liabilities		5,739	-	4,469	-
2250	Current provisions	6(18)	55,000	1	72,106	1
2280	Current lease liabilities		13,557	-	17,114	-
2300	Other current liabilities	6(23)	209,411	2	193,130	2
21XX	**Total current liabilities**		2,286,649	25	3,149,299	34
	Non-current liabilities					
2580	Non-current lease liabilities		5,041	-	19,873	-
2600	Other non-current liabilities		56,854	1	65,553	1
25XX	**Total non-current liabilities**		61,895	1	85,426	1
2XXX	**Total liabilities**		2,348,544	26	3,234,725	35
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(19)				
3110	Common stock		2,877,213	32	2,823,628	31
	Capital surplus	6(20)				
3200	Capital surplus		1,339,848	15	1,563,494	18
	Retained earnings	6(21)				
3310	Legal reserve		1,655,947	19	1,655,947	18
3320	Special reserve		654,447	7	654,447	7
3350	Unappropriated retained earnings (Accumulated deficit)		686,297	8	(86,830)	(1)
	Other equity interest	6(22)				
3400	Other equity interest		(898,689)	(10)	(990,343)	(11)
31XX	**Equity attributable to owners of the parent**		6,315,063	71	5,620,343	62
36XX	Non-controlling interest		301,590	3	276,115	3
3XXX	**Total equity**		6,616,653	74	5,896,458	65
3X2X	**Total liabilities and equity**		$ 8,965,197	100	$ 9,131,183	100

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

	Items	Notes	Year ended December 31 2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
4000	Sales revenue	6(23) and 7	$ 3,575,369	100	$ 3,442,017	100
5000	Operating costs	6(6)(28) and 7	(2,699,501)	(75)	(2,855,114)	(83)
5950	Net operating margin		875,868	25	586,903	17
	Operating expenses	6(28)				
6100	Selling expenses		(103,749)	(3)	(113,390)	(3)
6200	General and administrative expenses		(465,593)	(13)	(452,466)	(13)
6300	Research and development expenses		(633,633)	(18)	(637,095)	(19)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(4,251)	-	(250)	-
6000	Total operating expenses		(1,207,226)	(34)	(1,203,201)	(35)
6900	Operating loss		(331,358)	(9)	(616,298)	(18)
	Non-operating income and expenses					
7100	Interest income	6(24)	9,550	-	25,616	1
7010	Other income	6(25)	64,725	2	66,353	2
7020	Other gains and losses	6(26)	1,182,378	33	72,930	2
7050	Finance costs	6(27)	(9,871)	-	(12,810)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	6,585	-	3,426	-
7000	Total non-operating income and expenses		1,253,367	35	155,515	5
7900	**Profit (loss) before income tax**		922,009	26	(460,783)	(13)
7950	Income tax (expense) benefit	6(29)	(201,497)	(6)	15,881	-
8200	**Profit (loss) for the year**		$ 720,512	20	($ 444,902)	(13)

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

	Items	Notes	2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
	Other comprehensive income (loss)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plans		$ 3,178	-	$ 9,101	-
8316	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	6(3)	206,858	6	(232,884)	(7)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(636)	-	(1,820)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		209,400	6	(225,603)	(7)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(83,376)	(2)	(107,029)	(3)
8360	Other comprehensive loss that will be reclassified to profit or loss		(83,376)	(2)	(107,029)	(3)
8300	**Other comprehensive income (loss) for the year**		$ 126,024	4	($ 332,632)	(10)
8500	**Total comprehensive income (loss) for the year**		$ 846,536	24	($ 777,534)	(23)
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 684,119	19	($ 459,802)	(13)
8620	Non-controlling interest		36,393	1	14,900	-
			$ 720,512	20	($ 444,902)	(13)
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 821,061	23	($ 788,146)	(23)
8720	Non-controlling interest		25,475	1	10,612	-
			$ 846,536	24	($ 777,534)	(23)
	Earnings (loss) per share	6(30)				
9750	Basic earnings (loss) per share		$ 2.42		($ 1.63)	
9850	Diluted earnings (loss) per share		$ 2.40		($ 1.63)	

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
				Retained Earnings						
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
Year ended December 31, 2020										
Balance at January 1, 2020		$2,823,628	$1,563,494	$1,655,947	$ 426,178	$ 678,398	($ 654,447)	$6,493,198	$ 265,503	$6,758,701
Loss for 2020		-	-	-	-	(459,802)	-	(459,802)	14,900	(444,902)
Other comprehensive income (loss) for 2020		-	-	-	-	7,552	(335,896)	(328,344)	(4,288)	(332,632)
Total comprehensive income (loss)		-	-	-	-	(452,250)	(335,896)	(788,146)	10,612	(777,534)
Appropriations of 2019 earnings	6(21)									
Special reserve		-	-	-	228,269	(228,269)	-	-	-	-
Cash dividends		-	-	-	-	(84,709)	-	(84,709)	-	(84,709)
Balance at December 31, 2020		$2,823,628	$1,563,494	$1,655,947	$ 654,447	($ 86,830)	($ 990,343)	$5,620,343	$ 276,115	$5,896,458
Year ended December 31, 2021										
Balance at January 1, 2021		$2,823,628	$1,563,494	$1,655,947	$ 654,447	($ 86,830)	($ 990,343)	$5,620,343	$ 276,115	$5,896,458
Profit for 2021		-	-	-	-	684,119	-	684,119	36,393	720,512
Other comprehensive income (loss) for 2021		-	-	-	-	2,178	134,764	136,942	(10,918)	126,024
Total comprehensive income (loss)		-	-	-	-	686,297	134,764	821,061	25,475	846,536
Appropriation of 2020 earnings	6(21)									
Cash dividends		-	(141,181)	-	-	-	-	(141,181)	-	(141,181)
Capital surplus used to offset accumulated deficit	6(20)	-	(86,830)	-	-	86,830	-	-	-	-
Compensation cost of share-based payment	6(17)	-	199	-	-	-	14,641	14,840	-	14,840
Issuance of employee restricted shares	6(17)	53,585	4,166	-	-	-	(57,751)	-	-	-
Balance at December 31, 2021		$2,877,213	$1,339,848	$1,655,947	$ 654,447	$ 686,297	($ 898,689)	$6,315,063	$ 301,590	$6,616,653

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 922,009	($ 460,783)
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(28)	208,983	238,281
Amortisation	6(28)	6,068	8,619
Expected credit loss	12(2)	4,251	250
Net gain on financial assets or liabilities at fair value through profit or loss		(28)	(66)
Compensation cost of share-based payment	6(17)	14,840	-
Interest expense	6(27)	9,871	12,810
Interest income	6(24)	(9,550)	(25,616)
Dividend income	6(25)	(29,018)	(27,170)
Share of profit or loss of associates and joint ventures accounted for under equity method	6(8)	(6,585)	(3,426)
Gain on disposal of property, plant, and equipment	6(26)	(10,065)	(4,339)
Impairment loss	6(13)(26)	-	70,456
Gain on disposal of non-current assets held for sale	6(26)	(1,137,067)	-
Gain on lease modification	6(10)	(37)	(8)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Accounts receivable, net		(284,703)	98,723
Inventories		(511,004)	85,168
Other current assets		(25,897)	113,632
Net changes in liabilities relating to operating activities			
Accounts payable		212,351	(168,992)
Other payables		68,532	(12,000)
Other current liabilities		(624)	(195,155)
Other non-current liabilities		(2,280)	(7,406)
Cash outflow generated from operations		(569,953)	(277,022)
Interest received		9,550	25,616
Dividends received		32,318	28,129
Interest paid		(9,871)	(12,810)
Income tax paid		(87,629)	(32,672)
Net cash flows used in operating activities		(625,585)	(268,759)

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ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	6(3)	($ 123,182)	$ -
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		31,105	9,095
Acquisition of investments accounted for under the equity method		-	(36,671)
Proceeds from disposal of financial assets at amortised cost		153,117	104,072
Proceeds from disposal of non-current assets held for sale		1,702,465	-
Acquisition of property, plant and equipment	6(9)	(140,677)	(181,248)
Proceeds from disposal of property, plant and equipment		18,990	25,320
Acquisition of intangible assets	6(12)	(6,791)	(6,323)
Increase in other non-current assets		(21,336)	(750)
Net cash flows from (used in) investing activities		1,613,691	(86,505)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans		(1,103,436)	280,415
Payments of lease liabilities		(14,444)	(20,120)
Payment of cash dividends	6(21)	(141,181)	(84,709)
(Decrease) increase in other non-current liabilities		(3,241)	28
Net cash flows (used in) from financing activities		(1,262,302)	175,614
Net effect of changes in foreign currency exchange rates		(87,110)	(131,351)
Net decrease in cash and cash equivalents		(361,306)	(311,001)
Cash and cash equivalents at beginning of year		2,498,472	2,809,473
Cash and cash equivalents at end of year		$ 2,137,166	$ 2,498,472

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Ability Enterprise Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") merged with Viewquest Technologies Inc. on January 1, 2003. On August 28, 2007, the Board of Directors agreed to set September 1, 2007 as the record date for the acquisition of the Office Automation Business Group by the Company's subsidiary, Ability International Investment Co., Ltd., through the issuance of new shares. The Company disposed its ownership in Ability International Investment Co., Ltd. promptly after the acquisition. The Company is mainly engaged in the manufacturing, purchases and sales of digital cameras, optical product components and film/video accessories.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments as endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments as endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – 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
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value though other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss.

All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
The Company	ABILITY ENTERPRISE (BVI) CO., LTD. (ABILITY (BVI))	Holding company	100.00	100.00	
The Company	VIEWQUEST TECHNOLOGIES INTERNATIONAL INC. (VQ (US))	Sales of computer accessories, photography equipment and electronic components	100.00	100.00	
The Company	VIEWQUEST TECHNOLOGIES (BVI) INC. (VQ (BVI))	Holding company	100.00	100.00	
The Company	ABILITY INTERNATIONAL INVESTMENT CO., LTD. (ABILITY INTERNATIONAL INVESTMENT)	Investments	100.00	100.00	
The Company	ANDRO VIDEO INC.	Development, manufacturing and trading of digital surveillance	100.00	100.00	
The Company	E-PIN OPTICAL INDUSTRY CO., LTD. (E-PIN)	Sales of optical products and electronic components	54.61	54.61	
ABILITY (BVI)	ABILITY TECHNOLOGY (DONGGUAN) CO., LTD. (ABILITY (DONGGUAN))	Sales of digital still cameras	100.00	100.00	
ABILITY (BVI)	JIUJIANG VIEWQUEST ELECTRONICS INC. (JIUJIANG VIEWQUEST)	Sales of digital still cameras	-	-	Note 1
VQ (BVI)	VIEWQUEST TECHNOLOGIES (DONGGUAN) CO., LTD. (VIEWQUEST TECHNOLOGIES)	Sales of digital still cameras	-	-	Note 3
ABILITY (BVI)	VIEWQUEST TECHNOLOGIES (DONGGUAN) CO., LTD. (VIEWQUEST TECHNOLOGIES)	Sales of digital still cameras	100.00	100.00	Note 3
E-PIN	E-PIN OPTICAL INDUSTRY (M.) SDN. BHD. (E-PIN (M.))	Manufacturing of precision lens	100.00	100.00	
E-PIN	ALL VISION TECHNOLOGY SDN. BHD. (AVT)	Manufacturing of precision lens	100.00	100.00	
E-PIN	E-PIN OPTICAL INDUSTRY CO., LTD. (E-PIN)	Trading	-	-	Note 2
E-PIN	ALL VISION HOLDING LTD. (ALL VISION)	Holding company	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2021	Ownership (%) December 31, 2020	Description
E-PIN	JIAPIN INVESTMENT CO., LTD. (JIAPIN INVESTMENT)	Investments	100.00	100.00	
JIAPIN INVESTMENT	CHIA PING LIMTED (CHIA PING)	Holding company	100.00	100.00	
CHIA PING LIMTED	CHIA PING (SHENZHEN) OPTICAL TECHNOLOGY CO., LTD.	Trading of optical lens and components	100.00	100.00	
ALL VISION	EVERLIGHT DEVELOPMENT CORPORATION (EVERLIGHT)	Holding company	100.00	100.00	
ALL VISION	E-SKY HOLDING LTD. (E-SKY)	Holding company	100.00	73.04	Note 4
EVERLIGHT	NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD. (NANJING EVERLIGHT)	Development and manufacturing of various types of precision lens	55.45	55.45	
E-SKY	ZHONGSHAN SHANXIN ACCURATE INDUSTRY CO., LTD. (ZHONGSHAN SHANXIN)	Development and manufacturing of various types of precision lens	100.00	100.00	
E-SKY	NANJING E-PIN OPTICAL CO., LTD. (NANJING E-PIN)	Development and manufacturing of various types of precision lens	72.22	72.22	

Note 1: The liquidation of JIUJIANG VIEWQUEST ELECTRONICS INC. was completed on October 16, 2020. Proceeds from liquidation has been collected.

Note 2: The liquidation of E-PIN was completed on July 7, 2020.

Note 3: To enhance the operation efficiency, on December 20, 2019, the Board of Directors of the Group resolved to acquire 100% shares of VIEWQUEST TECHNOLOGIES from VQ (BVI) through ABILITY(BVI) and conduct the consolidation of VIEWQUEST TECHNOLOGIES and ABILITY (DONGGUAN)). The aforementioned share transfer of VIEWQUEST TECHNOLOGIES was registered on December 10, 2020.

Note 4: In order to strengthen the adjustment of organisation structure, on December 17, 2020, the Board of Directors approved to repurchase minor share equity of 26.96%. Aforementioned transfer of share equity had been reported to the Board of Directors on October 22, 2021 and the registration had been completed.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2021 and 2020, the non-controlling interest amounted to $301,590 and $276,115, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2021		December 31, 2020	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
E-PIN OPTICAL INDUSTRY (M.) SDN. BHD. (E-PIN (M.))	Taiwan	$ 301,590	45.39%	$ 276,115	45.39%

Balance Sheets

	E-PIN OPTICAL INDUSTRY (M.) SDN. BHD. (E-PIN (M.))	
	December 31, 2021	December 31, 2020
Current assets	$ 701,889	$ 549,445
Non-current assets	302,104	287,462
Current liabilities	(542,132)	(391,614)
Non-current liabilities	(5,831)	(17,481)
Total net assets	$ 456,030	$ 427,812

Consolidated Income Statement

	E-PIN OPTICAL INDUSTRY (M.) SDN. BHD. (E-PIN (M.))	
	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	$ 1,072,524	$ 875,255
Profit before income tax	62,269	19,363
Income tax expense	(21,655)	(14,152)
Profit for the year	40,614	5,211
Total comprehensive income for the year	$ 37,105	$ 6,088
Comprehensive income attributable to non-controlling interest	$ 25,475	$ 10,612

Statement of Cash Flows

	E-PIN OPTICAL INDUSTRY (M.) SDN. BHD. (E-PIN (M.))	
	Year ended December 31, 2021	Year ended December 31, 2020
Net cash provided by operating activities	$ 14,124	$ 53,415
Net cash used in investing activities	(104,284)	(121,136)
Net cash provided by financing activities	110,795	47,147
Effect of exchange rates on cash and cash equivalents	(3,509)	877
Increase (decrease) in cash and cash equivalents	17,126	(19,697)
Cash and cash equivalents, beginning of year	172,959	192,656
Cash and cash equivalents, end of year	$ 190,085	$ 172,959

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10	~	50 years
Machinery and equipment	1	~	20 years
Mold equipment	1	~	2 years
Other equipment	1	~	20 years

(17) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.
   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 30 years.

(19) Intangible assets

A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.
B. Goodwill arises in a business combination accounted for by applying the acquisition method.
C. Other intangible assets are mainly customer relationships and technology and amortised using the straight-line method over 0.5~7 years.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
B. The recoverable amounts of goodwill with an indefinite useful life. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(24) Provisions

Warranty provision is recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees do not need to pay to acquire those stocks, if the Group will pay the employees who resign during the vesting period to repurchase the stocks, the Group estimates such payments that will be made and recognises such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales of goods

The Group manufactures and sells digital cameras and optical products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Sales of services

The Group provides product research and development services. Revenue from delivering services is recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed. If the outcome of a service contract cannot be estimated reliably, contract revenue is recognised only to the extent that contract costs incurred are likely to be recoverable.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

As of December 31, 2021, the Group recognised property, plant and equipment, net of impairment loss. Please refer to Notes 6(9) and 6(11).

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2021, the carrying amount of inventories is described in Note 6(6).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	$ 3,251	$ 2,520
Checking accounts and demand deposits	2,133,915	2,495,952
	$ 2,137,166	$ 2,498,472

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 16,000	$ 16,000
Valuation adjustment	101	73
	$ 16,101	$ 16,073

The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2021	December 31, 2020
Current items:		
Equity instruments		
Listed stocks	$ 760,872	$ 782,863
Valuation adjustment	(347,443)	(502,896)
	$ 413,429	$ 279,967
Non-current items:		
Equity instruments		
Listed stocks	$ 636,816	$ 636,816
Unlisted stocks	321,038	229,455
	957,854	866,271
Valuation adjustment	(164,274)	(215,679)
	$ 793,580	$ 650,592

A. The Group has elected to classify equity investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,207,009 and $930,559 as at December 31, 2021 and 2020, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 206,858	($ 232,884)

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $1,207,009 and $930,559, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. In May 2021, the Group invested in the Singaporean company, ATTONICS SYSTEMS PTE. LTD. As of December 31, 2021, the investment amounted to US$2,120 thousand, approximately NT$58,682 thousand, for a shareholding ratio of 13.8%.

F. On March 29, 2021, the Board of Directors of the Group resolved to invest in ABICO ASIA EXCELSIOR PARTNERS L.P. with a limit of NT$150 million. As of December 31, 2021, the investment amount was $49,500 with a shareholding ratio of 5.92%.

G. On August 13, 2019, the Board of Directors of the Group resolved to invest in IH Biomedical Venture Fund I Co., Ltd. in the amount of $30 million. In July 2021, the Group invested $15,000 according to the joint ventures agreement. As of December 31, 2021, the investment amounted to $30 thousand, and the shareholding ratio was 4.848%.

(4) Financial assets at amortised cost - current

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits with initial maturity over three months	$ 65,123	$ 218,240

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest income	$ 2,366	$ 6,001

B. The Group has no financial assets at amortised cost - current pledged to others as collateral.

C. Information relating to credit risk of financial assets at amortised cost - current is provided in Note 12(2).

(5) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable	$ 802,478	$ 689,987
Less: Allowance for bad debts	(8,108)	(165,199)
Accounts receivable, related parties	19,430	4,503
Accounts receivable, net	$ 813,800	$ 529,291

	December 31, 2021	December 31, 2020
Not past due	$ 797,542	$ 503,394
1 to 90 days	23,715	26,638
91 to 180 days	48	1,953
Over 180 days	603	162,505
	$ 821,908	$ 694,490

The above ageing analysis was based on past due date.

A. As of December 31, 2021 and 2020, accounts receivable were all from contracts with customers. As of January 1, 2020, the balance of accounts receivable from contracts with customers amounted to $785,880.

B. The Group has no accounts receivable pledged to others.

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was $813,800 and $529,291, respectively.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 70,973	($ 2,519)	$ 68,454
Finished goods	240,034	(47,421)	192,613
Work in process	145,264	(13,824)	131,440
Raw materials	758,475	(202,006)	556,469
Inventory in transit	44,294	-	44,294
	$ 1,259,040	($ 265,770)	$ 993,270

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 136,483	($ 50,356)	$ 86,127
Finished goods	191,622	(69,241)	122,381
Work in process	64,521	(14,012)	50,509
Raw materials	551,745	(323,561)	228,184
Inventory in transit	9,348	-	9,348
	$ 953,719	($ 457,170)	$ 496,549

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2021	2020
Cost of goods sold	$ 2,790,827	$ 2,607,399
(Gain on reversal) loss on decline in market value	(148,517)	195,884
Loss on scrapping inventory	39,083	24,553
Other operating costs	18,108	27,278
	$ 2,699,501	$ 2,855,114

(7) Other current assets

	December 31, 2021	December 31, 2020
Advance payment	$ 32,861	$ 41,153
Other receivables	62,900	38,371
Others	58,522	50,423
	$ 154,283	$ 129,947

(8) Investments accounted for using equity method

Associates	December 31, 2021	December 31, 2020
Altasec Technology Corporation (Altasec Technology)	$ 23,686	$ 21,255
BESTMOMENT HOLDINGS PTE.LTD.	37,873	37,221
Ever Pine International Ltd. (BVI) (EVER PINE)	-	-
	$ 61,559	$ 58,476

A. The above investment was accounted for using equity method as of December 31, 2021 and 2020 based on the investee's financial statements audited by other independent auditors.

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below: As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to $61,559 and $58,476, respectively.

	For the year ended December 31, 2021	For the year ended December 31, 2020
Total comprehensive income	$ 22,519	$ 10,805

C. The Group's share in profit recognised under the equity method for the years ended December 31, 2021 and 2020 was $6,585 and $3,426, respectively.

D. The Group established BESTMOMENT HOLDINGS PTE. LTD. in Singapore jointly with Thundercomm HongKong Corporation Limited as resolved by the Board of Directors on August 13, 2019. As of December 31, 2020, the investment amount was SGD 1,723,110 equivalent to $36,671 for a shareholding ratio of 25%.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery	Mold equipment	Other equipment and Construction in progress	Total
January 1, 2021						
Cost	$ 1,304,043	$ 2,317,287	$ 1,659,540	$ 971,003	$ 529,341	$ 6,781,214
Accumulated depreciation and impairment	-	(723,964)	(1,412,067)	(959,943)	(437,200)	(3,533,174)
	$ 1,304,043	$ 1,593,323	$ 247,473	$ 11,060	$ 92,141	$ 3,248,040
2021						
Opening net book amount	$ 1,304,043	$ 1,593,323	$ 247,473	$ 11,060	$ 92,141	$ 3,248,040
Additions	-	222	88,788	44,133	7,534	140,677
Disposals	-	(502)	(6,820)	-	(1,603)	(8,925)
Depreciation	-	(74,409)	(59,215)	(31,285)	(22,468)	(187,377)
Net exchange differences	-	(3,327)	3,834	-	(75)	432
Closing net book amount	$ 1,304,043	$ 1,515,307	$ 274,060	$ 23,908	$ 75,529	$ 3,192,847
At December 31, 2020						
Cost	$ 1,304,043	$ 2,311,088	$ 1,529,898	$ 992,997	$ 363,446	$ 6,501,472
Accumulated depreciation and impairment	-	(795,781)	(1,255,838)	(969,089)	(287,917)	(3,308,625)
	$ 1,304,043	$ 1,515,307	$ 274,060	$ 23,908	$ 75,529	$ 3,192,847

	Land	Buildings and structures	Machinery	Mold equipment	Other equipment and Construction in progress	Total
January 1, 2020						
Cost	$ 1,304,043	$ 2,332,237	$ 1,838,610	$ 948,182	$ 582,750	$ 7,005,822
Accumulated depreciation and impairment	-	(676,465)	(1,618,415)	(936,684)	(491,651)	(3,723,215)
	$ 1,304,043	$ 1,655,772	$ 220,195	$ 11,498	$ 91,099	$ 3,282,607
2020						
Opening net book amount	$ 1,304,043	$ 1,655,772	$ 220,195	$ 11,498	$ 91,099	$ 3,282,607
Additions	-	4,365	109,719	44,265	22,899	181,248
Reclassification	-	(2,827)	-	-	-	(2,827)
Disposals	-	(34)	(20,730)	-	(217)	(20,981)
Depreciation	-	(73,316)	(63,549)	(44,703)	(21,815)	(203,383)
Net exchange differences	-	9,363	1,838	-	175	11,376
Closing net book amount	$ 1,304,043	$ 1,593,323	$ 247,473	$ 11,060	$ 92,141	$ 3,248,040
At December 31, 2019						
Cost	$ 1,304,043	$ 2,317,287	$ 1,659,540	$ 971,003	$ 529,341	$ 6,781,214
Accumulated depreciation and impairment	-	(723,964)	(1,412,067)	(959,943)	(437,200)	(3,533,174)
	$ 1,304,043	$ 1,593,323	$ 247,473	$ 11,060	$ 92,141	$ 3,248,040

A. The significant components of buildings and structures include main plants and buildings and mechanical equipment, which are depreciated over 50 and 20 years, respectively.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements－lessee

A. The Group leases various assets including land, plant, office buildings, multifunction printers and exchange telephone system. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021		December 31, 2020	
	Carrying amount		Carrying amount	
Land	$	66,682	$	69,191
Buildings		16,725		33,546
Transportation equipment		1,401		2,801
Office equipment		173		400
	$	84,981	$	105,938

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Depreciation charge		Depreciation charge	
Land	$	2,137	$	2,076
Buildings		12,913		17,701
Transportation equipment		1,401		1,401
Office equipment		227		1,132
	$	16,678	$	22,310

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $0 and $47,192, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
Items affecting profit or loss				
Interest expense on lease liabilities	$	518	$	593
Expense on short-term lease contracts		1,626		2,740
Expense on leases of low-value assets		204		426
Gains arising from lease modifications		37		8

E. For the years ended December 31, 2021 and 2020, the Group’s total cash outflow for leases were $16,792 and $23,879, respectively.

F. Information about the right-of-use assets that were pledged to others as collateral is provided in Note 8.

(11) Investment property

	Land	Buildings and structures	Total
At January 1, 2021			
Cost	$ 272,430	$ 584,920	$ 857,350
Accumulated depreciation and impairment	-	(213,239)	(213,239)
	$ 272,430	$ 371,681	$ 644,111
2021			
Opening net book amount	$ 272,430	$ 371,681	$ 644,111
Reclassification	(257,173)	(308,225)	(565,398)
Depreciation	-	(4,928)	(4,928)
Closing net book amount	$ 15,257	$ 58,528	$ 73,785
At December 31, 2021			
Cost	$ 15,257	$ 63,867	$ 79,124
Accumulated depreciation and impairment	-	(5,339)	(5,339)
	$ 15,257	$ 58,528	$ 73,785

	Land	Buildings and structures	Total
At January 1, 2020			
Cost	$ 272,430	$ 584,920	$ 857,350
Accumulated depreciation and impairment	-	(200,651)	(200,651)
	$ 272,430	$ 384,269	$ 656,699
2020			
Opening net book amount	$ 272,430	$ 384,269	$ 656,699
Depreciation	-	(12,588)	(12,588)
Closing net book amount	$ 272,430	$ 371,681	$ 644,111
At December 31, 2020			
Cost	$ 272,430	$ 584,920	$ 857,350
Accumulated depreciation and impairment	-	(213,239)	(213,239)
	$ 272,430	$ 371,681	$ 644,111

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Rental income from the lease of the investment property	$ 22,165	$ 38,085
Direct operating expenses arising from the investment property that generated rental income during the year	$ 4,927	$ 12,588

B. The fair value of the investment property held by the Group as at December 31, 2021 and 2020 was $117,598 and $1,749,226, respectively, which was based on the valuations of the market prices of property sold in similar districts.

C. For a future strategic investment and in line with the Group's manufacturing strategy, on February 23, 2021, the Board of Directors approved to dispose the investment property in Nankang Software Park. In March 2021, the Group entered into a Real Estate Letter of Intent with potential buyers, and transferred related assets into non-current assets held for sale. In June 2021, the disposal procedure had been completed, and the Group recognised gain on disposal of non-current assets held for sale of $1,137,067 which was accounted as other gains and losses. The proceeds from the disposal had been fully collected.

(12) Intangible assets

	Software	Goodwill	Others	Total
At January 1, 2021				
Cost	$ 78,984	$ 115,084	$ 37,600	$ 231,668
Accumulated amortisation and impairment	(69,538)	(115,084)	(37,600)	(222,222)
	$ 9,446	$ -	$ -	$ 9,446
2021				
Opening net book amount	$ 9,446	$ -	$ -	$ 9,446
Additions－acquired separately	6,791	-	-	6,791
Amortisation charge	(6,068)	-	-	(6,068)
Closing net book amount	$ 10,169	$ -	$ -	$ 10,169
At December 31, 2021				
Cost	$ 85,775	$ 115,084	$ 37,600	$ 238,459
Accumulated amortisation and impairment	(75,606)	(115,084)	(37,600)	(228,290)
	$ 10,169	$ -	$ -	$ 10,169

	Software	Goodwill	Others	Total
At January 1, 2020				
Cost	$ 72,661	$ 115,084	$ 37,600	$ 225,345
Accumulated amortisation and impairment	(64,352)	(62,893)	(15,902)	(143,147)
	$ 8,309	$ 52,191	$ 21,698	$ 82,198
2020				
Opening net book amount	$ 8,309	$ 52,191	$ 21,698	$ 82,198
Additions－acquired separately	6,323	-	-	6,323
Amortisation charge	(5,186)	-	(3,433)	(8,619)
Impairment	-	(52,191)	(18,265)	(70,456)
Closing net book amount	$ 9,446	$ -	$ -	$ 9,446
At December 31, 2020				
Cost	$ 78,984	$ 115,084	$ 37,600	$ 231,668
Accumulated amortisation and impairment	(69,538)	(115,084)	(37,600)	(222,222)
	$ 9,446	$ -	$ -	$ 9,446

Impairment information about the intangible assets is provided in Note 6(13).

(13) Impairment of non-financial assets

A. The Group recognised impairment loss for the year ended December 31, 2020 of $70,456. Details of such loss are as follows:

	For the year ended December 31, 2020	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss - goodwill	$ 52,191	$ -
Impairment loss - other intangible assets	18,265	-
	$ 70,456	$ -

B. The impairment loss reported by operating segments is as follows:

	For the year ended December 31, 2020	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss - optical manufacturing segment	$ 70,456	$ -

C. Due to the competitive environment, the actual growth of operating revenue after business combination is not as expected. Based on the Group's assessment, as the recoverable amount is less than the carrying amount, an impairment loss of $52,191 and $18,265 was recognised for the goodwill and other intangible assets in 2020, respectively.

The recoverable amount was determined based on value-in-use calculations for the year ended December 31, 2020. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. The discount rate used for value-in-use calculations is 20.56%.

(14) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Secured bank borrowings	$ 27,979	4.30%~4.85%	Note 8
Unsecured bank borrowings	239,000	1.00%~1.20%	-
	$ 266,979		

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Secured bank borrowings	$ 41,365	4.32%~4.85%	Note 8
Unsecured bank borrowings	1,329,050	0.70%~1.18%	-
	$ 1,370,415		

For details of unused short-term lines of credit, please refer to Note 12 (2).

(15) Other payables

	December 31, 2021	December 31, 2020
Employees' salary and compensation payable	$ 338,873	$ 387,370
Labour payable	250,371	254,402
Accrued employees' compensation and directors' and supervisors' remuneration	89,810	-
Other payables	135,346	124,227
	$ 814,400	$ 765,999

(16) Pensions

A.(a)The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(b)The amounts recognised in the balance sheet are determined as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 85,868	$ 90,587
Fair value of plan assets	(58,205)	(57,181)
Net defined benefit liability (account as other non-current liabilities)	$ 27,663	$ 33,406

(c) Changes in present value of funded obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2021			
Balance at January 1	$ 90,587	($ 57,181)	$ 33,406
Interest expense (income)	376	(229)	147
	90,963	(57,410)	33,553
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(792)	(792)
Change in demographic assumptions	1,434	-	1,434
Change in financial assumptions	(4,308)	-	(4,308)
Experience adjustments	488	-	488
	(2,386)	(792)	(3,178)
Pension fund contribution	-	(2,712)	(2,712)
Paid pension	(2,709)	2,709	-
Balance at December 31	$ 85,868	($ 58,205)	$ 27,663

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2020			
Balance at January 1	$ 102,949	($ 53,879)	$ 49,070
Current service cost	(4,260)	-	(4,260)
Interest expense (income)	857	(446)	411
	99,546	(54,325)	45,221
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,842)	(1,842)
Change in demographic assumptions	1,002	-	1,002
Change in financial assumptions	(6,010)	-	(6,010)
Experience adjustments	(2,251)	-	(2,251)
	(7,259)	(1,842)	(9,101)
Pension fund contribution	-	(2,714)	(2,714)
Paid pension	(1,700)	1,700	-
Balance at December 31	$ 90,587	($ 57,181)	$ 33,406

(d)The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e)The principal actuarial assumptions used were as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rate	0.75%~0.77%	0.35%~0.43%
Future salary increases	1.75%~2.00%	1.75%~2.00%
Expected return on project assets	0.75%~0.77%	0.35%~0.43%

Assumptions regarding future mortality experience are set based on the published statistics and experience in the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 4,637)	$ 5,071	$ 4,990	($ 4,614)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 5,985)	$ 6,525	$ 6,377	($ 5,912)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f)Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to $2,514.

(g)As of December 31, 2021, the weighted average duration of that retirement plan is 15 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	35,980
1-2 year(s)		16,573
2-5 years		10,158
Over 5 years		19,579
	$	82,290

B.(a)Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The Group’s mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentages of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c)The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $34,842 and $31,352, respectively.

(17) Share-based payment

A. For the year ended December 31, 2021, the details of the Group’s share-based payment arrangement were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees (Note)	2021.8.13	5,358,500	3 years	3 years' service

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

The abovementioned share-based payment arrangement is equity-settled.

B. The fair value of stock options granted is measured using the Black-Scholes model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Strike price (in dollars)	Expected price volatility	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees	Expired 1 year	$ 14.55	$ -	33.22%	-	0.1134%	$ 11.64
Restricted stocks to employees	Expired 2 years	14.55	-	32.52%	-	0.1720%	11.64
Restricted stocks to employees	Expired 3 years	14.55	-	32.58%	-	0.2079%	11.64

C. Expense incurred on share-based payment transactions is shown below:

	Year ended December 31, 2021
Equity-settled	$ 14,840

(18) Provisions

	Warranty	Litigation	Total
2021			
At January 1	$ 72,106	$ -	$ 72,106
Unused amounts reversed	(17,106)	-	(17,106)
At December 31	$ 55,000	$ -	$ 55,000

	Warranty	Litigation	Total
2020			
At January 1	$ 85,102	$ 13,560	$ 98,662
Additional provisions	(5,904)	-	(5,904)
Unused amounts reversed	(7,092)	(13,560)	(20,652)
At December 31	$ 72,106	$ -	$ 72,106

On January 14, 2020, Ansys, Inc. filed a civil lawsuit (Temporary case No. 4) against the Company alleging copyright infringement with the Intellectual Property Court. Ansys, Inc. is claiming for compensation in the amount of $13,560 thousand, plus interest at an annual rate of 5% from the day the complaint was filed until settlement as well as litigation expenses. On May 19, 2020, the procedure has reached a mutual assent in the way of purchasing two sets of software in the amount of $2,500 thousand (including tax) and the formal mediation documents were signed.

(19) Share capital

A. As of December 31, 2021, the Company's authorised capital was $8,000,000, consisting of 800 million shares of ordinary stock, and the paid-in capital was $2,877,213 with a par value of $10 (in dollars) per share.

B. On June 17, 2020, shareholders of the Company resolved to issue employee restricted shares and the issuance date as well as the effective date were both August 20, 2021. The Company issued 5,358 thousand shares for free with a par value of NT$0 per share. The rights and obligations of the issued common shares were the same as other issued common shares, except the restriction of transfer before employees reached the vesting conditions.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	Share premium	Treasury share transactions	Capital reserve from gain on disposal of assets	Employee stock options	Employee restricted shares
At January 1, 2021	$ 1,246,494	$ 219,206	$ 56	$ 97,738	$ -
Cash dividends	(141,181)				
Capital surplus used to offset accumulated deficit	-	(86,774)	(56)	-	-
Compensation cost of share-based payment	199	-	-	-	-
Employee restricted shares	348	-	-	-	3,818
At December 31, 2021	$ 1,105,860	$ 132,432	$ -	$ 97,738	$ 3,818

	Share premium	Treasury share transactions	Capital reserve from gain on disposal of assets	Employee stock options	Employee restricted shares
At January 1, 2020	$ 1,246,494	$ 219,206	$ 56	$ 97,738	$ -
Employee restricted shares	-	-	-	-	-
At December 31, 2020	$ 1,246,494	$ 219,206	$ 56	$ 97,738	$ -

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses. Then, 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance and the Company shall appropriate or reverse special reserve when necessary. The appropriation of the remainder along with beginning unappropriated earnings is the accumulated distributable earnings for shareholders. When distributing by issuing new shares, the distribution shall be proposed by the Board of Directors and resolved by the shareholders.

B. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

C. The Company's dividend policy is adopted taking into consideration the Company's financial structure, future capital expenditures, future cash flows and assurance of the Company's competitiveness in the market. In accordance with the dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

E. The Company recognised dividends amounting to $84,709 during 2020. On August 12, 2021, the shareholders resolved to distribute cash dividends from capital surplus in the amount of $141,181 at $0.5 (in dollars) per share.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(28).

(22) Other equity items

	2021			
	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total
At January 1	($ 271,768)	($ 718,575)	$ -	($ 990,343)
Currency translation differences:				
-Group	(72,094)	-	-	(72,094)
Revaluation	-	206,858	-	206,858
Employee restricted shares:				
-Compensation cost			14,641	14,641
-Unearned employee compensation	-	-	(57,751)	(57,751)
At December 31	($ 343,862)	($ 511,717)	($ 43,110)	($ 898,689)

	2020			
	Financial statements translation differences of operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive financial assets	Unearned employee compensation	Total
At January 1	($ 168,756)	($ 485,691)	$ -	($ 654,447)
Currency translation differences:				
-Group	(103,012)	-	-	(103,012)
Revaluation	-	(232,884)	-	(232,884)
At December 31	($ 271,768)	($ 718,575)	$ -	($ 990,343)

(23) Operating revenue

	For the years ended December 31,	
	2021	2020
Sales revenue	$ 3,367,175	$ 3,130,199
Service revenue	208,194	311,818
	$ 3,575,369	$ 3,442,017

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following main business segment:

2021	Optical manufacturing segment	Strategic investing segment	Total
Total segment revenue	$ 4,170,472	$ 1,725,122	$ 5,895,594
Inter-segment revenue	(1,667,627)	(652,598)	(2,320,225)
Revenue from external customer contracts	$ 2,502,845	$ 1,072,524	$ 3,575,369
Timing of revenue			
At a point in time	$ 2,294,651	$ 1,072,524	$ 3,367,175
Over time	208,194	-	208,194
	$ 2,502,845	$ 1,072,524	$ 3,575,369

2020	Optical manufacturing segment	Strategic investing segment	Total
Total segment revenue	$ 4,133,171	$ 1,385,630	$ 5,518,801
Inter-segment revenue	(1,566,409)	(510,375)	(2,076,784)
Revenue from external customer contracts	$ 2,566,762	$ 875,255	$ 3,442,017
Timing of revenue			
At a point in time	$ 2,254,944	$ 875,255	$ 3,130,199
Over time	311,818	-	311,818
	$ 2,566,762	$ 875,255	$ 3,442,017

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities - advance sales receipts (shown as Other current liabilities)	$ 201,891	$ 164,587	$ 181,444

C. Revenue recognised that was included in the contract liability balance at the beginning of the year

	2021	2020
Advance sales receipts	$ 145,181	$ 162,859

(24) Interest income

	For the years ended December 31,	
	2021	2020
Interest income from bank deposits	$ 9,550	$ 25,616

(25) Other income

	For the years ended December 31,	
	2021	2020
Rent income	$ 35,707	$ 39,183
Dividend income	29,018	27,170
	$ 64,725	$ 66,353

(26) Other gains and losses

	For the years ended December 31,	
	2021	2020
Gains on disposal of property, plant and equipment	$ 10,065	$ 4,339
Gain on disposal of non-current assets held for sale	1,137,067	
Net currency exchange gain (loss)	4,919	(7,847)
Impairment loss	-	(70,456)
Grants revenue	20,840	110,114
Payables transferred to revenue	-	38,615
Other gains and losses	9,487	(1,835)
	$ 1,182,378	$ 72,930

(27) Finance costs

	For the years ended December 31,	
	2021	2020
Bank borrowings	$ 9,353	$ 12,217
Lease transactions	518	593
	$ 9,871	$ 12,810

(28) Employee benefit, depreciation and amortisation expenses

	For the years ended December 31,	
	2021	2020
Employee benefit expenses		
Wages and salaries	$ 1,190,452	$ 1,060,468
Labor and health insurance fees	55,566	59,293
Pension costs	34,989	27,503
Other personnel expenses	58,832	54,603
Depreciation (Note)	204,055	225,693
Amortisation	6,068	8,619

Note: For the years ended December 31, 2021 and 2020, depreciation on investment property amounted to $4,928 and $12,588, respectively, and was shown as other gains and losses.

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration. The ratio shall not be lower than 8% and shall not be higher than 15% for employees’ compensation and shall not be higher than 1.5% for directors’ and supervisors’ remuneration.

B. For the year ended December 31, 2021, employees' compensation was accrued at $75,629; while directors' and supervisors' remuneration was accrued at $14,181. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 8% and 1.5% of distributable profit of current year.

No employees' compensation and directors' and supervisors' remuneration were accrued due to the net loss incurred for the year ended December 31, 2020.

For the year ended December 31, 2020, the Company has incurred a net loss before tax and did not distribute employees' compensation and directors' remuneration, which was in agreement with the information disclosed in the 2020 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the board of directors and shareholders during their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit):

	For the years ended December 31,			
	2021		2020	
Current tax on profits for the year	$	27,452	$	62,839
Prior year income tax under (over) estimation		1,515	(	41,178)
Origination and reversal of temporary differences		111,637	(	40,741)
Income tax paid in and for income derived from Mainland China		1,080		3,199
Land value increment tax		59,813		-
Income tax expense (benefit)	$	201,497	($	15,881)

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,			
	2021		2020	
Remeasurement of defined benefit obligations	$	636	$	1,820

B. Reconciliation between income tax expense (benefit) and accounting profit

	For the years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	$ 201,904	($ 81,553)
Tax effect of permanent differences	(277,024)	103,651
Temporary differences not recognised as deferred tax assets	40,843	-
Taxable loss not recognised as deferred tax assets	178,425	-
Effect of estimated assessment of tax	(3,544)	(41,178)
Income tax paid in and for income derived from Mainland China	1,080	3,199
Land value increment tax	59,813	-
Income tax expense (benefit)	$ 201,497	($ 15,881)

C. Amounts of deferred tax assets as a result of temporary differences are as follows:

	For the year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Fees for after sales service	$ 14,421	($ 3,421)	$ -	$ 11,000
Adjustment of bad debts for tax purposes	33,250	(31,412)	-	1,838
Employee benefits	11,102	-	(636)	10,466
Taxable loss	111,452	(55,058)	-	56,394
Royalties	19,099	(6,360)	-	12,739
Others	22,661	(15,386)	-	7,275
	$ 211,985	($ 111,637)	($ 636)	$ 99,712

	For the year ended December 31, 2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Fees for after sales service	$ 17,020	($ 2,599)	$ -	$ 14,421
Adjustment of bad debts for tax purposes	32,835	415	-	33,250
Employee benefits	12,922	-	(1,820)	11,102
Taxable loss	77,762	33,690	-	111,452
Royalties	19,099	-	-	19,099
Others	13,426	9,235	-	22,661
	$ 173,064	$ 40,741	($ 1,820)	$ 211,985

D. Expiration dates of unused net taxable loss and amounts of unrecognised deferred tax assets are as follows:

(a) Companies located in Taiwan:

December 31, 2021				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 72,056	$ 72,056	$ 72,056	2022
2018	606,486	531,968	250,000	2028
2021	616,830	616,830	616,830	2031
	$ 1,295,372	$ 1,220,854	$ 938,886	

December 31, 2020				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011	$ 171,184	$ 34,894	$ 34,894	2021
2012	72,056	72,056	72,056	2022
2018	606,486	557,261	-	2028
	$ 849,726	$ 664,211	$ 106,950	

(b) In accordance with the tax regulations in Malaysia, the loss carryforward of the consolidated subsidiary, ALL VISION TECHNOLOGY SDN. BHD, audited by other auditors, had no expiration date. As of December 31, 2021 and 2020, the unused loss carryforward amounted to $470,228 and $503,023, respectively.

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	$ 1,110,923	$ 1,105,717

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the amounts of temporary differences unrecognised as deferred tax liabilities were $216,911 and $159,951, respectively.

G. The Company’s income tax returns through 2019 have been assessed and approved by the Tax Authority.

(30) Earnings (loss) per share

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 684,119	282,363	$ 2.42
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation		2,468	
Employee restricted shares		625	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 684,119	285,456	$ 2.40

	For the year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 459,802)	282,363	($ 1.63)

(31) Changes in liabilities from financing activities

Changes in liabilities from financing activities arose from changes in cash flow from financing activities for the years ended December 31, 2021 and 2020. Please refer to statements of cash flows for the details.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Altasec Technology Corporation (Altasec Technology)	Associate
Bestmoment Technology Pte. Ltd. (Bestmoment Technology)	Associate
Abico AVY Co., Ltd. (Abico AVY) (Note)	Other related party
AVY Co., Ltd. (AVY)	Other related party
Shine Trade International Ltd. (Shine Trade)	Other related party
Taichiba International Ltd. (Taichiba)	Other related party
Dongguan Guan Cheng Guang Metal Products Co., Ltd. (Dongguan Guan Cheng)	Other related party
Dongguan Ashine Precision Plastics Co., Ltd. (Dongguan Ashine)	Other related party
Ability Int'l Tenancy Co., Ltd. (Ability Int'l)	Other related party

Note: Formerly known as AVY Precision Technology Inc.

(2) Significant related party transactions

The following disclosures are based on transactions with counterparties who are considered as related parties.

A. Operating revenue:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Sales of goods:		
-Associates	$ 83,460	$ 63,735

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Purchases of goods:		
-Associates	$ 4,381	$ 399
-Other related parties	17,345	16,538
	$ 21,726	$ 16,937

Goods and services are purchased from other related parties on normal commercial terms and conditions.

C. Receivables from related parties:

	December 31, 2021	December 31, 2020
Accounts receivable:		
-Associates	$ 19,430	$ 4,503

The receivables from related parties arise mainly from sale transactions and the credit term was 1 to 6 months. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable		
-Associates	$ 381	$ 2
-Other related parties	9,823	10,172
	$ 10,204	$ 10,174

The payables to related parties arise mainly from purchase transactions and are due 1~6 months after the date of purchase.

E. Property transactions:

Purchase of property, plant and equipment:

	For the years ended December 31,	
	2021	2020
Other related parties	$ 2,091	$ 3,643

(3)Key management compensation

	For the years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 31,335	$ 12,960
Post-employment benefits	586	498
Share-based payments	1,066	-
	$ 32,987	$ 13,458

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2021	December 31, 2020	Purpose
Land	$ 1,256,394	$ 1,256,394	Bank credit loan
Buildings and structures	20,556	21,723	Bank borrowings
Right-of-use assets, land	2,618	2,780	Bank borrowings
	$ 1,279,568	$ 1,280,897	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at amortised cost	$ 3,034,420	$ 3,263,808
Financial liabilities		
Financial liabilities at amortised cost	$ 2,007,457	$ 2,870,236
Lease liability	$ 18,598	$ 36,987

Financial assets at amortised cost included cash and cash equivalents, current financial assets at amortised cost, accounts receivable and refundable deposits. Financial liabilities at amortised cost included short-term borrowings, accounts payable, other payables and deposits received.

The information on carrying amounts of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is provided in Notes 6(2) and (3).

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group treasury's risk management policy is to hedge (mainly export sales and purchase of inventory and processing charges) in each major foreign currency for the subsequent quarter.

iv. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies, and China as the main regional.

v. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 81,278	27.68	$ 2,249,775	1%	$ 22,498
Financial liabilities					
Monetary items					
USD:NTD	$ 27,378	27.68	$ 757,823	1%	$ 7,578

	December 31, 2020				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 68,703	28.48	$ 1,956,661	1%	$ 19,567
Financial liabilities					
Monetary items					
USD:NTD	$ 21,716	28.48	$ 618,472	1%	$ 6,185

vi. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to $4,919 and ($7,847), respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $1,610 and $1,607, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $120,701 and $93,056, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020, would have decreased/increased by $2,670 and $13,704, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the relevant management methods. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumption under IFRS 9, that is, if the contract payments were past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group classifies customer's accounts receivable, and notes receivable in accordance with customer types and credit rating of customer. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2021 and 2020, the Group's written-off financial assets that are still under recourse procedures amounted to $161,335 and $532, respectively.

vi. The Group used the forecastability to adjust the loss rates which is based on history and timely information within the specified period to estimate loss allowance for accounts receivable. Based on the consideration and information above, the Group does not expect any significant loss allowance for the accounts receivable due to loss rate.

	Not past due	Up to 90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2021					
Expected loss rate	0.97%	2.79%	100.00%	100.00%	
Total book value	$ 423,700	$ 23,715	$ 48	$ 603	$ 448,066
Loss allowance	$ 4,130	$ 661	$ 48	$ 603	$ 5,442
December 31, 2020					
Expected loss rate	0.01%	0.16%	0.00%	100.00%	
Total book value	$ 265,595	$ 26,434	$ -	$ 162,505	$ 454,534
Loss allowance	$ 39	$ 42	$ -	$ 162,505	$ 162,586

In addition, on December 31, 2021 and 2020, accounts receivable were $373,842 and $239,956, and loss allowance for accounts receivable recognised through individual assessment was $2,666 and $2,613, respectively.

vi. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	December 31, 2021	December 31, 2020
	Accounts receivable	
At January 1	$ 165,199	$ 165,481
Impairment loss	4,251	250
Write-offs	(161,335)	(532)
Exchange rate effects	(7)	-
At December 31	$ 8,108	$ 165,199

vii. Financial assets at amortised cost are time deposits with maturity of more than three months. The credit rating levels were measured based on the 12 months expected credit losses. The financial institutions, the Group transacts with, are all with good credit and thus the impact of impairment loss is evaluated as immaterial.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. As of December 31, 2021 and 2020, the Group has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Fixed rate:		
Expiring within one year	$ 3,149,125	$ 2,168,175

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The table below analyses the Group's non-derivative financial liabilities, of which short-term borrowings, accounts payable, other payables and current lease liabilities are less than one year, and guarantee deposits received and non-current lease liabilities are more than one year.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:	December 31, 2021	
	Less than 1 year	Over 1 year
Lease liability	$ 13,793	$ 5,065

Non-derivative financial liabilities:	December 31, 2020	
	Less than 1 year	Over 1 year
Lease liability	$ 17,671	$ 20,138

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost-current, accounts receivable, short-term borrowings, accounts payable and other payables are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificate	$ 16,101	$ -	$ -	$ 16,101
Financial assets at fair value through other comprehensive income				
Equity securities	879,563	-	327,446	1,207,009
	$ 895,664	$ -	$ 327,446	$ 1,223,110

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificate	$ 16,073	$ -	$ -	$ 16,073
Financial assets at fair value through other comprehensive income				
Equity securities	710,709	-	219,850	930,559
	$ 726,782	$ -	$ 219,850	$ 946,632

E. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

F. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

G. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

H. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

I. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021	2020
At January 1	$ 219,850	$ 212,141
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	7,322	17,731
Acquired during the year	123,182	-
Capital reduction during the year	(31,105)	(9,095)
Effect of exchange rate changes	8,197	(927)
At December 31	$ 327,446	$ 219,850

J. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

K. Finance and accounting segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

L. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	$ 312,446	Net asset value	Not applicable	-	Not applicable
Unlisted shares	$ 15,000	Market price method	Discount for lack of marketability	-	The higher the net asset value, the higher the fair value

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	$ 204,850	Net asset value	Not applicable	-	Not applicable
Unlisted shares	$ 15,000	Market price method	Discount for lack of marketability	-	The higher the net asset value, the higher the fair value

M. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Net asset value	±1%	$ -	$ -	$3,124	($3,124)
Equity instrument	Market price method	±1%	$ -	$ -	$150	($150)

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Net asset value	±1%	$ -	$ -	$2,049	($2,049)
Equity instrument	Market price method	±1%	$ -	$ -	$150	($150)

N. Due to the spread of COVID-19, there is a lot of uncertainty affecting the global economy. Based on the Group's assessment, the pandemic has no significant impact on the Group’s ability to continue as a going concern and related financing risks. However, the Company will continue to closely monitor the developments of the COVID-19 pandemic and assess its impact on the Group. In addition, the Group has applied for and received partial government subsidies due to the pandemic.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

Disclosures of investees that are based on investees' audited financial statements on December 31, 2021 and inter-company transactions between companies were eliminated. The following disclosures are for reference only.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 4.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information:

Major shareholders information: Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information

The Group has classified the reportable operating segments based on management strategy. The Company's operations and segmentation are classified according to the management strategy, and the current management strategy is divided into the optical manufacturing segment and the strategic investing segment. The Company's main activities are the manufacturing and sales of optical products; the strategic investing segment focuses on sales of design and manufacturing of optical elements.

The Group's management has determined the reportable operating segments based on the reports reviewed by the Board of Directors for decision making.

There is no significant change to the Group's components, basis for segmentation, and basis for balancing the segments' information for the year.

(2) Measurement of segment information

The Group's operating decision-maker evaluates the performance of the operating segments based on their net operating profit. The basis of the measurement excludes effects of non-recurring expenditures from the operating segments and effects of unrealised gains/losses on financial products.

(3) Information about segment profit or loss, assets and liabilities

	2021			
	Optical manufacturing segment	Strategic investing segment	Reconciliations and offsets	Total
Revenue				
Revenue from external customers	$ 2,502,845	$ 1,072,524	$ -	$ 3,575,369
Revenue from internal customers	1,667,627	652,598	(2,320,225)	-
Total segment revenue	$ 4,170,472	$ 1,725,122	($ 2,320,225)	$ 3,575,369
Inter-segment profit (loss)	($ 375,949)	$ 44,008	$ 583	($ 331,358)
Segment income (loss):				
Depreciation and amortisation	$ 133,424	$ 81,627	$ -	$ 215,051
Not included in the segments' profits or losses for measurement, but are still provided to the chief operating decision-maker periodically:				
Interest income				$ 9,550
Interest expense				$ 9,871
Income tax benefit				$ 201,497
Segment assets				
Identifiable assets	$ 6,624,872	$ 972,045	$ -	$ 7,596,917
Financial assets at fair value through other comprehensive income				1,207,009
Investment accounted for under the equity method				61,559
General assets				99,712
Total assets				$ 8,965,197
Capital expenditures	$ 39,340	$ 101,337	$ -	$ 140,677

	2020			
	Optical manufacturing segment	Strategic investing segment	Reconciliations and offsets	Total
Revenue				
Revenue from external customers	$ 2,566,762	$ 875,255	$ -	$ 3,442,017
Revenue from internal customers	1,566,409	510,375	(2,076,784)	-
Total segment revenue	$ 4,133,171	$ 1,385,630	($ 2,076,784)	$ 3,442,017
Inter-segment profit (loss)	($ 644,851)	$ 20,657	$ 7,896	($ 616,298)
Segment income (loss):				
Depreciation and amortisation	$ 160,052	$ 86,848	$ -	$ 246,900
Not included in the segments' profits or losses for measurement, but are still provided to the chief operating decision-maker periodically:				
Interest income				$ 25,616
Interest expense				$ 12,810
Income tax expense				($ 15,881)
Segment assets				
Identifiable assets	$ 7,108,622	$ 821,541	$ -	$ 7,930,163
Financial assets at fair value through other comprehensive income				930,559
Investment accounted for under the equity method				58,476
General assets				211,985
Total assets				$ 9,131,183
Capital expenditures	$ 62,438	$ 118,810	$ -	$ 181,248

(4) Reconciliation for segment income (loss)

A reconciliation of adjusted consolidated net profit before tax and the reportable operating segments' net profit for 2021 and 2020 is provided as follows:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Reportable segments profit and loss	($ 331,358)	($ 616,298)
Share of profit of associates and joint ventures accounted for using the equity method	6,585	3,426
Finance costs - net	(9,871)	(12,810)
Others	1,256,653	164,899
Profit (loss) before tax and continued operations	$ 922,009	($ 460,783)

(5) Information on product and service

Refer to Note 6 (23) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	For the year ended December 31, 2021 Revenue	December 31, 2021 Non-current assets	For the year ended December 31, 2020 Revenue	December 31, 2020 Non-current assets
Japan	$ 1,552,092	$ -	$ 1,667,725	$ -
China	1,372,061	864,926	1,137,889	913,212
Taiwan	107,592	2,552,246	105,750	3,128,376
Others	543,624	2	530,653	3
	$ 3,575,369	$ 3,417,174	$ 3,442,017	$ 4,041,591

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	For the years ended December 31, 2021		2020	
	Revenue	Segment	Revenue	Segment
AA Company	$ 533,174	Optical segment	$ 397,429	Optical segment
KK Company	326,950	Optical segment	379,236	Optical segment
R Company	288,386	Optical segment	289,241	Optical segment
EE Company	246,423	Optical segment	380,452	Optical segment
A Company	211,471	Optical segment	218,496	Optical segment

Ability Enterprise Co., Ltd. and subsidiaries

Loans to others

For the year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	ABILITY ENTERPRISE CO., LTD.	ANDRO VIDEO INC.	Other receivables due from related parties	Yes	$ 200,000	$ -	$ -	1%	Short-term financing	-	Working capital	-	-	-	631,506	2,526,025	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2021.

In accordance with the Company’s “Procedures for Provision of Loans”, the ceiling on accumulated total loans to others is 40% of the Company’s net assets value in the latest financial statement which was audited or reviewed by independent accountant.

In accordance with the “Procedures for Provision of Loans” of the subsidiary (E-PIN OPTICAL INDUSTRY CO., LTD.), the ceiling on accumulated total loans to others is 40% of the subsidiary’s net assets value in the latest financial statement which was audited or reviewed by independent accountant.

Fill in the maximum outstanding balance of loans to a single party.

In accordance with the Company’s “Procedures for Provision of Loans”, the ceiling on total loans to others is 10% of the Company’s net assets value in the latest financial statement which was audited or reviewed by independent accountant.

In accordance with the “Procedures for Provision of Loans” of the subsidiary (E-PIN OPTICAL INDUSTRY CO., LTD.), the ceiling on total loans to others is 40% of the subsidiary’s net assets value in the latest financial statement which was audited or reviewed by independent accountant.

Note 4: The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing’.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Ability Enterprise Co., Ltd. and subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the Endorser/ guarantor (Note 2)											
0	ABILITY ENTERPRISE CO., LTD.	VIEWQUEST TECHNOLOGIES (BVI) INC.	2	$ 3,157,532	$ 408,855	$ -	-	-	-	$ 3,157,532	Y	N	N	-
1	E-PIN OPTICAL INDUSTRY CO., LTD.	ZHONGSHAN SHANXIN ACCURATE INDUSTRY CO., LTD.	3	122,892	43,415	43,415	11,915	-	17.66	122,892	Y	N	Y	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total endorsements/guarantees provided

In accordance with the Company’s “Procedures for Provision of Endorsements and Guarantees”, the ceiling on total endorsements to others is 50% of the Company’s net assets value in the latest financial statements which was audited or reviewed by independent auditors.

In accordance with the “Procedures for Provision of Endorsements and Guarantees” of the subsidiary (E-PIN OPTICAL INDUSTRY CO., LTD.), the ceiling on total endorsements to others is 50% of the subsidiary’s net assets value in the latest financial statement which was audited or reviewed by independent accountant.

Ceiling on endorsements/guarantees provided for a single party

In accordance with the “Procedures for Provision of Endorsements and Guarantees” of the subsidiary (E-PIN OPTICAL INDUSTRY CO., LTD.), the ceiling on total endorsements to others is 50% of the subsidiary’s net assets value in the latest financial statement which was audited or reviewed by independent accountants.

The accounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing in the financial statements for the year ended December 31, 2021. The spot exchange rates at December 31, 2021 were USD/NTD 27.68 and RMB/NTD 4.3415.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Ability Enterprise Co., Ltd. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2021				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
ABILITY ENTERPRISE CO., LTD.	STOCKS OF ABICO AVY CO., LTD. (Note 8)	The investee is the corporate director of the Comppany	Note 5	17,264,223	$ 466,134	10.16	$ 466,134	-
ABILITY ENTERPRISE CO., LTD.	STOCKS OF ABILITY I VENTURE CAPITAL CORPORATION	The Company is the corporate director of the investee	Note 5	5,075,010	44,994	10.70	44,994	-
ABILITY ENTERPRISE CO., LTD.	STOCKS OF ABICO ASIA CAPITAL CORPORATION	-	Note 5	10,000,000	117,468	5.189	117,468	-
ABILITY ENTERPRISE CO., LTD.	ABICO ASIA EXCELSIOR PARTNERS L.P.	-	Note 5	-	58,192	5.920	58,192	
ABILITY ENTERPRISE CO., LTD.	STOCKS OF IH BIOMEDICAL VENTURE FUND I CO., LTD.	-	Note 5	3,000,000	33,110	4.848	33,110	-
ABILITY INTERNATIONAL INVESTMENT CO., LTD.	CTBC HWA-WIN MONEY MARKET FUND	-	Note 7	1,447,007.9	16,101	-	16,101	-
ABILITY ENTERPRISE (BVI) CO., LTD.	YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.	-	Note 6	143,817,000	413,429	17.62	413,429	-
ABILITY ENTERPRISE (BVI) CO., LTD.	REVL INC.	-	Note 5	367,726	-	-	-	-
ABILITY ENTERPRISE (BVI) CO., LTD.	ATTONICS SYSTEMS PTE. LTD.	-	Note 5	11,678	58,682	13.80	58,682	
E-PIN OPTICAL INDUSTRY CO.,LTD	STOCKS OF HORUSEYE TECHNOLOGY CO., LTD.	-	Note 5	636,044	15,000	1.82	15,000	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: Non-current financial assets at fair value through other comprehensive income

Note 6: Current financial assets at fair value through other comprehensive income

Note 7: Current financial assets at fair value through profit or loss

Note 8: Formerly known as AVY Precision Technology Inc.(AVY Precision).

Ability Enterprise Co., Ltd. and subsidiaries

Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more

For the year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount (Note 4)	Status of collection of proceeds	Gain (loss) on disposal (Note 5)	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Ability Enterprise Co., Ltd.	Land, buildings and structures	March 30, 2021	April 2000	$ 565,398	$ 1,702,465	Received payment	$ 1,137,067	AMPACS CORPORATION、LUNG AN INVESTMENT LIMITED、SHEUNG ON INVESTMENT COMPANY LIMITED	Unrelated party	Primarily capital resource of strategic investment in the future and the arrangement of manufacture strategy.	Refer to the market price of Actual Price Registration of Real Estate Transaction and appraisal report of property.	Signing bonus of 10%, payment for affixing seal of 10%, tax payment of 10% and final payment of 70% will be paid when the transaction completed.

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: The transaction amount did not include house tax and business tax.

Note 5: On March 30, 2021, the announced expected gain on disposal were $10.6 billion, including effects from land value increment tax, house tax and business tax and commission fees.

Ability Enterprise Co., Ltd. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ABILITY ENTERPRISE CO., LTD.	ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	Affiliated company	Purchases	$ 1,536,385	92.28	Based on mutual agreement	$ -	-	($ 340,821)	24.28	-
ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	ABILITY ENTERPRISE CO., LTD.	Affiliated company	(sales)	(1,536,385)	79.59	Based on mutual agreement	-	-	340,821	75.12	-
E-PIN OPTICAL INDUSTRY CO., LTD.	NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD.	Affiliated company	Purchases	551,007	63.82	90~120 days after monthly billings	-	-	(84,540)	60.53	-
NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD.	E-PIN OPTICAL INDUSTRY CO., LTD.	Affiliated company	(sales)	(551,007)	64.41	90~120 days after monthly billings	-	-	84,540	30.18	-

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Ability Enterprise Co., Ltd. and subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
VIEWQUEST TECHNOLOGIES (BVI) INC.	ABILITY ENTERPRISE CO., LTD.	Affiliated company	$ 926,563	-	-	-	-	-
VIEWQUEST TECHNOLOGIES (BVI) INC.	ABILITY ENTERPRISE (BVI) CO., LTD.	Affiliated company	441,823	Note 3	-	-	-	-
ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	ABILITY ENTERPRISE CO., LTD.	Affiliated company	340,821	4.64	-	-	340,821	-
NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD.	E-PIN OPTICAL INDUSTRY CO., LTD.	Affiliated company	84,540	5.77	-	-	84,540	-

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties….

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Refer to other receivables arising from loans, therefore calculation of turnover rate is not needed.

Ability Enterprise Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	VQ(BVI)	1	Accounts payable	$ 926,563	-	10
0	The Company	ABILITY (DONGGUAN)	1	Purchases	1,536,385	-	43
0	The Company	ABILITY (DONGGUAN)	1	Accounts payable	340,821	-	4
1	VIEWQUEST TECHNOLOGIES (BVI) INC.	ABILITY ENTERPRISE (BVI) CO., LTD.	3	Other receivables	441,823	-	5
2	E-PIN OPTICAL INDUSTRY CO., LTD.	NANJING EVERLIGHT	3	Purchases	551,007	-	15
2	E-PIN OPTICAL INDUSTRY CO., LTD.	NANJING EVERLIGHT	3	Accounts payable	84,540	-	1

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Ability Enterprise Co., Ltd. and subsidiaries

Information on investees

For the year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2(2) and 3)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2(3))	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ABILITY ENTERPRISE CO., LTD.	ABILITY ENTERPRISE (BVI) CO., LTD.	British Virgin IS.	Holding company	$ 852,156	$ 852,156	-	100.00	$ 1,936,712	$ 159,565	$ 159,565	Subsidiary
ABILITY ENTERPRISE CO., LTD.	VIEWQUEST TECHNOLOGIES INTERNATIONAL INC.	U.S.A	Sales of computer accessories, photography equipment and electronic components	50,729	50,729	-	100.00	447	264	264	Subsidiary
ABILITY ENTERPRISE CO., LTD.	VIEWQUEST TECHNOLOGIES (BVI) INC.	British Virgin IS.	Holding Company	1,628,586	1,628,586	-	100.00	1,358,228	(38)	(38)	Subsidiary
ABILITY ENTERPRISE CO., LTD.	ABILITY INTERNATIONAL INVESTMENT CO., LTD.	Taiwan	Investments	13,000	13,000	1,300,000	100.00	16,302	4	4	Subsidiary
ABILITY ENTERPRISE CO., LTD.	ANDRO VIDEO INC.	Taiwan	Development of digital surveillance	140,000	140,000	7,000,000	100.00	5,759	(17,815)	(17,815)	Subsidiary
ABILITY ENTERPRISE CO., LTD.	E-PIN OPTICAL INDUSTRY CO., LTD.	Taiwan	Sales of optical products and electronic components	421,288	421,288	12,888,334	54.61	136,259	7,730	4,221	Subsidiary
ABILITY ENTERPRISE CO., LTD.	ALTASEC TECHNOLOGY CORPORATION	Taiwan	Professional video solutions for surveillance and remote monitoring and installation of camera and server	21,000	21,000	1,500,000	30.00	23,686	19,101	5,730	-
ABILITY ENTERPRISE CO., LTD.	BESTMOMENT HOLDINGS PTE. LTD.	Singapore	Holding company	36,671	36,671	1,723,110	25.00	37,873	3,418	855	-

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2(2) and 3)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2(3))	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ABILITY ENTERPRISE (BVI) CO., LTD.	EVER PINE INTERNATIONAL LTD. (BVI)	British Virgin IS.	Sales, import and export of precision metal and plastic part of small motor, plastic case of camera and cover for optical instrument	$ 63,034	$ 63,034	-	34.65	$ -	$ -	-	-
E-PIN OPTICAL INDUSTRY CO., LTD.	ALL VISION HOLDING LTD.	Samoa	Holding company	516,527	516,527	15,236,910	100.00	195,275	1,353	-	Second-tier subsidiary
E-PIN OPTICAL INDUSTRY CO., LTD.	E-PIN OPTICAL INDUSTRY CO., LTD.	Malaysia	Manufacturing of precision lens	45,700	45,700	5,000,000	100.00	1,275	(211)	-	Second-tier subsidiary
E-PIN OPTICAL INDUSTRY CO., LTD.	ALL VISION TECHNOLOGY SDN. BHD.	Malaysia	Manufacturing of precision lens	659,334	659,334	72,243,894	100.00	8,383	(1,739)	-	Second-tier subsidiary
E-PIN OPTICAL INDUSTRY CO., LTD.	JIAPIN INVESTMENT CO., LTD.	Taiwan	Investing compny	66,000	6,000	6,600,000	100.00	65,495	773	-	Second-tier subsidiary
JIAPIN INVESTMENT CO., LTD.	CHIA PING LIMITED	Samoa	Holding company	37,713	4,497	1,350,000	100.00	38,442	953	-	Second-tier subsidiary
ALL VISION HOLDING LTD.	EVERLIGHT DEVELOPMENT CORPORATION	Panama	Holding company	192,006	192,006	58,494	100.00	261,779	41,110	-	Second-tier subsidiary
ALL VISION HOLDING LTD.	E-SKY HOLDING LTD.	Mauritius	Holding company	396,901	343,772	14,338,918	100.00	(62,524)	(39,757)	-	Second-tier subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.

(3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: The column was calculated based on the average exchange rate of USD/NTD 27.9904 for the year ended December 31, 2021.

Note 4: ANDROVIDEO INC. applied to the court for the approval of dissolution and liquidation and pending for the approval.

Ability Enterprise Co., Ltd. and subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2021

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	Sales of digital still cameras	$ 1,805,688	2	$ 1,190,084	-	-	$ 1,546,206	$ 160,290	100.00	$ 160,290	$ 1,456,364	-	(2)B and Note 6
JIUJIANG VIEWQUEST ELECTRONICS INC.	Sales of digital still cameras	-	2	356,122	-	-	-	(20,537)	-	(20,537)	-	-	(2)B, Note 6
NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD.	Development and manufacture of optical components	333,358	2	130,881	-	-	130,881	73,815	30.28	22,352	261,685	-	(2)B and Note 7
WEIHAY E-SKY OPTICAL-ELECTRICAL CO., LTD.	Development and manufacture of precision optical lens	42,980	2	37,948	-	-	37,948	-	54.61	-	-	-	(2)B and Note 7
ZHONGSHAN SHANXIN ACCURATE INDUSTRY CO., LTD.	Development and manufacture of precision optical lens	327,970	2	211,836	-	-	211,836	(34,671)	54.61	(18,934)	(62,715)	-	(2)B and Note 8
NANJING E-PIN OPTICAL CO., LTD.	Development and manufacture of precision optical lens	230,809	2	52,761	-	-	52,761	(44)	39.44	(24)	185	-	(2)B and Note 8
CHIA PING (SHENZHEN) OPTICAL TECHNOLOGY CO., LTD.	Trading of optical lens and components	38,234	2	4,497	33,420	-	37,917	953	54.61	520	38,442	-	(2)C and Note 9

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 10)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company and E-PIN OPTICAL INDUSTRY CO.,	$ 2,017,549	$ 2,235,383	$ 3,936,509

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements were audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements were audited by R.O.C. parent company's CPA.

C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The accumulated amount of remittance from Taiwan to Mainland China did not include investees that have no control (DONGGUAN GUANG TONG BUSINESS MACHINES CO., LTD. and DONGGUAN YORKEY OPTICAL MACHINERY CO., LTD.). The total investment amount was USD 9,968 thousand.

Note 5: VIEWQUEST TECHNOLOGIES (DONGGUAN) CO., LTD.'s accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 was NTD 356,122 thousand (USD 12,129 thousand) which did not include USD 9,871 thousand of investment through machinery and equipment.

Note 6: Through ABILITY ENTERPRISE (BVI) CO.,LTD.

Note 7: Through EVERLIGHT DEVELOPMENT CORPORATION

Note 8: Through E-SKY HOLDING LTD.

Note 9: Through CHIA PING LIMITED

Note 10: Because the Company wanted to merge ABILITY TECHNOLOGY (DONGGUAN) CO., LTD. (former paid-in capital was US$36.5 million) with VIEWQUEST TECHNOLOGIES (DONGGUAN) CO., LTD. (former paid-in capital was US$22 million), and ABILITY TECHNOLOGY (DONGGUAN) CO., LTD. will be the surviving company while VIEWQUEST TECHNOLOGIES (DONGGUAN) CO., LTD. will be the dissolved company. After the merger, the paid-in capital was US$58.5 million. On March 16, 2021, the Investment Commission of the Ministry of Economic Affairs (MOEA) (Jing-Shen-II-Zi No. 11000025180) approved the total investment amount was US$51,984,670.56 after recognising the investment in the dissolved company.

Ability Enterprise Co., Ltd. and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	
NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD.	($ 551,007)	(15)	-	-	($ 84,540)	(1)	-	-	-	-	-	-	-

Ability Enterprise Co., Ltd.

Major shareholders information

December 31, 2021

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
PEGATRON CORPORATION	33,135,300	11.51%
ABICO AVY CO., LTD.	19,962,000	6.93%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held be the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as a insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.