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TAIYEN BIOTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

WITH

REPORT OF INDEPENDENT AUDITORS

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To TAIYEN BIOTECH CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TAIYEN BIOTECH CO., LTD. and its subsidiaries (hereinafter referred to as "the Group") as of 31 December 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2021 and 2020, and their consolidated financial performance and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 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, and we do not provide a separate opinion on these matters.

<u>Disclosure of investment property fair value</u>

As of 31 December 2021, the Group's net investment property at cost amounted to NT$1,352,763 thousand, and constitutes 16% of total consolidated assets, and is significant to financial statements. Considering the evaluation process on investment property fair value by management is complicated, and relevant assumptions are based on evaluation report by external specialists and affected by expected future market or economy, we therefore determined this as a key audit matter.

Our audit procedures of key assumption used in disclosure of investment property included, but not limited to, understanding evaluation report by external specialists offered by the Group, and the methods of assumption and assessment used, especially the rent and land price of the subject, which we compared to open market information to analyze the reasonability. We also used internal specialists to assist in evaluating the reasonability of the assumption and assessment method made by external specialists used by the Group.

We also assessed the adequacy of disclosures of investment property. Please refer to Notes V and VI(9) to the Group's consolidated financial statements.

Valuation for slow-moving inventories

As of 31 December 2021, the Group's net inventories amounted to NT$395,020 thousand, and constituted 5% of total consolidated asset. Considering that the assessment of slow-moving inventories should take into consideration product validity period and changes in market, therefore involving significant judgement of management, and that the amount of inventory write-downs is significant to the Group, we determined this as a key audit matter.

Our audit procedures included, but not limited to, testing the effectiveness of internal control on inventories established by management; evaluating the appropriateness of management's accounting policies regarding slow-moving and obsolete inventory, including sample testing the accuracy of inventory aging interval and reviewing the consumption of raw material and sales of finished goods; and evaluating the reasonableness of the policy of slow-moving inventories and the circumstances in which loss of slow-moving inventories should be individually booked.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes V and VI(7) to the Group's consolidated financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, 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 or supervisors, are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 internal control of the Group.

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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 accompanying notes, 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 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company for the years ended 31 December 2021 and 2020.

Tseng, Yu-Che

Lee, Fang-Wen

Ernst & Young, Taiwan
18 March 2022

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2021	31 Dec. 2020	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2021	31 Dec. 2020
Current assets				Current liabilities			
Cash and cash equivalents	IV/VI.1	$1,725,781	$1,505,641	Short-term borrowings	IV/VI.11	$287,530	$30,000
Current financial assets at fair value through profit or loss	IV/VI.2	353,539	381,044	Current contract liabilities	IV/VI.16	79,020	33,182
Current financial assets at fair value through other comprehensive income	IV/VI.3	1,060	1,930	Notes payable		114,565	90,158
				Accounts payable		370,732	182,990
Current financial assets at amortised cost	IV/VI.4、17/VIII	3,400	2,000	Other payables		310,441	250,660
Current contract assets	IV/VI.16、17	562,007	372,131	Current tax liabilities	IV/VI.22	79,754	47,221
Notes receivable, net	IV/VI.5、17	4,580	2,994	Lease liabilities, current	IV/VI.18	10,755	15,163
Accounts receivable, net	IV/VI.6、17	191,016	165,739	Long-term liabilities, current portion	IV/VI.12/VIII	4,287	4,287
Inventories, net	IV/VI.7	395,020	315,556	Other current liabilities		48,294	41,216
Other current assets		158,307	153,395	Total current liabilities		1,305,378	694,877
Total current assets		3,394,710	2,900,430				
				Non-current liabilities			
Non-current assets				Long-term borrowings, non-current portion	IV/VI.12/VIII	53,082	57,369
Non-current financial assets at amortised cost	IV/VI.4、17/VIII	33,960	33,960	Deferred tax liabilities	IV/VI.22	34,083	33,934
Property, plant and equipment	IV/VI.8	3,516,738	3,301,281	Lease liabilities, non-current	IV/VI.18	36,328	100,532
Right-of-use assets	IV/VI.18	47,265	130,086	Long-term deferred revenue	IV/VI.13	332,918	345,784
Investment properties	IV/VI.9、18	1,352,763	1,326,351	Net defined benefit liability, non-current	IV/VI.14	108,806	124,510
Intangible assets		8,530	8,023	Guarantee deposits		82,414	73,241
Deferred tax assets	IV/VI.22	87,223	64,428	Other non-current liabilities, others		1,254	3,244
Refundable deposits		5,445	7,625	Total non-current liabilities		648,885	738,614
Other non-current assets	IV/VI.10	21,006	25,535	Total liabilities		1,954,263	1,433,491
Total non-current assets		5,072,930	4,897,289				
				Equity attributable to the parent company			
				Common stock	IV/VI.15	2,000,000	2,000,000
				Capital surplus	IV/VI.15	2,501,686	2,501,653
				Retained earnings	IV/VI.15		
				Legal reserve		1,305,944	1,269,873
				Special reserve		45,420	45,420
				Unappropriated earnings		510,281	415,529
				Subtotal		1,861,645	1,730,822
				Other equity		(2,157)	(2,994)
				Non-controlling interests	VI.15、24	152,203	134,747
				Total equity		6,513,377	6,364,228
Total assets		$8,467,640	$7,797,719	Total liabilities and equity		$8,467,640	$7,797,719

English Translation of Financial Statements Originally Issued in Chinese

TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2021 and 2020

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

ITEMS	NOTE	2021.1.1~ 2021.12.31	2020.1.1~ 2020.12.31
Operating revenue	IV/VI.16/VII	$4,095,651	$3,130,347
Operating costs	IV/VI.7、10、14、19	(2,722,415)	(1,822,755)
Gross profit		1,373,236	1,307,592
Operating expenses	IV/VI.10、14、17、18、19		
Sales and marketing expenses		(568,472)	(558,111)
General and administrative expenses	VII	(217,990)	(212,176)
Research and development expenses		(57,597)	(73,984)
Subtotal		(844,059)	(844,271)
Operating income		529,177	463,321
Non-operating income and expenses			
Other revenue	IV/VI.20	75,045	87,527
Other gains and losses	IV/VI.10、20	(88,362)	(82,650)
Financial costs	IV/VI.20	(5,942)	(3,605)
Share of (loss) profit of associates and joint ventures accounted for using eqity method		-	(554)
Subtotal		(19,259)	718
Income from continuing operations before income tax		509,918	464,039
Income tax expense	IV/VI.22	(97,756)	(89,450)
Net income		412,162	374,589
Other comprehensive income (loss)	IV/VI.21		
Items that will not be reclassifid subsequently to profit or loss			
Remeasurements of the defined benefit plan		9,495	(5,464)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		952	390
Income tax related to items that will not be reclassified subsequently		(1,899)	1,093
Items that may be reclassifid subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		(115)	255
Total other comprehensive income, net of tax		8,433	(3,726)
Total comprehensive income		$420,595	$370,863
Net income attributable to:			
Stockholders of the parent		$393,227	$365,085
Non-controlling interests		$18,935	$9,504
Comprehensive income attributable to:			
Stockholder of the parent		$401,660	$361,359
Non-controlling interests		$18,935	$9,504
Earnings per share (NTD)	VI.23		
Earnings per share-basic		$1.97	$1.83
Earnings per share-diluted		$1.96	$1.82

English Translation of Financial Statements Originally Issued in Chinese

TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company								Non-controlling interests	Total equity
			Retained earnings			Other equity				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total equity attributable to owners of parent		
Balance as of 1 January 2020	$2,000,000	$2,486,320	$1,230,449	$45,420	$394,239	$(3,376)	$(263)	$6,152,789	$-	$6,152,789
Appropriation and distribution of 2019 retained earnings										
Legal reserve	-	-	39,424	-	(39,424)	-	-	-	-	-
Cash dividends	-	-	-	-	(300,000)	-	-	(300,000)	-	(300,000)
Other changes in additional paid-in capital	-	16	-	-	-	-	-	16	-	16
Net income for the year ended 31 December 2020	-	-	-	-	365,085	-	-	365,085	9,504	374,589
Other comprehensive income (loss) for the year ended 31 December 2020	-	-	-	-	(4,371)	255	390	(3,726)	-	(3,726)
Total comprehensive income	-	-	-	-	360,714	255	390	361,359	9,504	370,863
Changes in subsidiaries' ownership	-	15,317	-	-	-	-	-	15,317	125,243	140,560
Balance as of 31 December 2020	$2,000,000	$2,501,653	$1,269,873	$45,420	$415,529	$(3,121)	$127	$6,229,481	$134,747	$6,364,228
Balance as of 1 January 2021	$2,000,000	$2,501,653	$1,269,873	$45,420	$415,529	$(3,121)	$127	$6,229,481	$134,747	$6,364,228
Appropriation and distribution of 2020 retained earnings										
Legal reserve	-	-	36,071	-	(36,071)	-	-	-	-	-
Cash dividends	-	-	-	-	(270,000)	-	-	(270,000)	-	(270,000)
Other changes in additional paid-in capital	-	33	-	-	-	-	-	33	-	33
Net income for the year ended 31 December 2021	-	-	-	-	393,227	-	-	393,227	18,935	412,162
Other comprehensive income (loss) for the year ended 31 December 2021	-	-	-	-	7,596	(115)	952	8,433	-	8,433
Total comprehensive income	-	-	-	-	400,823	(115)	952	401,660	18,935	420,595
Changes in subsidiaries' ownership	-	-	-	-	-	-	-	-	(1,479)	(1,479)
Balance as of 31 December 2021	$2,000,000	$2,501,686	$1,305,944	$45,420	$510,281	$(3,236)	$1,079	$6,361,174	$152,203	$6,513,377

English Translation of Financial Statements Originally Issued in Chinese

TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

ITEMS	2021.1.1~ 2021.12.31	2020.1.1~ 2020.12.31	ITEMS	2021.1.1~ 2021.12.31	2020.1.1~ 2020.12.31
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$509,918	$464,039	Proceeds from disposal of financial assets at fair value through other comprehensive income	1,822	-
Adjustments for:			Acquisition of financial assets at amortised cost	(1,400)	-
Income and expense adjustments:			Acquisition of financial assets at fair value through profit or loss	(34,140)	(90,000)
Depreciation	178,104	173,053	Proceeds from disposal of financial assets at fair value through profit or loss	61,109	83,161
Amortization	11,556	12,955	Proceeds from disposal of investments accounted for using equity method	-	5,670
Net (gains) on financial assets or liabilities at fair value through profit or loss	1,645	(2,342)	Acquisition of property, plant and equipment	(388,791)	(264,770)
Interest expense	5,942	3,605	Proceeds from disposal of property, plant and equipment	271	27
Interest revenue	(10,655)	(15,188)	Increase in refundable deposits	-	(694)
Share of loss of associates for using the equity method	-	554	Decrease in refundable deposits	2,180	-
Losses on disposal of property, plant and equipment	1,236	2,546	Acquisition of intangible assets	(2,024)	(3,124)
(Gains) on disposals of investment property	-	(787)	Acquisition of investment property	(995)	(787)
(Gains) on disposal of investments	(1,109)	(4,124)	Proceeds from disposal of investment property	-	2,088
Loss on disposals of investments accounted for using equity method	-	3,292	Decrease in prepayments for business facilities	-	350
Losses on disaster	3,535	-	Insterest received	10,585	15,634
Changes in operating assets and liabilities:			Net cash (used in) investing activities	(351,383)	(252,445)
Contract assets	(189,876)	(212,385)			
Notes receivable, net	(1,586)	(1,326)	Cash flows from financing activities		
Accounts receivable, net	(25,277)	22,018	Increase in short-term loans	615,604	40,200
Inventories	(97,119)	(8,542)	Decrease in short-term loans	(358,074)	(50,000)
Other current assets	(5,472)	(88,145)	Repayments of long-term debt	(4,287)	(2,144)
Contract liabilities	45,838	10,929	Increase in guarantee deposits	9,173	7,106
Notes payable	22,521	19,527	Payments of lease liabilities	(15,659)	(15,139)
Accounts payable	187,742	93,863	Cash dividends	(270,000)	(300,000)
Other payables	68,234	(6,724)	Interest paid	(3,749)	(1,275)
Other current liabilities	7,081	(14,343)	Change in non-controlling interests	(1,479)	140,560
Net defined benefit liabilities	(6,209)	(5,385)	Other changes in capital surplus	33	16
Other non-current liabilities	(14,856)	(21,095)	Net cash (used in) financing activities	(28,438)	(180,676)
Cash generated from operations	691,193	425,995			
Interest paid	(1,979)	(2,327)	Effect of exchange rate changes on cash and cash equivalents	(115)	301
Income tax paid	(89,138)	(84,312)			
Net cash provided by operating activities	600,076	339,356	Net increase (decrease) in cash and cash equivalents	220,140	(93,464)
			Cash and cash equivalents at the beginning of year	1,505,641	1,599,105
			Cash and cash equivalents at the end of year	$1,725,781	$1,505,641

I. HISTORY AND ORGANIZATION

1. Taiyen Biotech Co., Ltd. (the "Company"), formerly known as China Salt Company, was reorganized into a state-owned salt factory of Taiwan in 1951 and restructured into the main salt factory of Taiwan in 1952, which was under the charge of the Ministry of Economic Affairs. In 1995, the main salt factory was restructured and renamed as Taiyen Biotech Co., Ltd. As of 31 December 2021 and 2020, the Ministry of Economic Affairs held 38.88% ownership of Taiyen Biotech Co., Ltd. The Company's registered office and the main business location is at No.297, Sec. 1, Chien-Kang Rd., South District, Tainan, Republic of China (R.O.C.).

2. The Company became a listed company on the Taiwan Stock Exchange on 18 November 2003.

3. Current main business item:
   (1) Production, sales, import and export of the following products, by-products and their derivatives:
      A. Various salt products.
      B. Various seawater chemical products.
      C. Bath salt, bath salt milk, salt soap, algae soap, and shampoo.
      D. Beverage and drinking water.
      E. Toothpaste, salt mouthwash, and contact lenses maintenance liquid.
      F. Salt for washing vegetable, fruits and others.
      G. Food and food additives.
      H. Pharmaceuticals.
      I. Cosmetics manufacturing.
      J. Environmental medicine manufacturing.
   (2) Sales, imports and exports of daily necessities and cosmetic products
   (3) Supply, introduction and management consulting of domestic and foreign industrial salt technology. introduction and management consulting of domestic and foreign salt industry technology.

II. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as "the Group") for the years ended 31 December 2021 and 2020 were authorized for issue in accordance with a resolution of the board of directors on 18 March 2022.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

   The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. The application of these new standards and amendments had no material impact on the Group.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

(a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Moreover, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that are applicable for annual periods beginning on or after 1 January 2022 and have no material impact on the Group.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a Group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 presentation of financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under, it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations), IFRSs, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

2. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

3. Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries 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.

If the Group loses control of a subsidiary, it:
(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary
(b) derecognizes the carrying amount of any non-controlling interest
(c) recognizes the fair value of the consideration received
(d) recognizes the fair value of any investment retained
(e) recognizes any surplus or deficit in profit or loss
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			31Dec. 2021	31 Dec. 2020
The Company	TAIYEN BIOTECH CO., LTD., SAMOA (TAIYEN SAMOA)	Reinvestment business	100%	100%
The Company	TAIYEN GREEN ENERGY CO., LTD. (TAIYEN GREEN ENERGY)	Energy related business	66.75%	66.75% (Note)
TAIYEN SAMOA	TAIYEN BIOTECH CO., LIMITED (TAIYEN HONG KONG)	Reinvestment business	100%	100%
TAIYEN HONG KONG	TAIYEN (XIAMEN) IMPORT&EXPORT CO., LTD.	Commodity trading, import and export business	100%	100%

Note: The board of directors of Taiyen Green Energy Co., Ltd, passed the cash capital increase proposal at the shareholder's meeting held on 15 October 2019. The record date of the capital increase was set on 16 June 2020, with capital increase in the amount of NT$175,950 thousand. The Company did not subscribe to the stocks according to its shareholding ratio, therefore, the ownership interest in Taiyen Green Energy Co., Ltd., decreased from 100% to 66.75%.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

6. Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Group holds the asset primarily for the purpose of trading.
(c) The Group expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle.
(b) The Group holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

  (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

  (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) <u>Impairment of financial assets</u>

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:
(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measures as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note XII for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired.
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a weighted average basis.
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

11. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Land improvements	3～40 years
Buildings	2～65 years
Machinery and equipment	2～50 years
Transportation equipment	2～20 years
Other equipment	2～30 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

12. Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Land improvements	3～35 years
Structure	4～55 years
Buildings	33～55 years
Warehouse and factory	33～45 years
Other	4～40 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

13. Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

<u>Group as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
(c) amounts expected to be payable by the lessee under residual value guarantees
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability
(b) any lease payments made at or before the commencement date, less any lease incentives received
(c) any initial direct costs incurred by the lessee
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

<u>Computer software</u>

The cost of computer software is amortized on a straight-line basis over the estimated useful life (2 to 10 years).

15. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units).   Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

16. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

When the unavoidable cost of meeting the obligations under the contract exceeds the expected receivable economic benefits from the contract, the provision of onerous contract should be recognized. Before the recognition of the provision, the impairment loss of the related contract should be evaluated and recognized.

<u>Provision for decommissioning, restoration and rehabilitation costs</u>

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

17. Revenue recognition

The Group’s revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is high-end machinery and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts to the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group’s sale of goods is from 90 to 150 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Moreover, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Service contract

The contract of the Group follows the guidelines of IFRS 15. Throughout the process of providing labor services, the entity’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced, meets the criteria which satisfies a performance obligation and recognizes revenue over time.

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

When the outcome of the construction contract could not be reasonably estimated, cost recovery method would be applied. Revenue could only be recognized to the same amount of costs incurred.

When the situation changes, the estimation of revenue, costs and stage of completion should be revised. During the period that the management was informed, the changes should be reflected on the income.

Construction Contract

The Group mostly provides solar energy construction services. As the Group provides the services over the contract period, the customers simultaneously receive control of the asset. Hence, the related revenue is recognized by the percentage of completion method over the contract period.

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. When the Group has performed the services to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

When the outcome of the construction contract could not be reasonably estimated, cost recovery method would be applied. Revenue could only be recognized to the same amount of costs incurred.

When the situation changes, the estimation of revenue, costs and stage of completion should be revised. During the period that the management was informed, the changes should be reflected on the income.

The Group usually reclassifies the aforementioned contract liability to revenue within a year and hence does not lead to a significant financial component.

18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

19. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

20. Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

21. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

1. Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitment－Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

2. Estimation and assumptions

The key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date, that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example the discounted cash flow model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note XII for more details.

(2) Net realizable value of inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note VI for more details.

(3) Fair value of investment properties

When the fair value of investment properties cannot be quoted in the active market, the fair value is measured via the fair value model, including income approach – discounted cash flow method, or market approach. The changes of appraisal parameters used in the assessments will vary the fair value of investment properties. Please refer to Note VI for more details.

(4) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note VI.

(5) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination rate, future salary increases, and decrease.

(6) Revenue recognition-sales returns and discounts

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the above-mentioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note VI for more details.

(7) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Ⅵ. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and cash equivalents

	As at	
	31 Dec. 2021	31 Dec. 2020
Cash on hand	$1,057	$1,185
Saving account	799,109	559,323
Cash equivalents		
Time deposits with maturities within 12 months	925,615	945,133
Total	$1,725,781	$1,505,641

Cash and Cash Equivalents were not pledged.

2. Financial assets at fair value through profit or loss

	As at	
	31 Dec. 2021	31 Dec. 2020
Mandatorily measured at fair value through profit or loss:		
Funds	$353,539	$381,044
Current	$353,539	$381,044

Financial assets at fair value through profit or loss were not pledge.

3. Financial assets at fair value through other comprehensive income

	As at	
	31 Dec. 2021	31 Dec. 2020
Equity instrument investments measured at fair value through other comprehensive income – Current:		
Common Stocks	$1,060	$1,930

Financial assets at fair value through other comprehensive income were not pledged.

For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividends in the amount of NT$36 thousand and NT$51 thousand for the years ended 31 December 2021 and 2020, the full amount is related to investments held at the end of the reporting period.

4. Financial assets measured at amortized cost

	As at	
	31 Dec. 2021	31 Dec. 2020
Time deposits	$37,360	$35,960
Current	$3,400	$2,000
Non-current	33,960	33,960
Total	$37,360	$35,960

Please refer to Note VI(17) for more details on accumulated impairment and Note VIII for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk.

5. Notes receivable

	As at	
	31 Dec. 2021	31 Dec. 2020
Notes receivable - from operating	$4,580	$2,994
Less: allowance for doubtful accounts	-	-
Total	$4,580	$2,994

No notes receivable were pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note VI(17) for more details on accumulated impairment and Note XII for more details on credit risk.

6. Accounts receivable

	As at	
	31 Dec. 2021	31 Dec. 2020
Accounts receivable	$191,148	$165,871
Less: allowance for doubtful accounts	(132)	(132)
Total	$191,016	$165,739

No accounts receivable were pledged.

Accounts receivable are generally on 90-150 day terms. Account receivable amounted to NT$191,148 thousand and NT$165,871 thousand as of 31 December 2021 and 2020.

Please refer to Note VI(17) for more details on impairment of accounts receivable for the years ended 31 December 2021 and 2020 and Note XII for credit risk disclosure.

7. Inventories

	As at	
	31 Dec. 2021	31 Dec. 2020
Raw materials	$92,140	$23,184
Supplies and parts	89,649	99,709
Work in process	17,009	17,593
Finished goods	142,644	127,134
Merchandise	53,578	47,936
Total	$395,020	$315,556

The cost of inventories recognized in expenses amounted to NT$1,624,486 thousand and NT$1,571,396 thousand for the years ended 31 December 2021 and 2020, including the write-down of inventories of NT$7,968 thousand and NT$1,772 thousand for the years ended 31 December 2021 and 2020.

No Inventories were pledged.

8. Property, plant and equipment

	As at	
	31 Dec. 2021	31 Dec. 2020
Owner occupied property, plant and equipment	$3,516,738	$3,301,281

	Land	Land improvements	Buildings	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost:								
As at 1 Jan. 2021	$1,683,597	$185,973	$1,299,584	$2,739,815	$32,337	$108,220	$182,556	$6,232,082
Additions	71,438	-	1,631	7,371	602	1,743	299,344	382,129
Disposals	-	-	(472)	(66,279)	(4,977)	(1,547)	-	(73,275)
Transfers	-	4,133	21,445	124,691	1,178	6,564	(158,011)	-
Exchange difference	-	-	-	-	-	(3)	-	(3)
Other	(18,893)	-	-	9,451	-	-	(849)	(10,291)
As at 31 Dec. 2021	$1,736,142	$190,106	$1,322,188	$2,815,049	$29,140	$114,977	$323,040	$6,530,642
As at 1 Jan. 2020	$1,683,597	$184,463	$1,287,631	$2,619,198	$28,623	$102,500	$181,371	$6,087,383
Additions	-	-	552	2,907	402	1,406	169,578	174,845
Disposals	-	(681)	(6,881)	(25,960)	(2,541)	(1,966)	-	(38,029)
Transfers	-	2,191	18,282	143,698	5,853	6,270	(176,294)	-
Exchange difference	-	-	-	-	-	10	-	10
Other	-	-	-	(28)	-	-	7,901	7,873
As at 31 Dec. 2020	$1,683,597	$185,973	$1,299,584	$2,739,815	$32,337	$108,220	$182,556	$6,232,082
Depreciation and impairment:								
As at 1 Jan. 2021	$5,356	$150,006	$733,348	$1,927,710	$22,846	$91,535	$-	$2,930,801
Depreciation	-	6,811	43,113	95,252	1,999	7,699	-	154,874
Disposals	-	-	(456)	(65,099)	(4,668)	(1,545)	-	(71,768)
Transfers	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	(3)	-	(3)
Other	-	-	-	-	-	-	-	-
As at 31 Dec. 2021	$5,356	$156,817	$776,005	$1,957,863	$20,177	$97,686	$-	$3,013,904
As at 1 Jan. 2020	$5,356	$141,713	$694,486	$1,862,506	$23,752	$86,447	$-	$2,814,260
Depreciation	-	8,936	44,309	90,113	1,603	7,026	-	151,987
Disposals	-	(643)	(5,444)	(24,912)	(2,509)	(1,948)	-	(35,456)
Transfers	-	-	(3)	3	-	-	-	-
Exchange difference	-	-	-	-	-	10	-	10
Other	-	-	-	-	-	-	-	-
As at 31 Dec. 2020	$5,356	$150,006	$733,348	$1,927,710	$22,846	$91,535	$-	$2,930,801
Net book value:								
As at 31 Dec. 2021	$1,730,786	$33,289	$546,183	$857,186	$8,963	$17,291	$323,040	$3,516,738
As at 31 Dec. 2020	$1,678,241	$35,967	$566,236	$812,105	$9,491	$16,685	$182,556	$3,301,281

Please refer to Note VIII for more details on property, plant and equipment under pledge.

9. Investment properties

	Land	Land improvements	Buildings	Total
Cost：				
As at 1 Jan. 2021	$983,047	$5,525	$464,045	$1,452,617
Additions	-	-	995	995
Other	38,584	-	-	39,584
As at 31 Dec. 2021	$1,021,631	$5,525	$465,040	$1,492,196
As at 1 Jan. 2020	$984,314	$5,598	$463,258	$1,453,170
Additions	-	-	787	787
Disposals	(1,267)	(73)	-	(1,340)
As at 31 Dec. 2020	$983,047	$5,525	$464,045	$1,452,617
Depreciation and impairment：				
As at 1 Jan. 2021	$5,715	$4,761	$115,790	$126,266
Depreciation	-	73	13,094	13,167
As at 31 Dec. 2021	$5,715	$4,834	$128,884	$139,433
As at 1 Jan. 2020	$5,715	$4,727	$102,677	$113,119
Depreciation	-	73	13,113	13,186
Disposals	-	(39)	-	(39)
As at 31 Dec. 2020	$5,715	$4,761	$115,790	$126,266
Net carrying amount as at:				
31 Dec. 2021	$1,015,916	$691	$336,156	$1,352,763
31 Dec. 2020	$977,332	$764	$348,255	$1,326,351

	For the years ended 31 December	
	2021	2020
Rental income from investment properties	$31,720	$31,122
Less: Direct operating expenses from investment properties generating rental income	(24,375)	(24,330)
Direct operating expenses from investment properties not generating rental income	(653)	(682)
Total	$6,692	$6,110

No investment property was pledged.

As of 31 December 2021 and 2020, the fair value of investment properties held by the Group amounted to NT$3,748,997 and NT$3,303,990 thousand, respectively. The above-mentioned fair value was assessed by independent external valuation professionals, and was classified at level 3.

Fair value has been determined under the support of market evidence. Leased plants and lands in the signed lease contract, should be assessed using the income approach. Construction lands should be comprehensively assessed using the land development analysis approach of the comparison method and the cost approach, among which farming and grazing lands are subject to development restrictions therefore can only be assessed using the comparison method. Buildings should be assessed using the cost method, below are the parameters mainly used:

Income approach: An approach that the subject property which apply an appropriate capitalization rate on the date of value opinion to capitalize the average objective annual net operating income in the future into an indication of value.

	As at	
	31 Dec. 2021	31 Dec. 2020
Average income capitalization rate	1.04%-2.00%	1.15%-1.93%

Comparison method: A method based on the value of the comparable properties is through comparison, analysis, adjustment and other means to estimate the value of the subject property in comparison.

	As at	
	31 Dec. 2021	31 Dec. 2020
Condition adjustment percentage	100%	100%
Date adjustment percentage	100%-103%	98%-106%
Local factor adjustment percentage	93%-102%	94%-105%
Individual factor adjustment percentage	73%-107%	61-115%

Cost approach: An approach to estimate the value of the subject property, by deducting the accrued depreciation or other item due to be subtracted from the reproduction or replacement cost, based on the date of value opinion.

	As at	
	31 Dec. 2021	31 Dec. 2020
Residual price rate	2%-10%	0-10%
Residual service life	0-41.64 years	0-37.6 years

10. Other non-current assets

	As at	
	31 Dec. 2021	31 Dec. 2020
Tourism assets	$5,395	$6,840
Other non-current assets - other	15,611	18,695
Total	$21,006	$25,535

Tourism assets include the Salt Mountain in Cigu. In order to operate in the tourism and travel industry, and preserve the salt history of Taiwan, the salt mountains were recognized as the tourism assets in 2009 and was amortized in twenty years based on its future economic benefits.

Other assets are mainly purchased and recognized as materials by the Group and were transferred to other assets according to their nature, amortized in three to five years based on their future economic benefits.

The amortization costs of the Group’s tourism assets in 2021 and 2020 amounted to NT$846 thousand and NT$972 thousand respectively, booked under non-operating income and expenses – other gain and loss.

The amortization costs of the Group’s operating costs and expenses in 2021 and 2020 amounted to NT$8,351 thousand and NT$10,283 thousand, respectively.

11. Short-term borrowings (Note)

	Interest	As at	
	Rates (%)	31 Dec. 2021	31 Dec. 2020
Unsecured bank loans	1%~1.45%	$287,530	$30,000

The Group’s unused short-term lines of credits amounted to NT$610,561 thousand and NT$266,044 thousand as of 31 December 2021 and 2020, respectively.

(Note) Subsidiary - Taiyen Green Energy engaged in borrowing to replenish capital.

12. Long-term borrowings (Note)

Debits are as follows:

Creditors	As at 31 Dec. 2021	Rate	Redemption
Taishin International Bank – secured bank loan	$57,369	1.57%	From 16 June 2020 to 16 June 2035, with interest payable monthly from the start date. Principal is repaid in 179 monthly installments in the amount of NT$357 thousand. The remaining principal and interest shall be paid in full by the last installment.
Less: current portion	(4,287)		
Total	$53,082		

Creditors	As at 31 Dec. 2020	Rate	Redemption
Taishin International Bank – secured bank loan	$61,656	1.57%	From 16 June 2020 to 16 June 2035, with interest payable monthly from the start date. Principal is repaid in 179 monthly installments in the amount of NT$357 thousand. The remaining principal and interest shall be paid in full by the last installment.
Less: current portion	(4,287)		
Total	$57,369		

Note: Subsidiary - Taiyen Green Energy Co., Ltd engaged in borrowing to replenish capital.

Please refer to Note VIII for aforementioned long-term borrowings' secured and mortgage information.

13. Deferred revenue

	As at	
	31 Dec. 2021	31 Dec. 2020
Deferred revenue	$332,918	$345,784

Note1: The Group signed a real estate lease contract with Quanhua Investment Co., Ltd. on 19 April 2012 in order to activate the land asset (the lease period was from 25 April 2012 to 24 April 2047, a total of 35 years.) Five parcels of land located in Emei Section 750, 750-1, 751, 752, and Yancheng Section 781 at Taoyuan City were leased to Quanhua Investment Co., Ltd., with the lessee being the builder of the buildings for the Group (the proprietor and the applicant for the first registration of the ownership of the building are both the Group). After the construction was completed, the new building and the underlying property of the lease will be operated by Quanhua Investment Co., Ltd., and Quanhua Investment Co., Ltd. should pay rent and royalties. The construction cost of the new building totaled NT$400,000 thousand (tax included). According to the regulations, it should be regarded as the rental income of the Group and amortized using the residual years after the completion and actual operation. The unamortized amount as of 31 December 2021 was NT$306,878 thousand (tax included).

Note2：The Group and the Tainan Technology Industrial Park Service Center of the Industrial Development Bureau, Ministry of Economic Affairs signed a land lease agreement for the Biotechnology Plant No.1 and the R&D Center. During the lease period, the Group applied to purchase the leased land of the Biotechnology Plant No.1 under the land leasing regulations of the Tainan Technology Industrial Park. The leased land was acquired at the original price when the lease was approved and the contract was signed, the rent paid during the lease period can be used to offset the payment without interest. Since April 2016, the rent paid has been recognized in deferred income and amortized using the residual service life of Biotechnology Plant No.1. As of 31 December 2021 the unamortized amount was NT$26,040 thousand.

14. Post-employment benefits

Defined contribution plan

The Group adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Group has made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 were NT$17,537 thousand and NT$15,708 thousand, respectively.

Defined benefits plan

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group contributes an amount equivalent to 2%～15% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before end of each year, the Group and subsidiaries make estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT$9,863 thousand to its defined benefit plan during the 12 months beginning after 31 December 2021.

The average duration of the defined benefits plan obligation As of 31 December 2021 and 2020 are 11 years and 12 years.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2021	2020
Current service cost	$9,948	$10,560
Net interest on the net defined benefit liabilities	349	921
Total	$10,297	$11,481

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	As at		
	31 Dec. 2021	31 Dec. 2020	1 Jan. 2020
Defined benefit obligation	$345,132	$364,232	$369,007
Plan assets at fair value	(236,326)	(239,722)	(244,576)
Net defined benefit liabilities	$108,806	$124,510	$124,431

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2020	$369,007	$(244,576)	$124,431
Current service cost	10,560	-	10,560
Interest expense (income)	2,731	(1,810)	921
Subtotal	382,298	(246,386)	135,912
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(778)	-	(778)
Actuarial gains and losses arising from changes in financial assumptions	19,123	-	19,123
Experience adjustments	(4,258)	-	(4,258)
Remeasurements of the defined benefit assets	-	(8,623)	(8,623)
Subtotal	14,087	(8,623)	5,464
Payment of benefit obligation	(32,153)	32,153	-
Contribution by employer	-	(16,866)	(16,866)
As of 31 December 2020	$364,232	$(239,722)	$124,510
Current service cost	9,948	-	9,948
Interest expenses (income)	1,020	(671)	349
Subtotal	375,200	(240,393)	134,807
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	387		387
Actuarial gains and losses arising from changes in financial assumptions	(30,268)		(30,268)
Experience adjustments	24,077		24,077
Remeasurements of the defined benefit assets	-	(3,691)	(3,691)
Subtotal	(5,804)	(3,691)	(9,495)
Payment of benefit obligation	(24,264)	24,264	-
Contribution by employer	-	(16,506)	(16,506)
As of 31 December 2021	$345,132	$(236,326)	$108,806

The principal assumptions used in determining the Group's defined benefit plan are shown below:

	As at	
	31 Dec. 2021	31 Dec. 2020
Discount Rate	0.54%	0.28%
Expected rate of future salary increases	2.50%	3.00%

A sensitivity analysis for significant assumption as of 31 December 2021 and 2020 is shown below:

	For the years ended 31 December			
	2021		2020	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount Rate increase by 0.5%	-	18,411	-	20,636
Discount Rate decrease by 0.5%	19,915	-	22,437	-
Future salary increase by 0.5%	19,421	-	21,710	-
Future salary decrease by 0.5%	-	18,157	-	20,207

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

15. Equity

(1) Common stock

As of 31 December 2021 and 2020 the Company's authorized common stock both amounted to NT$8,000,000 thousand. The outstanding common stocks were both NT$2,000,000 thousand, divided into 200,000 thousand shares and at NT$10 par value. Each share has one voting right and a right to receive dividends.

(2) Capital surplus

	As at	
	31 Dec. 2021	31 Dec. 2020
Additional paid-in capital	$2,477,486	$2,477,486
Donated assets received	8,775	8,775
Changes in ownership interests in subsidiaries	15,317	15,317
Other	108	75
Total	$2,501,686	$2,501,653

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Retained earnings and dividend policies

The Company's Articles of Incorporation provide that the current net income, after deducting the previous years' losses, shall appropriate 10% as legal reserve and special reserve according to the company laws and other regulations of R.O.C. If there is still more than the accumulated undistributed income in the previous year, the board of directors shall propose an income distribution proposal. The distribution of dividends to shareholders can be combined with all or part of the accumulated undistributed surplus, of which the cash portion should not be less than 50%.

The Company's dividend distribution policy must be based on the Company's current and future investment environment, capital needs, domestic and foreign competition conditions, capital budgets and other factors, taking into account the interests of shareholders, balancing dividends and the Company's long-term financial planning, etc.. The distribution shall be proposed by the board of directors every year in accordance with the law and be submitted to the shareholders meeting.

According to the R.O.C. Company Act, the Company's net income, after deducting previous years' losses, if any, is appropriated as legal reserve prior to any distribution until such reserve is equal to the Company's paid-in capital. The Company Act provides that where legal reserve may be distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Jin-Guan-Cheng-Fa-Zi-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

As of 31 December 2021 and 2020, the Company adopted the IFRS for the first time that the special reserve amounted to both $45,420 thousand.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved at the board of director’s meeting and shareholder’ meeting held on 18 March 2022 and 27 August 2021, respectively, are as follows:

	For the years ended 31 December			
	Appropriation of earnings		Cash dividend per share	
	2021	2020	2021	2020
Legal reserve	$40,082	$36,071		
Cash dividends	300,000	270,000	$1.5	$1.35

Please refer to Note VI (19) for relevant information about estimation basis and recognized amounts for employees’ compensation and remuneration to directors.

(4) Non-controlling interest

	For the years ended 31 December	
	2021	2020
Beginning balance	$134,747	$-
Profit attributable to non-controlling interests	18,935	9,504
Changes in ownership interests in subsidiaries	-	125,243
Subsidiary distributes cash dividends to non-controlling interests	(1,479)	-
Ending balance	$152,203	$134,747

16. Operating revenue

	For the years ended 31 December	
	2021	2020
Revenue from contracts with customers		
Sale of goods	$2,841,300	$2,798,262
Revenue arising from rendering of services	304,281	238,444
Construction contract revenue	937,584	83,397
Electricity sales revenue	12,486	10,244
Total	$4,095,651	$3,130,347

Analysis of revenue from contracts with customers for the years ended 31 December 2021 and 2020 are as follows:

(1) Disaggregation of revenue

For the year ended 31 December 2021:

	Salt products and packaged water	Biotech cleaning and maintenance	Construction and services	Other Dept.	Total
Sales of goods	$2,370,380	$432,366	$12,486	$38,554	$2,853,786
Services providing	-	-	304,281	-	304,281
Construction revenue	-	-	937,584	-	937,584
Total	$2,370,380	$432,366	$1,254,351	$38,554	$4,095,651

	Salt products and packaged water	Biotech cleaning and maintenance	Construction and services	Other Dept.	Total
Timing of revenue recognition:					
At a point in time	$2,370,380	$432,366	$12,486	$38,554	$2,853,786
Satisfies the performance obligation over time	-	-	1,241,865	-	1,241,865
Total	$2,370,380	$432,366	$1,254,351	$38,554	$4,095,651

For the year ended 31 December 2020:

	Salt products and packaged water	Biotech cleaning and maintenance	Construction and services	Other Dept.	Total
Sales of goods	$2,262,310	$485,625	$10,806	$49,765	$2,808,506
Services providing	-	-	238,444	-	238,444
Construction revenue	-	-	83,397	-	83,397
Total	$2,262,310	$485,625	$332,647	$49,765	$3,130,347

Timing of revenue recognition:					
At a point in time	$2,262,310	$485,625	$10,806	$49,765	$2,808,506
Satisfies the performance obligation over time	-	-	321,841	-	321,841
Total	$2,262,310	$485,625	$332,647	$49,765	$3,130,347

(2) Contract balances

A. Contract assets - current

	As at		
	31 Dec. 2021	31 Dec. 2020	1 Jan. 2020
Services revenues	$562,007	$372,131	$159,746

The significant changes in the Group's balances of contract assets for the years ended 31 December 2021 and 2020 are as follows:

	For the years ended 31 December	
	2021	2020
The opening balance transferred to accounts receivable	$(331,927)	$(53,952)
Change in the measure of progress	521,803	266,337

B. Contract liabilities - current

	As at		
	31 Dec. 2021	31 Dec. 2020	1 Jan. 2020
Sales of goods	$37,144	$28,390	$20,300
Services revenues	41,876	4,792	1,953
Total	$79,020	$33,182	$22,253

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2021 and 2020 are as follows:

	For the years ended 31 December	
	2021	2020
The opening balance transferred to revenue	$(28,134)	$(17,023)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	73,972	27,952

(3) Transaction price allocated to unsatisfied performance obligations

As of 31 December 2021 and 2020, the transaction prices for the allocation of unsatisfied performance obligations (including partially unsatisfied) were NT$1,136,511 thousand and NT$2,341,941 thousand, respectively. Revenue was recognized using the degree of completion of performance obligations.

17. Expected credit losses / (gains)

	For the years ended 31 December	
	2021	2020
Operating expense- expected credit losses		
Contract assets	$-	$-
Notes receivable	-	-
Accounts receivable	-	-
Total	$-	$-

Please refer to Note XII for more details on credit risk.

The credit risk for measured at amortized cost is assessed as low. Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. As the Group transacts with are financial institutions with good credit, no allowance for losses has been provided in 2021 and 2020.

The Group measures the loss allowance of its contract assets and accounts receivable (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of 31 December 2021 and 2019 is as follows:

(1) The total book value of contract asset was NT$562,007 thousand and NT$372,131 thousand, respectively, and the amount of loss allowance measured by the expected credit loss rate 0% was NT$0 thousand.

(2) The Group considers the accounts receivables by the counterparty's credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix with 0.08%. The details are as follows:

As of 31 December 2021

	Not yet due	Overdue			
	(Note)	<=90 days	90-180 days	>=180 days	Total
Gross carrying amount	$195,728	$-	$-	$-	$195,728
Loss ratio					0.08%
Lifetime expected credit losses					(132)
Carrying amount					$195,596

Note: No notes receivable of the Group were overdue.

As of 31 December 2020

	Not yet due (Note)	Overdue <=90 days	Overdue 90-180 days	Overdue >=180 days	Total
Gross carrying amount	$167,121	$1,744	$-	$-	$168,865
Loss ratio					0.08%
Lifetime expected credit losses					(132)
Carrying amount					$168,733

Note: No notes receivable of the Group were overdue.

The movement in the provision for impairment of contract assets, note receivables and accounts receivables for the years ended 31 December 2021 and 2020 is as follows:

	Contract assets	Notes receivable	Accounts receivable
Bal. as at 1 Jan. 2021	$-	$-	$132
Addition/(reversal) for the current period	-	-	-
Write off	-	-	-
Bal. as at 31 Dec. 2021	$-	$-	$132
Bal. as at 1 Jan. 2020	$-	$-	$132
Addition/(reversal) for the current period	-	-	-
Write off	-	-	-
Bal. as at 31 Dec. 2020	$-	$-	$132

18. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment, and other equipment. The lease terms range from 1 to 20 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 Dec. 2021	31 Dec. 2020
Land	$28,091	$115,253
Buildings	13,191	7,649
Transportation equipment	5,887	7,033
Other equipment	96	151
Total	$47,265	$130,086

For the years ended 31 December 2021 and 2020, the Group's additions to right-of-use assets amounted to NT$18,450 thousand, and NT$9,048 thousand, respectively.

(b) Lease liabilities

	As at	
	31 Dec. 2021	31 Dec. 2020
Lease liabilities	$47,083	$115,695
Current	$10,755	$15,163
Non-current	36,328	100,532
Total	$47,083	$115,695

Please refer to Note VI(20) for the interest on lease liabilities recognized for the years ended 31 December 2021 and 2020 and refer to Note XII(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2021 and 2020.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2021	2020
Land	$1,964	$1,963
Buildings	4,041	2,190
Transportation equipment	4,118	3,746
Other equipment	55	14
Total	$10,178	$7,913

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2021	2020
The expenses relating to short-term leases	$3,774	$2,456

D. Cash outflow relating to leasing activities

For the years ended 31 December 2021 and 2020, the Group's total cash outflows for leases amounted to NT$21,400 thousand and NT$19,919 thousand.

(2) Group as a lessor

Please refer to Note VI(9) for details on the Group's self-owned investment properties. Leases of self-owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended 31 December	
	2021	2020
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$31,720	$31,122

Please refer to Note VI(9) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of 31 December 2021 and 2020 are as follows:

	As at	
	31 Dec. 2021	31 Dec. 2020
Not later than one year	$22,795	$27,152
Later than one year but not later than two years	20,295	19,777
Later than two years but not later than three years	21,116	19,790
Later than three years but not later than four years	20,373	19,086
Later than four years but not later than five years	20,373	18,278
Later than five years	384,972	370,532
Total	$489,924	$474,615

19. Employee benefit, depreciation, and amortization expense are summarized as follows:

	For the years ended 31 December					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$212,430	$331,711	$544,141	$185,539	$319,672	$505,211
Labor and health insurance	19,316	26,496	45,812	16,117	24,568	40,685
Pension	13,728	14,106	27,834	12,529	14,660	27,189
Other Personnel expenses	10,332	15,586	25,918	9,146	13,431	22,577
Depreciation	123,723	54,381	178,104	117,632	55,421	173,053
Amortization	7,350	4,206	11,556	9,311	3,644	12,955

According to Article 35 of the Company's Articles of Incorporation, 2.25~3.75% of profit of the current year is distributable as employees' compensation and no higher than 1.5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit level, the Company estimated the employees' compensation and remuneration to directors and supervisors for year ended 31 December 2021 to be 3.75% of profit of the year and 1.5% of profit of the year, respectively, recognized as employee benefits expense. As such, employees' compensation and remunerate on to directors and supervisors for the year ended 31 December 2021 amounted to NT$18,865 thousand and NT$7,546 thousand, respectively. A resolution was passed at the board meeting held on 18 March 2022 to distribute employees' compensation and remuneration to directors and supervisors of 2021. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2021.

The Company distributed employees' compensation and remuneration to directors and supervisors for year ended 31 December 2020 at 3.75% of profit of the year and 1.5% of profit of the year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2020 amounted to NT$17,932 thousand and NT$7,173 thousand, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2020.

20. Non-operating income and expenses

(1) Other revenue

	For the years ended 31 December	
	2021	2020
Rental income	$31,720	$31,122
Interest income		
Financial assets measured at amortized cost	10,655	15,188
Others	32,670	41,217
Total	$75,045	$87,527

Other income－Mainly tourism income and parking fees of Cigu Salt Mountain

(2) Other gains and losses

	For the years ended 31 December	
	2021	2020
(Losses) on disposal of property, plant and equipment	$(1,236)	$(2,546)
Gains on disposal of investment property	-	787
Foreign exchange (losses), net	(20,590)	(16,644)
(Losses) gains on financial assets at fair value through profit or loss	(1,645)	2,342
(Losses) on disaster	(3,535)	-
Gain on disposal of investments	1,109	4,124
(Losses) on disposal of investment accounted for using the equity method	-	(3,292)
Others	(62,465)	(67,421)
Total	$(88,362)	$(82,650)

Other expenses－Mainly depreciation expenses of Cigu Salt Mountain’s property, plant and equipment, maintenance expenses, and currency remittance commissions.

(3) Finance costs

	For the years ended 31 December	
	2021	2020
Interest expenses	$(5,942)	$(3,605)

21. Components of other comprehensive income

For the year ended 31 December 2021:

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income (loss), net of tax
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	$9,495	$-	$(1,899)	$7,596
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	952	-	-	952
Items that may be reclassified subsequently to profit or loss:				
Exchange differences resulting from translating the financial statements of foreign operations	(115)	-	-	(115)
Total other comprehensive income (loss)	$10,332	$-	$(1,899)	$8,433

For the year ended 31 December 2020:

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income (loss), net of tax
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	$(5,464)	$-	$1,093	$(4,371)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	390	-	-	390
Items that may be reclassified subsequently to profit or loss:				
Exchange differences resulting from translating the financial statements of foreign operations	255	-	-	255
Total other comprehensive (loss) income	$(4,819)	$-	$1,093	$(3,726)

22. Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2021	2020
Current income tax expense:		
Current income tax charge	$126,430	$91,762
Adjustments in respect of current income tax of prior periods	(4,129)	(2,250)
Deferred tax (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(24,545)	(62)
Total income tax expense	$97,756	$89,450

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$1,899	$(1,093)
Income tax relating to components of other comprehensive income	$1,899	$(1,093)

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2021	2020
Accounting profit before tax from continuing operations	$509,918	$464,039
Tax at the domestic rates applicable to profits in the country concerned	$109,586	$92,036
Tax effect of revenues exempt from taxation	(7,503)	(339)
Tax effect of expenses not deductible for tax purposes	72	21
Tax effect of deferred tax assets/liabilities	(302)	(40)
Corporate income surtax on undistributed retained earnings	32	22
Adjustments in respect of current income tax of prior periods	(4,129)	(2,250)
Total income tax expense recognized in profit or loss	$97,756	$89,450

Deferred tax assets (liabilities) related to the following:

For the year ended 31 December 2021

	As of 1 Jan. 2021	Recognized in profit or loss	Recognized in other comprehensive income	As of 31 Dec. 2021
Temporary differences				
Unrealized allowance for inventory valuation losses	$4,723	1,593	$-	$6,316
Unrealized exchange losses (gains)	13,098	3,600	-	16,698
Unrealized sales returns and discounts	5,942	555	-	6,497
Unallocated fixed manufacturing expenses	1,277	140	-	1,417
Land appreciation tax preparation	(33,339)	-	-	(33,339)
Unrealized impairment loss	4,931	(117)	-	4,814
Compensated absence	3,290	247	-	3,537
Deferred income	274	(3)	-	271
Net defined benefit liability, non-current.	24,941	(1,242)	(1,899)	21,800
Employee welfare committee established	-	320	-	320
Other	5,357	19,452	-	24,809
Deferred tax income (expenses)		$24,545	$(1,899)	
Net deferred tax assets /(liabilities)	$30,494			$53,140
Reflected in balance sheet as follows:				
Deferred tax assets	$64,428			$87,223
Deferred tax liabilities	$(33,934)			$(34,083)

For the year ended 31 December 2020

	As of 1 Jan. 2020	Recognized in income	Recognized in other comprehensive income	As of 31 Dec. 2020
Temporary differences				
Unrealized allowance for inventory valuation losses	$4,177	$546	$-	$4,723
Unrealized exchange losses (gains)	9,628	3,470	-	13,098
Unrealized sales returns and discounts	7,335	(1,393)	-	5,942
Unallocated fixed manufacturing expenses	1,327	(50)	-	1,277
Land appreciation tax preparation	(33,339)	-	-	(33,339)
Unrealized impairment loss	5,117	(186)	-	4,931
Compensated absence	2,745	545	-	3,290
Deferred income	407	(133)	-	274
Net defined benefit liability, non-current.	24,925	(1,077)	1,093	24,941
Affiliate transaction	1,511	(1,511)	-	-
Other	5,506	(149)	-	5,357
Deferred tax income (expenses)		$62	$1,093	
Net deferred tax assets /(liabilities)	$29,339			$30,494
Reflected in balance sheet as follows:				
Deferred tax assets	$63,125			$64,428
Deferred tax liabilities	$(33,786)			$(33,934)

The assessment of income tax returns

As of 31 December 2021, the assessment of income tax returns of the Group is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019
Subsidiary - Taiyen Green Energy Co., Ltd	Assessed and approved up to 2019

23. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible bonds payable) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2021	2020
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands NT$)	$393,227	$365,085
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	200,000	200,000
Basic earnings per share (NT$)	$1.97	$1.83
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$393,227	$365,085
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	200,000	200,000
Effect of dilution:		
Employee bonus－stock (in thousands)	568	548
Weighted average number of ordinary shares outstanding after dilution (in thousands)	200,548	200,548
Diluted earnings per share (NT$)	$1.96	$1.82

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

24. Changes in parent's interest in subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

Subsidiary – Taiyen Green Energy Co., Ltd. issued new shares on 16 June 2020, however the Group did not purchase the new shares according to its ownership ratio, consequently the ownership interest in Taiyen Green Energy was reduced to 66.75%. The Group received additional cash from the issuance of new shares in the amount of NT$140,560 thousand. The carrying amount of Taiyen Green Energy's net assets (from the original acquisition excluding goodwill) was NT$380,339 thousand. Following is a schedule of interest exposure in Taiyen Green Energy including changes in non-controlling interests and adjustments to accumulated other comprehensive income:

Additional cash received from the issuance of new shares	$140,560
Increase to non-controlling interests	(125,243)
Difference recognized in capital surplus or retained earning within equity	$15,317

VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Henan Tianjian Rihua	Associate (Note)
Chern Feng Engineering Tech CO., LTD	Substantive related party

Note: The subsidiary – Taiyen (Xiamen) Import&Export CO., LTD.'s board of directors approved the divestment of Henan Tianjian Rihua, and finished the equity transfer in October 2020.

Significant related party transactions

1. Sales

	For the years ended 31 December	
	2021	2020
Associates industries	$-	$115

The prices and payment conditions are the same between associates industries and non-related parties.

2. Purchases

	For the years ended 31 December	
	2021	2020
Substantive related party	$151,154	$-

The Group's purchases from related parties are not comparable to general transaction prices due to different types of merchandise, and the payment terms are approximately 40 to 70 days, which are comparable to general transactions.

3. Prepaid sales receipts- Associates

	As at	
	31 Dec. 2021	31 Dec. 2020
	2021	2020
Substantive related party	$1,888	$-

4. Accounts Payable- Associates

	As at	
	31 Dec. 2021	31 Dec. 2020
	2021	2020
Substantive related party	$29,916	$-

5. Key management personnel compensation

	For the years ended 31 December	
	2021	2020
Short-term employee benefits	$21,919	$24,251
Post-employment benefits	686	590
Total	$22,605	$24,841

VIII. ASSETS PLEDGED AS COLLATERAL

Item	Carrying amount as at 31 Dec.2021	Carrying amount as at 31 Dec.2020	Purpose of pledge
Financial assets measured at amortized costs	$37,360	$35,960	Guarantee Deposits, Long-tern borrowings
Property, plant and equipment-machine equipment	72,355	76,439	Long-term borrowings
Total	$109,715	$112,399	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT

1. The Group signed a contract with a salt company and a shipping company in Australia on 23 December 2021 to purchase and import industrial sun-dried salt and agreed on related transportation terms. The contract period was 1 year (From 1 February 2022 to 31 January 2023). According to this contract, the Company can acquire a fixed amount of sun-dried salt for industrial and food processing purpose in accordance with the agreed price each year. The annual purchase amount (including transportation costs) is about NT$300 million. After the contract expires, the Company will reopen the bid.

2. The Group signed a natural gas sales contract for industrial fuel use with CPC Corporation, Taiwan (hereinafter referred to as CPC) on 26 June 2019. The contract period is 3 years (From 1 July 2019 to 30 June 2022). According to this contract, the Group agrees to purchase a quantity of 800 thousand cubic meters of gas from CPC in accordance with the CPC natural gas price list each month, and the Group will base its use on this amount evenly.

3. The Group signed a property purchase contract with Far Eastern New Century Co., Ltd. (hereinafter referred to as FENC) on 21 September 2020. The Company purchased PET bottles from FENC for approximately NT$210 million. According to this contract, after the Company signs the contract, the contracted goods will be delivered to the designated place in batches according to the notice of Tung-Hsiao Fine Salt Factory to complete the transaction until the contract volume is reached (at least 700,000 pieces per day).

4. As of 31 December 2021, the Group was involved in the following activities that were not shown in the financial statements:

(1) Unused letters of credit (in thousands)

Currency	As of 31 Dec. 2021
USD	USD1,197

(2) Subsidiary-Taiyen Green Energy issued guaranteed notes for guarantee of contract performance amounted to NT$35,095 thousand.

(3) The guaranteed notes issued by firms due to the outsourcing services and construction, are received by subsidiary-Taiyen Green Energy, which amounted to NT$128,361 thousand.

(4) The guarantee issued by subsidiary -Taiyen Green Energy for performance of contract services and engineering amounted to NT$185,699 thousand.

5. As of 31 December 2021, the Group still has major contracts as follows:

Project	Contract amount	Amount paid	Unpaid amount
Replacement project of cogeneration equipment	$601,700	$281,234	$320,466
Demolition and construction project of office	23,800	16,875	6,925
Total	$625,500	$298,109	$327,391

6. The "Chiayi Yizhu Fishing and Electricity Symbiosis Case EPC Turnkey Project" contracted by the Group's subsidiary Taiyen Green Energy was affected by the COVID-19 pandemic, force majeure events and delays that were not attributable to Taiyen Green Energy. Pursuant to the contract, if the project is overdue, Taiyen Green Energy needs to pay liquidated demages. As of 31 December 2021, the causes of delay that cannot be attributable to Taiyen Green Energy has not been concluded. Furthermore, Taiyen Green Energy has applied for an extension of the construction period in accordance with the contract.

X. LOSS DUE TO MAJOR DISASTERS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

XII. OTHER

1. Categories of financial instruments

Financial Assets

	As at	
	31 Dec. 2021	31 Dec. 2020
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	$353,539	$381,044
Financial assets at fair value through other comprehensive income	1,060	1,930
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	1,724,724	1,504,456
Financial assets measured at amortized cost	37,360	35,960
Notes receivable	4,580	2,994
Accounts receivable	191,016	165,739
Other receivables (Accounted as other current assets)	7,189	33,958
Refundable deposits	5,445	7,625
Subtotal	1,970,314	1,750,732
Total	$2,324,913	$2,133,706

Financial liabilities

	As at	
	31 Dec. 2021	31 Dec. 2020
Financial liabilities at amortized cost:		
Short-term borrowings	$287,530	$30,000
Accounts and other payables	795,738	523,808
Long-term borrowings (current portion included)	57,369	61,656
Guarantee deposits	82,414	73,241
Lease liabilities	47,083	115,695
Total	$1,270,134	$804,400

2. Financial risk management objectives and policies

The Group's risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity instruments related risks).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly affected by USD, AUD and CNY. The information of the sensitivity analysis is as follows:

(1) When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2021 and 2020 decreases/increases by NT$5,175 thousand and NT$4,931 thousand, respectively
(2) When NTD strengthens/weakens against AUD by 1%, the profit for the years ended 31 December 2021 and 2020 decreases/increases by NT$547 thousand and NT$596 thousand, respectively.
(3) When NTD strengthens/weakens against CNY by 1%, the profit for the years ended 31 December 2021 and 2020 decreases/increases by NT$2,767 thousand and NT$2,722 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly invests in fixed interest rate financial assets and borrowings, therefore, the impact interest rate risk has on the Group is insignificant.

Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$11 thousand and NT$19 thousand on the equity attributable to the Group for the years ended 31 December 2021 and 2020, respectively.

Please refer to Note XII(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc.. Certain customer's credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

As of 31 December 2021 and 2020, contract assets and accounts receivables from top ten customers both represented 87% of the total contract assets and accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

5. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid securities and leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2021					
Loans	$294,003	$10,111	$9,841	$38,317	$352,272
Payables	795,738	-	-	-	795,738
Lease liabilities (Note)	11,486	14,743	4,923	23,760	54,912

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2020					
Loans	$35,251	$10,244	$9,977	$43,204	$98,676
Payables	523,808	-	-	-	523,808
Lease liabilities (Note)	17,497	29,804	57,259	25,920	130,480

Note: Information about the maturities of lease liabilities is provided in the table below:

	Maturities				
	Less than 5 year	6 to 10 years	11 to 15 years	> 15 years	Total
As at 31 Dec. 2021	$31,152	$10,800	$10,800	$2,160	$54,912
As at 31 Dec. 2020	104,560	10,800	10,800	4,320	130,480

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Leases liabilities	Long-term borrowings	Total liabilities from financing activities
As at 1 Jan. 2021	$30,000	$115,695	$61,656	$207,351
Cash flows	257,530	(17,626)	(4,287)	235,617
Non-cash changes	-	(50,986)	-	(50,986)
As at 31 Dec 2021	$287,530	$47,083	$57,369	$391,982

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Leases liabilities	Long-term borrowings	Total liabilities from financing activities
As at 1 Jan. 2020	$103,600	$121,786	$-	$225,386
Cash flows	(9,800)	(17,463)	(2,144)	(29,407)
Non-cash changes	(63,800)	11,372	63,800	11,372
As at 31 Dec 2020	$30,000	$115,695	$61,656	$207,351

7. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

The Group’s book value of financial assets and liabilities measured by amortized cost reasonably approximated their fair value.

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note XII(8) for fair value measurement hierarchy for financial instruments of the Group.

8. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Fair value measurement hierarchy of the Group’s assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group’s assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$353,539	$-	$-	$353,539
Equity instrument measured at fair value through other comprehensive income	1,060	-	-	1,060

As of 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$381,044	$-	$-	$381,044
Equity instrument measured at fair value through other comprehensive income	1,930	-	-	1,930

Transfers between Level 1 and Level 2 during the period

For the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

(3) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$1,352,763	$1,352,763

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$1,326,351	$1,326,351

9. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of 31 December 2021		
Financial assets	Foreign currencies	Foreign exchange rate	NTD
Monetary items:			
USD	$18,694	27.680	$517,450
AUD	2,723	20.080	54,678
CNY	63,695	4.344	276,691

	As of 31 December 2020		
Financial assets	Foreign currencies	Foreign exchange rate	NTD
Monetary items:			
USD	$17,315	28.480	$493,131
AUD	2,714	21.950	59,572
CNY	62,197	4.377	272,236

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2021 and 2020, the foreign exchange losses on monetary financial assets and financial liabilities amounted to NT$20,590 thousand and NT$16,644 thousand, respectively.

10. Financial asset transfer information

Derecognize transferred financial asset entirely

Part of the Group's accounts receivable has signed non-recourse transfer contracts with financial institutions. In addition to the transfer of the rights of these accounts receivable to the cash flow contracts, the Group is also not required to bear the credit risk of the inability to recover these accounts receivable according to the contract (except for commercial disputes), which met the conditions for derecognizing financial assets. Transaction-related information is as follows:

As of 31 December 2021

Purchaser	Factoring amount	Advanced amount	Transfer to other receivables	Credit
Bank SinoPac	$147	$-	$147	$10,000

As of 31 December 2020

Purchaser	Factoring amount	Advanced amount	Transfer to other receivables	Credit
Bank SinoPac	$565	$-	$565	$10,000

11. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. OTHER DISCLOSURES

(1) The following are additional disclosures for the Group and its affiliates as required by the R.O.C. Securities and Futures Bureau:

(a) Financing provided to others for the year ended 31 December 2021: None.

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2021: None.

(c) Securities held as of 31 December 2021 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 1.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock f for the year ended 31 December 2021: None.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of 31 December 2021: None.

(i) Financial instruments and derivative transactions: None.

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 2.

(2) Information on investees:

(a) The investee Group has significant influence or controller directly or indirectly: Please refer to Attachment 3.

(b) If the investee Group has direct or indirect control, it must disclose the information of the invested Group engaged in the first to ninth transactions of the preceding paragraph: None.

(3) Investment in Mainland China:

(a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 4.

(b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: None.

(4) Information on major shareholders: Please refer to Attachment 5.

XIV. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its products and services and has four reportable segments as follows:

1. Salt products and packaged water department
2. Biotech cleaning and maintenance department
3. Construction and services department
4. Other department

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However income taxes are managed on a group basis and are not allocated to operating segments.

1. Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

For the year ended 2021	Salt products and packaged water	Biotech cleaning and maintenance	Construction and services	Others	Adjustments and eliminations	Total
Revenue						
External customers	$2,370,380	$432,366	$1,254,351	$38,554	$-	$4,095,651
Inter-segment (Note)	-	-	-	23,322	(23,321)	-
Total revenue	$2,370,380	$432,366	$1,254,351	$61,875	$ (23,321)	$4,095,651
Profit and loss by department	$374,335	$73,622	$71,279	$30,209	$(39,527)	$509,918

For the year ended 2020	Salt products and packaged water	Biotech cleaning and maintenance	Construction and services	Others	Adjustments and eliminations	Total
Revenue						
External customers	$2,262,310	$485,625	$332,647	$49,765	$-	$3,130,347
Inter-segment (Note)	-	-	-	16,243	(16,243)	-
Total revenue	$2,262,310	$485,625	$332,647	$66,008	$(16,243)	$3,130,347
Profit and loss by department	$369,890	$84,463	$7,108	$(1,080)	$3,658	$464,039

Note: Inter-segment revenue are eliminated on consolidation and recorded under the "adjustment and elimination" column.

2. Geographic information:

(1) Revenue from external customers:

	For the years ended 31 December	
	2021	2020
Taiwan	$4,095,016	$3,128,725
China	635	1,622
Total	$4,095,651	$3,130,347

Revenue is classified based on the country where the customer is located.

(2) Non-current assets:

	As at	
	31 Dec. 2021	31 Dec. 2020
Taiwan	$4,946,271	$4,791,265
China	31	11
Total	$4,946,302	$4,791,276

The non-current assets of the Group exclude financial assets, investment accounted for under the equity method, deferred tax asset and guarantee deposits paid.

3. Product information:

	For the years ended 31 December	
Product	2021	2020
Various salt products	$1,410,596	$1,377,583
Beverage and drinking water	959,784	884,727
Construction revenue	937,584	83,397
Services providing	304,281	238,444
Food, food additives and pharmaceuticals	153,090	131,260
Cosmetics manufacturing.	143,467	180,919
Cleaning supplies	135,809	173,446
Others	51,040	60,571
Total	$4,095,651	$3,130,347

4. Important client information:

	For the years ended 31 December	
	2021	2020
Client A	$926,502	$177,367
Client B	850,385	790,554

Attachment 1

Securities held as at 31 December 2021

Holding Company	Type and name of securities(note)	Relations with securities issuer	Account	As of 31 December, 2021				Note
				Number of shares or units	Amount	Holding ratio	Fair Value	
The Company	Currency Fund－JIH SUN money market	-	Financial assets at fair value through profit or loss - current	2,094,435.14	$31,390	-	$31,390	
	Currency Fund－FSITC Taiwan Money Market	-	〃	2,039,641.60	31,556	-	31,556	
	Currency Fund－Eastspring Investments Well Pool Money Market	-	〃	2,250,170.60	30,917	-	30,917	
	Currency Fund－Yuanta Wan Tai Money Market	-	〃	684,186.40	10,454	-	10,454	
	Currency Fund－Yuanta De-Li Market	-	〃	615,695.30	10,141	-	10,141	
	Currency Fund－Nomura Taiwan Money Market	-	〃	3,181,374.36	52,415	-	52,415	
	Currency Fund－Shin Kong Chi-Shin Money Market	-	〃	1,969,750.74	30,799	-	30,799	
	Currency Fund－Franklin Templeton Sinoam Money Market	-	〃	2,959,309.49	30,936	-	30,936	
	Currency Fund－Cathay Taiwan Money Market	-	〃	2,432,059.50	30,544	-	30,544	
	Currency Fund－Fubon Chi-Hsiang Money Market	-	〃	1,278,422.10	20,236	-	20,236	
	Currency Fund－Union Money Market	-	〃	764,198.81	10,192	-	10,192	
	Currency Fund－SinoPac TWD Money Market	-	〃	724,653.40	10,179	-	10,179	
	Currency Fund－Prudential Financial Money Market Fund	-	〃	1,275,006.10	20,389	-	20,389	
	Bond Fund－ PineBridge Global Multi-Strategy High Yield Bond Fund A	-	〃	1,354,710.67	19,695	-	19,695	
	Bond Fund－ Allianz Global Investors All Seasons Harvest Fund of Bond Funds-A	-	〃	43,584.40	13,696	-	13,696	
				Subtotal	$353,539		$353,539	
	Listed Stock－Walsin Lihwa Corporation	-	Financial assets at fair value through other comprehensive income - current	400,000	$1,060		$1,060	

Note: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items mentioned in IFRS No. 9 "Financial Instruments".

Attachment 2

The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Related-party	Counter-party	Relationship with the Company (Note 2)	Transactions				
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)	Note
0	The Company	TAIYEN (XIAMEN)	1	Purchase	$22,672	Paid by contract price after acceptance	0.55%	(Note 4)

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.
For profit or loss items, interim cumulative balances are used as basis.

Note 4: Has been written off when preparing consolidated financial report.

Attachment 3

The investee Company has significant influence or controller directly or indirectly

Name of investment company	Investee company name	Location	Main Business	Original investment amount		Held at the end of the period			Net income (loss) of investee company	Investment income (loss)	Note
				31-Dec-21	31-Dec-20	Number of shares	Ratio	Amount			
The Company	Taiyen Green Energy	No. 48, Section 2, Zhongzheng South Road, Guiren District, Tainan City	Energy-related business	$235,616	$235,616	24,741,970	66.75%	$305,551	$56,948	$38,013	(Note)
The Company	Taiyen Samoa	Novasage Chambers,PO Box 3018,Level 2 CCCS Building,Beach Road,Apia,Samoa	Reinvestment Business	$49,541	$49,541	1,600,000	100%	$16,858	$1,514	$1,514	(Note)
TAIYEN SAMOA	Taiyen Hong Kong	Room 2701,27/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong	Reinvestment Business	$49,541 (USD1,600 thousand)	$49,541 (USD1,600 thousand)	1,600,000	100%	$16,858	$1,514	$1,514	(Note)

Note : Has been eliminated when preparing consolidated financial report.

Attachment 4

Investment in Mainland China

Name of Investee company in Mainland China	Main business	Total Amount of Capital	Method of Investment (Note 1)	Outflow of investments from Taiwan at beginning of the period	Accumulated inflow and outflow of investments from Taiwan		Accumulated outflow of investments from Taiwan at the end of the period	Net income (loss) of investee company	Percentage of direct(indirect) ownership by the Company	Investment income (loss) (Note 2)	Carrying amount of investments at the end of the period (Note 2)	Cumulated inward remittance of earnings and limits on investment in Mainland China	Note
					Outflow	Inflow							
Taiyen Xiamen	Operating various commodity sales and import and export business	USD1,600 thousand	2	USD1,600 thousand	-	-	USD1,600 thousand	$1,514	100%	$1,514	$16,858	-	(Note 5)

Accumulated outflow of investments in Mainland China from Taiwan at the end of the period	The amount of investment approved by the Investment Commission, MOEA	According to the regulations of the Investment Commission, MOEA, about investments to Mainland China
$44,288 (USD1,600 thousand) (Note 3)	$44,288 (USD1,600 thousand) (Note 3)	Equity $6,361,174*60%=$3,816,704 (Note 4)

Note 1: Methods of investment are divided into the following three types; the table can be only noted with type number:

1.Direct investment in Mainland China.

2.Taiyen Samoa indirectly invested in Taiyen Xiamen via investment in Taiyen Hong Kong.

3.Other methods.

Note 2: The financial statements of the investee company has been audited by the independent auditors of EY.

Note 3: The amount of NTD in the table was calculated with the exchange rate of 27.68 at the end of December 2021.

Note 4: According to 97.8.22 "Licensing Measures for Engagement in the Mainland Area or Technology Cooperation", "Investment or Technology Cooperation Review Principles in the Mainland Area" Amendments, investors' upper limit ratio of the investment cumulative amount in Mainland Area is : 60% of the net value or net value of the merger, whichever is higher.

Note 5: Has been eliminated when preparing consolidated financial report.

Attachment 5

Information of major shareholders

Shares / Name of major shareholder	Number of shares	Ratio
Ministry of Economic Affairs, R.O.C.	77,768,272	38.88%
Tung Wei Construction. Co., LTD	10,000,000	5.00%

Note 1: The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that have been completed (including treasury shares) non-physical registration. As for there may be differences between recorded shares in the Company's financial report and actual shares completed and delivered shares to non-physical registration, this is due to different calculation basis.

Note 2: If the above-mentioned information is in the case of shareholders handing over shares to the trust, the individual account of the trustor who set up the trust account with the trustee should be disclosed. As for shareholders who declare insiders shareholding statement in accordance with the Securities and Exchange Act for holding more than 10% of the shares, it includes shares held personally and shares that are put into the trust and hold the right to exercise decision-making power over the trust propery, etc. Please refer to the Market Observation Post System (MOPS) for more information on the insiders shareholding statement.