

**DARWIN PRECISIONS CORPORATION
AND SUBSIDIARIES**

**Consolidated Financial Statements
and Independent Auditors' Report**

For the Years Ended December 31, 2021 and 2020

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Darwin Precisions Corporation as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Darwin Precisions Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Darwin Precisions Corporation

Chairman: Kuo-Hsin Tsai

Date: February 8, 2022



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Independent Auditors' Report

To the Board of Directors of Darwin Precisions Corporation:

Opinion

We have audited the consolidated financial statements of Darwin Precisions Corporation (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to Note 4(15) and Note 6(19) of the consolidated financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. In addition, the Group operates in an industry in which sales revenue is easily influenced by various external factors such as supply and demand of the market, which may impact the recognition of revenue. Therefore, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include ensuring the transaction conditions and revenue of the sale contracts have been properly recorded; random sampling of sales transactions within a certain period before and after the financial reporting date; analyzing the client contract of the sample; and evaluating the transaction conditions contained in the sales contract to confirm that revenue recognition has been recorded in an appropriate period.

2. Impairment of long-term non-financial assets (excluding goodwill)

Refer to Note 4(13) “Impairment of nonfinancial assets”, Note 5 “Critical accounting judgments and key sources of estimation and assumption uncertainty”, and Note 6(7) “Impairment-non-financial assets of estimation” of the consolidated financial statements.

Description of key audit matter:

The Group operates in an industry with high investment costs, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets. The impairment assessment includes identifying cash-generating units, determining a valuation model, determining those significant assumptions, and computing the recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding the assumptions used, impairment assessment one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group’s controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Group and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets’ future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; In addition to the above audit procedures, we have appointed specialists to evaluate the appropriateness of the weighted-average cost of capital used and related assumptions; We also performed an inquiry of the management and identified any event after the balance sheet date to determine whether it is able to affect the results of the impairment assessment.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified audit opinion.

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

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

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Shyh-Huar Kuo and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)
February 8, 2022

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating Revenue (note 6(19) and 7)	\$ 20,284,221	100	14,290,244	100
5000	Operating Costs (note 6(5), (15), 7 and 13)	<u>20,287,932</u>	<u>100</u>	<u>14,634,159</u>	<u>102</u>
	Gross (Loss) profit from operations	<u>(3,711)</u>	<u>-</u>	<u>(343,915)</u>	<u>(2)</u>
6000	Operating expenses (note 6(3), (13), (15), 7 and 13):				
6100	Selling expenses	246,448	1	274,206	2
6200	Administrative expenses	705,710	3	669,016	5
6300	Research and development expenses	<u>321,001</u>	<u>2</u>	<u>291,524</u>	<u>2</u>
		<u>1,273,159</u>	<u>6</u>	<u>1,234,746</u>	<u>9</u>
	Loss from Operations	<u>(1,276,870)</u>	<u>(6)</u>	<u>(1,578,661)</u>	<u>(11)</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(21) and 7)	84,313	-	81,635	-
7010	Other income (note 6(21) and 7)	110,918	1	95,042	1
7020	Other gains and losses (note 6(7), (21) and 7)	744,050	4	26,432	-
7050	Finance costs (note 6(21))	(37,046)	-	(38,022)	-
7060	Share of profit (losses) of associates and joint ventures accounted for using the equity method, net (note 6(6))	<u>(107,146)</u>	<u>(1)</u>	<u>5,638</u>	<u>-</u>
		<u>795,089</u>	<u>4</u>	<u>170,725</u>	<u>1</u>
7900	Loss before income tax	(481,781)	(2)	(1,407,936)	(10)
7950	Less: income tax expense (benefit) (note 6(16))	<u>167,450</u>	<u>1</u>	<u>(167,137)</u>	<u>(1)</u>
8200	Loss for the period	<u>(649,231)</u>	<u>(3)</u>	<u>(1,240,799)</u>	<u>(9)</u>
	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (note 6(2) and (17))	<u>-</u>	<u>-</u>	<u>4,600</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(82,195)	-	141,865	1
8399	Income tax related to items that may be reclassified subsequently (note 6(16))	<u>16,439</u>	<u>-</u>	<u>(28,373)</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss (note 6(17))	<u>(65,756)</u>	<u>-</u>	<u>113,492</u>	<u>1</u>
8300	Other comprehensive income (loss), net of tax	<u>(65,756)</u>	<u>-</u>	<u>118,092</u>	<u>1</u>
8500	Total comprehensive income (loss) for the year	<u>\$ (714,987)</u>	<u>(3)</u>	<u>(1,122,707)</u>	<u>(8)</u>
	Earnings (loss) per share (NT dollars) (note 6(18))				
9750	Basic earnings (loss) per share	<u>\$ (0.98)</u>		<u>(1.86)</u>	
9850	Diluted earnings (loss) per share	<u>\$ (0.98)</u>		<u>(1.86)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital		Retained earnings				Other components of equity				Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficit)	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total		
Balance at January 1, 2020	\$ 6,655,551	4,308,845	604,164	795,270	(190,141)	1,209,293	(1,120,237)	(2,500)	(1,122,737)	11,050,952	
Appropriation and distribution of retained earnings:											
Legal reserve used to cover accumulated deficits	-	-	(190,141)	-	190,141	-	-	-	-	-	
	-	-	(190,141)	-	190,141	-	-	-	-	-	
Loss for the year	-	-	-	-	(1,240,799)	(1,240,799)	-	-	-	(1,240,799)	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	113,492	4,600	118,092	118,092	
Total comprehensive income (loss) for the year	-	-	-	-	(1,240,799)	(1,240,799)	113,492	4,600	118,092	(1,122,707)	
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	-	-	-	4,600	4,600	-	(4,600)	(4,600)	-	
Balance at December 31, 2020	\$ 6,655,551	4,308,845	414,023	795,270	(1,236,199)	(26,906)	(1,006,745)	(2,500)	(1,009,245)	9,928,245	
Balance at January 1, 2021	\$ 6,655,551	4,308,845	414,023	795,270	(1,236,199)	(26,906)	(1,006,745)	(2,500)	(1,009,245)	9,928,245	
Appropriation and distribution of retained earnings:											
Capital surplus used to cover accumulated deficits	-	(822,176)	-	-	822,176	822,176	-	-	-	-	
Legal reserve used to cover accumulated deficits	-	-	(414,023)	-	414,023	-	-	-	-	-	
	-	(822,176)	(414,023)	-	1,236,199	822,176	-	-	-	-	
Loss for the year	-	-	-	-	(649,231)	(649,231)	-	-	-	(649,231)	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(65,756)	-	(65,756)	(65,756)	
Total comprehensive income (loss) for the year	-	-	-	-	(649,231)	(649,231)	(65,756)	-	(65,756)	(714,987)	
Balance at December 31, 2021	\$ 6,655,551	3,486,669	-	795,270	(649,231)	146,039	(1,072,501)	(2,500)	(1,075,001)	9,213,258	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Loss before income tax	\$ (481,781)	(1,407,936)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,090,465	1,092,621
Expected credit (gain) loss	(2,318)	2,283
Gain on financial instruments at fair value through profit of loss	(63,945)	(140,633)
Interest expense	37,046	38,022
Interest income	(84,313)	(81,635)
Dividend income	(1,768)	(2,350)
Share of (profit) loss of associates and joint ventures accounted for using equity method	107,146	(5,638)
Gains on disposal of right-of-use asset	(8,294)	-
Gains on disposal of property, plant and equipment, net	(714,552)	(7,152)
Impairment loss on non-financial assets	-	8,669
Others	(143)	-
Total adjustments to reconcile profit	359,324	904,187
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in Financial assets at fair value through profit or loss	123,166	36,592
Decrease (Increase) in notes and accounts receivable	269,315	(749,446)
(Increase) Decrease in accounts receivable from related parties	(521,930)	432,342
Decrease in other receivables	1,164	776
Decrease in other receivable from related parties	461,684	124,618
(Increase) in inventories	(161,489)	(215,999)
(Increase) Decrease in other current assets	(5,418)	29,382
Decrease (Increase) in other noncurrent assets	4,350	(5,270)
Total changes in operating assets	170,842	(347,005)
Changes in operating liabilities:		
Increase in accounts payable	707,389	956,509
Increase (Decrease) in accounts payable to related parties	10,862	(173,138)
Decrease in other payables	(42,925)	(13,398)
Increase (Decrease) in other payable to related parties	3,421	(243,274)
Increase in provisions	15,748	69,442
Increase (Decrease) in other current liabilities	34,876	(14,314)
Increase in other noncurrent liabilities	44,904	20,370
Total changes in operating liabilities	774,275	602,197
Total changes in operating assets and liabilities	945,117	255,192
Total adjustments	1,304,441	1,159,379
Cash generated from operations	822,660	(248,557)

(Continued)

	<u>2021</u>	<u>2020</u>
Interest received	61,967	77,827
Dividends received	1,768	2,350
Interest paid	(37,235)	(37,878)
Income taxes paid	(126,302)	(68,641)
Net cash provided (used in) by operating activities	<u>722,858</u>	<u>(274,899)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(2,428,945)
Proceeds from disposal of financial assets at fair value through profit or loss	551,841	3,342,642
Acquisition of financial assets at amortised cost	(695,648)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	18,568
Acquisition of property, plant and equipment	(798,118)	(895,971)
Proceeds from disposal of property, plant and equipment	1,214,515	34,577
Proceed from disposal of right-of-use assets	12,752	-
Increase in prepayments for business facilities	(10,219)	(34,725)
Decrease (Increase) in refundable deposits	3,878	(3)
Net cash provided by investing activities	<u>279,001</u>	<u>36,143</u>
Cash flows from (used in) financing activities:		
Proceeds from short-term borrowings	173,426	-
Repayments of short-term borrowings	(130,000)	-
Proceeds from long-term borrowings	1,986,000	3,620,000
Repayment of long-term borrowings	(2,037,351)	(2,977,351)
Payment of lease liabilities	(4,857)	(16,143)
Increase in guarantee deposits received	19,546	1,810
Net cash provided by financing activities	<u>6,764</u>	<u>628,316</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(47,871)</u>	<u>156,588</u>
Net increase in cash and cash equivalents	960,752	546,148
Cash and cash equivalents at beginning of year	<u>4,997,976</u>	<u>4,451,828</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,958,728</u></u>	<u><u>4,997,976</u></u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Forhouse Corporation (“Forhouse”) was incorporated on October 13, 1989 approved by the Ministry of Economic Affairs. It mainly engaged in designing, manufacturing, assembling, processing and trading of backlight modules, computer peripherals, and communication equipments.

BriView Corp. (“BriView”) was approved to establish on September 8, 2008. It mainly engaged in designing, manufacturing and sales of LCD modules, backlight modules, LCD TVs and related components.

In order to integrate the overall resources and expand the scale of business and enhance operational performance and competitiveness, Forhouse merged with BriView on October 1, 2014 in accordance with the “Business Mergers and Acquisitions Act”. After merger, Forhouse was legally the surviving company and BriView was the dissolved company. Forhouse was then changed to Darwin Precisions Corp. (“the Company”) with the approval of the Ministry of Economic Affairs. The Company’s registered address is No.20-1, Guangfu North Rd., Hukou Township, Hsinchu County, Taiwan (R.O.C).

The Company and its subsidiaries (“the Group”) mainly engaged in designing, manufacturing and sales of LCD modules, backlight modules, LCD TVs and related components.

2. Approval date and procedure of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on February 8, 2022.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission (“FSC”), R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(Continued)

DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (2) The impact of IFRSs issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (3) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

4. Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IAS, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC, R.O.C..

(2) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the equity.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding	
			December 31, 2021	December 31, 2020
The Company	Darwin Precisions (L) Corp. (DPLB)	Holding company	100%	100%
"	Forhouse International Holding Ltd. (FHVI)	"	100%	100%
"	Forefront Corporation (FFMI)	"	100%	100%
DPLB	Darwin Precisions (Hong Kong) Limited (DPHK)	"	100%	100%
"	Darwin Precisions (Slovakia) s.r.o. (DPSK)	Manufacturing and sales of automotive parts	100%	100%
DPHK	Darwin Precisions (Suzhou) Corp. (DPSZ)	Manufacturing and sales of backlight modules and related parts	100%	100%
"	Darwin Precisions (Xiamen) Corp. (DPXM)	"	100%	100%
FHVI	Fortech International Corp. (FTMI)	Holding company	100%	100%
"	Forward Optronics International Corporation (FWSA)	"	100%	100%
"	Prime Forward International Limited (PMSA)	"	100%	100%
FFMI	Forhouse Electronics (Suzhou) Co., Ltd. (FHWJ)	Manufacturing and sales of backlight modules and related parts	100%	100%
FTMI	Fortech Electronics (Suzhou) Co., Ltd. (FTWJ)	"	100%	100%
FTMI and FWSA	Suzhou Forplax Optronics Co., Ltd. (FPWJ)	Manufacturing, sales and trading of precision plastic parts	100%	100%
PMSA	Fortech Electronics (Kunshan) Co., Ltd. (FTKS)	Manufacturing and sales of backlight modules and related parts	100%	100%

Note : As of December 31, 2021, the liquidation of DPSK and FTKS is still in process.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) Qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of its investment in an associate of joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a 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.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) 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.

(6) Cash and cash equivalents

Cash comprises demand deposits and time deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(7) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or tWA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than one year past due, or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 360 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

6) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Group will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Group will apply applied the policies on accounting for modifications to the additional changes.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unearned gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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(10) Joint venture

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the Group qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(11) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | |
|----------------------------|------------|
| 1) Buildings | 3~50 years |
| 2) Machinery and equipment | 1~10 years |
| 3) Other equipment | 1~20 years |

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 4) The major components of houses, buildings, machinery and equipment, and their useful lives are as follows :

<u>Compose item</u>	<u>Useful Lives</u>	<u>Compose item</u>	<u>Useful Lives</u>
Buildings:		Machinery and equipment:	
Main building	20~50 years	Injection machine and polishing machine	1~10 years
Piping and fire engineering	5~21 years	Press board equipment	5~10 years
Plant construction project	10~20 years	Dehumidification drying and feeding system	2~10 years
Compartment engineering	5 years	Light guide plate polishing machine	2~10 years
Other	3 years	Other	1~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(12) Leases

At inception of a contract, the Group assesses whether a 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.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of staff dormitory that have a lease term of 12 months or less and leases of low-value assets, including sporadic lease. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

(13) Impairment of nonfinancial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs) .

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(15) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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1) Sale of goods

The Group manufactures and sells backlight modules and LCD optoelectronic products and related components. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation to provide a refund for backlight module and LCD optoelectronic products under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(14).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

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- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

For general and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(16) Government grants

The Group recognizes an unconditional government grant related to an asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

- (i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

- (ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

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- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(19) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(20) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment and has reflected the impact on COVID-19 within the next financial year is as follows:

Impairment of property, plant and equipment and right-of-use assets

In the process of evaluating the potential impairment of assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups with the consideration of the usage mode of asset and the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Demand deposits	\$ 2,200,055	1,528,746
Time deposits	3,758,673	3,469,230
	\$ 5,958,728	4,997,976

Please refer to note 6(23) for the credit risk exchange rate risk, interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(2) Financial assets

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

	December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:		
Structured deposits	\$ -	555,739
Derivative instruments not used for hedging— Forward exchange contracts	13,597	73,791
Total	\$ 13,597	629,530

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The Group uses derivative financial instruments to manage the exposure to foreign exchange risk arising from operating, financing and investing activities. The following derivative financial instruments, without the application of hedge accounting in the December 31, 2021 and 2020, were classified as financial assets at fair value through profit or loss:

Forward exchange contracts:

	December 31, 2021		
	Amount (in thousands)	Currency	Maturity date
Forward exchange sold	USD 48,500	USD to CNY	111.1.25~111.7.1

	December 31, 2020		
	Amount (in thousands)	Currency	Maturity date
Forward exchange sold	USD 61,500	USD to CNY	110.1.25-110.8.30

(ii) Financial assets at fair value through other comprehensive income – noncurrent

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Unlisted common shares		
Domestic Company	\$ 78,900	78,900
Foreign Company	19,363	19,363
	\$ 98,263	98,263

The purpose that the Group invests in the above-mentioned equity securities is for long-term strategies rather than trading purpose. Therefore, those equity securities are designated as financial assets at fair value through other comprehensive income.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments in Year 2021.

In November 2020, the Group sold financial asset at fair value through other comprehensive income. The shares sold had a fair value of \$18,568 thousand and the Group realized a cumulative gain of \$4,600 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings.

For credit risk and market risk, please refer to note 6(23).

As of December 31, 2021 and 2020, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

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(iii) Financial assets at amortized cost – noncurrent

	December 31, 2021	December 31, 2020
Time deposits	<u>\$ 706,340</u>	<u>-</u>

Information refers to credit risk of financial assets at amortized cost is provide in note 6(23).

As at December 31, 2021 and 2020, Group's financial assets at amortized cost had not been pledged as collateral.

(3) **Notes and Accounts receivables (Including related parties)**

	December 31, 2021	December 31, 2020
Notes receivable	\$ 68,831	179,411
Accounts receivable–measured at amortized cost	3,558,633	3,199,066
Less: loss allowance	-	(5,994)
	<u>\$ 3,627,464</u>	<u>3,372,483</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

As of December 31, 2021 and 2020, the Group fully recognized the allowance loss for its notes and accounts receivable of \$0 thousand and \$3,633 thousand, respectively. The loss allowance provisions for non related parties were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,629,908	-	%
Past due less than 60 days	28,622	-	%
Past due 61~180 days	-	-	%
Past due over 181 days	-	-	%
Total	<u>\$ 1,658,530</u>		<u>-</u>
	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,902,933	-	%
Past due less than 60 days	22,474	-	%
Past due 61~180 days	72	-	%
Past due over 181 days	2,361	100.00	%
Total	<u>\$ 1,927,840</u>		<u>2,361</u>

As of December 31, 2021 and 2020, the accounts receivable from related parties of the Group were

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mainly derived from the accounts of the parent company amounting to \$739,201 thousand and \$657,251 thousand, respectively, and other related parties of \$1,229,733 thousand and \$789,753 thousand, respectively, with overdue days of less than 30 days. Therefore, there were no loss allowance provisions during the duration of the accounts receivable from related parties.

The movement in the allowance for notes and trade receivables were as follows:

	<u>2021</u>	<u>2020</u>
Balance at January 1	5,994	4,210
Impairment losses recognized	-	2,283
Impairment losses reversed	(2,318)	-
Amounts written off	(3,628)	(605)
Foreign exchange losses / (gains)	(48)	106
Balance at December 31	<u>\$ -</u>	<u>5,994</u>

As of December 31, 2021 and 2020, the notes and accounts receivables of the Group had not been pledged as collateral.

The credit and exchange rate risks information of the notes and accounts receivable, please refer to note 6(23).

(4) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables — related parties	\$ 1,967	25,411
Other receivables — loans to related parties	-	438,240
Others	42,076	31,578
	<u>\$ 44,043</u>	<u>495,229</u>

For further credit risk information, please refers to note 6(23).

(5) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Raw materials	\$ 718,342	596,113
Semi-finished goods	139,729	154,329
Work in progress	131,028	156,619
Finished goods	566,725	445,317
Goods	51,424	112,306
Inventory in transit	83,911	89,962
	<u>\$ 1,691,159</u>	<u>1,554,646</u>

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Inventory related losses and profits were as follows:

	<u>2021</u>	<u>2020</u>
Loss on valuation and scrap of inventories	\$ 24,376	53,270
Unallocated fixed manufacturing expenses	278,976	346,850
Loss on inventory physical count	43	216
Disposal gain on scraps	<u>(157,554)</u>	<u>(115,263)</u>
Operating costs	<u>\$ 145,841</u>	<u>285,073</u>

As of December 31, 2021 and 2020, the inventories of the Group had not been pledged as collateral.

(6) Investments accounted for using equity method

The Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	\$ 258,695	255,070
Joint ventures	<u>71,497</u>	<u>185,735</u>
	<u>\$ 330,192</u>	<u>440,805</u>

(i) Associates

Associates which are material to the Group consisted of the followings:

<u>Name of Associates</u>	<u>Nature of Relationship with the Group</u>	<u>Main operating location/ Registered Country of the Company</u>	<u>Proportion of shareholding and voting rights</u>	
			<u>December 31, 2021</u>	<u>December 31, 2020</u>
BriView(L) Corp. (BVLB)	Holding company	Malaysia	29.71%	29.71%

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

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BVLB company:

	December 31, 2021	December 31, 2020
Current assets	\$ 1,432	1,648
Non-current assets	833,270	819,362
Current liabilities	(136)	(125)
Non-current liabilities	-	-
Net assets	<u>\$ 834,566</u>	<u>820,885</u>
Net assets attributable to non-controlling interests	<u>\$ 247,949</u>	<u>243,885</u>
Net assets attributable to investee company	<u>\$ 586,617</u>	<u>577,000</u>

	2021	2020
Operating revenue	<u>\$ 20,359</u>	<u>(8,870)</u>
Gain (Loss) from continuing operations	\$ 20,174	(9,160)
Other comprehensive (loss) income	(6,493)	12,358
Total comprehensive income	<u>\$ 13,681</u>	<u>3,198</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 4,064</u>	<u>950</u>
Comprehensive income attributable to investee company	<u>\$ 9,617</u>	<u>2,248</u>

	2021	2020
Share of net assets of associates as of January 1	\$ 243,885	242,935
Comprehensive income attributable to the Group	4,064	950
Share of net assets of associates as of December 31	\$ 247,949	243,885
Less: Elimination of unrealized profit on downstream sales	-	-
Carrying amount of associates' equity	<u>\$ 247,949</u>	<u>243,885</u>

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates' equity	<u>\$ 10,746</u>	<u>11,185</u>

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(ii) Joint ventures

Roehm Forhouse Optical Polymers Corp. (EFOP) is a company established under the joint venture agreement between the Company and other investor. EFOP is non public company and is one of the Group's strategic suppliers who mainly engages in the production of plastic pellet. The Group has the residual equity interest in net value of EFOP; hence, the Group use the equity method in measuring the fair value of EFOP.

On May 27, 2021, EFOP's liquidation was approved in its shareholders' meeting, the dissolution registration of EFOP was completed on January 25, 2022. The legal process of liquidation is still in progress as of the reporting date.

The following table summarizes the financial information of EFOP as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information on the carrying amount of the Group's interest in EFOP.

	December 31, 2021	December 31, 2020
Percentage ownership interest	<u>49%</u>	<u>49%</u>
Current assets	\$ 220,616	236,896
Non-current assets	-	193,310
Current liabilities	(74,704)	(31,912)
Non-current liabilities	<u>-</u>	<u>(19,242)</u>
Net assets	<u>\$ 145,912</u>	<u>379,052</u>
Carrying amount of interest in joint venture	<u>\$ 71,497</u>	<u>185,735</u>
	2021	2020
Operating Revenue	<u>\$ 1,143,180</u>	<u>1,072,892</u>
Profit (loss) from continuing operations	(233,140)	14,318
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive (loss) income	<u>\$ (233,140)</u>	<u>14,318</u>
Group's share of profit and total comprehensive income	<u>\$ (114,238)</u>	<u>7,016</u>

The Group does not have any contingent liabilities arising from the equity of the joint venture, as well as contingent liabilities incurred with other joint venture controllers. Also, the Group is not obliged to assume the control of other joint ventures in the joint venture where the liabilities should be borne by the person.

(iii) Guarantee

As of December 31, 2021 and 2020, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

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(7) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings and Construction</u>	<u>Machinery and Equipment</u>	<u>Others</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost or deemed cost:						
Balance on January 1, 2021	\$ 2,247,104	4,324,622	7,738,370	4,148,735	50,856	18,509,687
Additions	-	5,061	188,346	211,685	411,161	816,253
Disposal	(55,859)	(863,372)	(1,226,078)	(1,019,779)	-	(3,165,088)
Reclassification and effect of movements in exchange rates	-	(29,589)	304,447	(72,429)	(335,564)	(133,135)
Balance on December 31, 2021	<u>\$ 2,191,245</u>	<u>3,436,722</u>	<u>7,005,085</u>	<u>3,268,212</u>	<u>126,453</u>	<u>16,027,717</u>
Balance on January 1, 2020	\$ 2,247,104	4,250,357	6,923,602	3,852,542	580,774	17,854,379
Additions	-	7,359	195,430	291,545	353,903	848,237
Disposal	-	(272)	(286,182)	(78,289)	(146)	(364,889)
Reclassification and effect of movements in exchange rates	-	67,178	905,520	82,937	(883,675)	171,960
Balance on December 31, 2020	<u>\$ 2,247,104</u>	<u>4,324,622</u>	<u>7,738,370</u>	<u>4,148,735</u>	<u>50,856</u>	<u>18,509,687</u>
Accumulated depreciation:						
Balance on January 1, 2021	\$ -	1,690,140	5,388,575	3,803,009	-	10,881,724
Depreciation	-	190,414	593,264	295,266	-	1,078,944
Impairment loss	-	-	-	-	-	-
Disposal	-	(523,706)	(1,168,319)	(973,100)	-	(2,665,125)
Reclassification and effect of movements in exchange rates	-	(16,868)	(5,337)	(94,558)	-	(116,763)
Balance on December 31, 2021	<u>\$ -</u>	<u>1,339,980</u>	<u>4,808,183</u>	<u>3,030,617</u>	<u>-</u>	<u>9,178,780</u>
Balance on January 1, 2020	\$ -	1,465,033	4,985,486	3,565,835	-	10,016,354
Depreciation	-	192,292	613,808	264,550	-	1,070,650
Impairment loss	-	-	8,669	-	-	8,669
Disposal	-	(272)	(260,236)	(77,476)	-	(337,984)
Reclassification and effect of movements in exchange rates	-	33,087	40,848	50,100	-	124,035
Balance on December 31 2020	<u>\$ -</u>	<u>1,690,140</u>	<u>5,388,575</u>	<u>3,803,009</u>	<u>-</u>	<u>10,881,724</u>
Carrying amounts:						
Balance on December 31, 2021	<u>\$ 2,191,245</u>	<u>2,096,742</u>	<u>2,196,902</u>	<u>237,595</u>	<u>126,453</u>	<u>6,848,937</u>
Balance on January 1, 2020	<u>\$ 2,247,104</u>	<u>2,785,324</u>	<u>1,938,116</u>	<u>286,707</u>	<u>580,774</u>	<u>7,838,025</u>
Balance on December 31, 2020	<u>\$ 2,247,104</u>	<u>2,634,482</u>	<u>2,349,795</u>	<u>345,726</u>	<u>50,856</u>	<u>7,627,963</u>

(i) Guarantee

As of December 31, 2021 and 2020, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

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(ii) Impairment loss

The Group performed impairment assessment on property, plant and equipment at its fair price on December 31, 2021 and 2020. After the assessment on December 31, 2021 and 2020, no impairment loss should be mentioned.

In 2020, an impairment loss of \$8,669 thousand was recognized based on the difference between the fair value of the equipment which was going to be sold and its book value.

(iii) Plant and equipment under construction

The Group has started construction and costs incurred up to December 31, 2021 and 2020. Included in this amount are capitalized borrowing costs related to the acquisition of the land and the construction of the factory of \$95 thousand and \$254 thousand, calculated using a capitalization rate of 0.75% ~ 1.35% and 0.8% ~ 1.6%, respectively, please refer to note 6(21) for capitalization of interest.

(iv) Leased assets

The Group leased a land. Because it did not intend to obtain long-term capital appreciation or earn rent, the asset was not recognized as investment property, and it was included in property, plant and equipment.

(v) Disposal

In order to active assets and enhance effective of working capital. The board of directors of the company approved to disposal fixed assets of Darwin Precisions (Suzhou) Corp. on June 29, 2021. As of December 27, 2021, the Company had finished of disposal progress and get a profit of \$618,916 thousand.

(8) **Right-of-use assets**

The Group leases land and buildings. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 234,746	48,400	283,146
Disposal	(4,822)	(45,732)	(50,554)
Effect of movement in exchange rate	(835)	(2,668)	(3,503)
Balance at December 31, 2021	<u>\$ 229,089</u>	<u>-</u>	<u>229,089</u>
Balance at January 1, 2020	\$ 233,140	46,595	279,735
Effect of movement in exchange rate	1,606	1,805	3,411
Balance at December 31, 2020	<u>\$ 234,746</u>	<u>48,400</u>	<u>283,146</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2021	\$ 12,971	32,267	45,238
Depreciation for the year	6,440	5,081	11,521
Disposal	(364)	(35,569)	(35,933)
Effect of movement in exchange rate	(42)	(1,779)	(1,821)
Balance at December 31, 2021	<u>\$ 19,005</u>	<u>-</u>	<u>19,005</u>

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	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Balance at January 1, 2020	\$ 6,443	15,532	21,975
Depreciation for the year	6,425	15,546	21,971
Effect of movement in exchange rate	103	1,189	1,292
Balance at December 31, 2020	<u>\$ 12,971</u>	<u>32,267</u>	<u>45,238</u>
Carrying amount:			
Balance at December 31, 2021	<u>\$ 210,084</u>	<u>-</u>	<u>210,084</u>
Balance at January 1, 2020	<u>\$ 226,697</u>	<u>31,063</u>	<u>257,760</u>
Balance at December 31, 2020	<u>\$ 221,775</u>	<u>16,133</u>	<u>237,908</u>

(9) **Other current assets**

The other current assets of the Group were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other current assets:		
Overpaid sales tax	\$ 47,900	72,277
Tax prepayment	51,043	-
Temporary payments	28,213	32,733
Prepayments	25,000	30,846
Other	891	5,884
	<u>\$ 153,047</u>	<u>141,740</u>

(10) **Short-term borrowings**

The short-term borrowings of the Group were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans	<u>\$ 43,324</u>	<u>-</u>
Unused short-term credit lines	<u>\$ 1,507,164</u>	<u>-</u>
Range of internet rates	<u>1.055%</u>	<u>-</u>

For the collateral for bank loan, please refer to note 8.

(11) **Other current liabilities**

The other current liabilities of the Group were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Temporary receipts	\$ 86,031	57,312
Advance receipts	-	1,966
Withholding	14,394	15,210
Other	23,376	14,274
	<u>\$ 123,801</u>	<u>88,762</u>

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(12) **Long-term borrowings**

The details were as follows:

December 31, 2021				
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	0.75%~1.35%	2022.4~2026.12	\$ 2,404,614
Secured bank loans	NTD	0.90%~1.35%	2023.6~2032.4	<u>1,325,523</u>
				3,730,137
Less: current portion				<u>(40,116)</u>
Total				<u>\$ 3,690,021</u>
Unused long-term credit lines				<u>\$ 3,279,635</u>

December 31, 2020				
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	0.80%~1.35%	2022.4~2025.10	\$ 2,604,462
Secured bank loans	NTD	0.90%~1.35%	2022.6~2032.4	<u>1,177,026</u>
				3,781,488
Less: current portion				<u>(57,350)</u>
Total				<u>\$ 3,724,138</u>
Unused long-term credit lines				<u>\$ 3,081,575</u>

For the collateral for long-term borrowings, please refer to note 8.

(13) **Lease liabilities**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	\$ -	16,327
Noncurrent	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>16,327</u>

For the maturity analysis, please refer to note 6(23).

The amounts recognized in profit or loss was as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 54</u>	<u>290</u>
Expense relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 943</u>	<u>4,690</u>
Expenses relating to short-term leases	<u>\$ 16,935</u>	<u>16,326</u>

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in the statement of cash flows for the Group was as follows:

	2021	2020
Total cash outflow for leases	<u>\$ 16,842</u>	<u>41,936</u>

(i) Real estate leases

The lease period of office premises is usually two to five years. Some leases include an option to renew the lease contract for an additional period of the same duration after the end of the contract term.

(ii) Other rental

The Group leases dormitories and others with contract terms of one to three years. These leases are short-term or lease of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(14) **Provisions**

	<u>Warranties</u>
Balance at January 1, 2021	\$ 94,747
Provisions made during the year	55,623
Provisions used during the year	(39,875)
Effect of change in exchange rate	<u>(276)</u>
Balance at December 31, 2021	110,219
Less: Provisions – current	<u>(93,215)</u>
Provisions – non-current	<u>\$ 17,004</u>
Balance at January 1, 2020	\$ 25,169
Provisions made during the year	125,646
Provisions used during the year	(56,203)
Effect of change in exchange rate	<u>135</u>
Balance at December 31, 2020	94,747
Less: Provisions – current	<u>(67,331)</u>
Provisions – non-current	<u>\$ 27,416</u>

The provision for warranties during the years ended 31 December 2021 and 2020 is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle most of the liability over the next two years.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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(15) Employee benefits

The Company set aside \$18 thousand and \$9 thousand, respectively, of the pension costs under the defined benefit plans for the years ended December 31, 2021 and 2020.

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$32,412 thousand and \$40,902 thousand for the years ended December 31, 2021 and 2020, respectively.

Except for the Company, foreign subsidiaries recognized pension expense of \$98,190 thousand and \$69,680 thousand for the years ended December 31, 2021 and 2020, respectively, for the defined contribution plans based on their respective local government regulations.

(16) Income taxes

(i) Income tax expense (benefit)

The Group of income tax expense (benefit) in the years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense:		
Current period	\$ 171,181	43,041
Adjustment for prior periods	<u>56,429</u>	<u>(18,907)</u>
	<u>227,610</u>	<u>24,134</u>
Deferred tax expense (benefit) :		
Origination and reversal of temporary differences	<u>(60,160)</u>	<u>(191,271)</u>
Income tax expense (benefit)	<u>\$ 167,450</u>	<u>(167,137)</u>

The amount of income tax expense (benefit) recognized in other comprehensive (loss) income for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ (16,439)</u>	<u>28,373</u>

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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Reconciliation of income tax and loss before tax 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Loss before income tax	\$ (481,781)	(1,407,936)
Income tax using the Company's domestic tax rate	(96,356)	(281,587)
Effect of tax rates in foreign jurisdiction	40,810	(118,124)
Non-deductible expenses	72,367	54,429
Impact of loss deduction	54,599	229,905
Changes in unrecognized temporary differences	(19,628)	(32,853)
Changes in provision in prior periods	56,429	(18,907)
Others	59,229	-
Total	<u>\$ 167,450</u>	<u>(167,137)</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	\$ 14,510	34,138
The carry forward of unused tax losses	899,378	797,522
Investment deduction	11,937	6,671
	<u>\$ 925,825</u>	<u>838,331</u>

Tax loss carry forwards is utilized in accordance with the relevant jurisdiction tax laws and regulation that allows net losses to offset taxable income. It was not recognized in deferred tax assets because the Group believed that it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2021, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Effect</u>	<u>Expiry date</u>
2016	\$ 69,848	2021
2017	133,875	2021~2022
2018	103,633	2023
2019	171,852	2023~2029
2020	282,615	2024~2030
2021	137,555	2025~2031
	<u>\$ 899,378</u>	

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Loss of inventory valuation	Exchange differences on translation of foreign financial statements	Others	Total
Deferred Tax Assets:				
Balance at January 1, 2021	\$ 33,613	66,942	15,689	116,244
Recognized in profit or loss	7,788	-	7,804	15,592
Recognized in other comprehensive income (loss)	-	16,439	-	16,439
Balance at December 31, 2021	<u>\$ 41,401</u>	<u>83,381</u>	<u>23,493</u>	<u>148,275</u>
Balance at January 1, 2020	\$ 22,045	95,315	8,228	125,588
Recognized in profit or loss	11,568	-	7,461	19,029
Recognized in other comprehensive income (loss)	-	(28,373)	-	(28,373)
Balance at December 31, 2020	<u>\$ 33,613</u>	<u>66,942</u>	<u>15,689</u>	<u>116,244</u>
	Recognized foreign investment gains under equity method	Other	Total	
Deferred Tax Liabilities:				
Balance at January 1, 2021	\$ 869,124	9,305	878,429	
Recognized in profit or loss	(38,496)	(6,072)	(44,568)	
Balance at December 31, 2021	<u>\$ 830,628</u>	<u>3,233</u>	<u>833,861</u>	
Balance at January 1, 2020	\$ 1,043,486	7,185	1,050,671	
Recognized in profit or loss	(174,362)	2,120	(172,242)	
Balance at December 31, 2020	<u>\$ 869,124</u>	<u>9,305</u>	<u>878,429</u>	

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the tax authorities.

(17) **Capital and other equity**

As of December 31, 2021 and 2020, the Company's authorized common stock, with par value of \$10 per share, all amounted to \$8,500,000 thousand, and the outstanding ordinary shares both amounted to \$6,655,551 thousand.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Capital Surplus

The balances of capital surplus as of December 31, 2021 and 2020, were as follows:

	December 31, 2021	December 31, 2020
Capital premium (Including merger and premium)	\$ 1,772,216	2,594,392
Treasury shares transactions	177,139	177,139
Changes in equity of associates and joint ventures accounted for using the equity method	1,532,121	1,532,121
Employee share options	5,193	5,193
	<u>\$ 3,486,669</u>	<u>4,308,845</u>

According to the R.O.C. Company Act, capital surplus may be used to offset accumulated deficits first, and only the realized capital surplus can be distributed by issuing common stock as stock dividends or by cash according to the proportion of shareholders'. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of paid-in capital.

(ii) Retained earnings

Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and cover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve unless and until the accumulated legal reserve reaches the paid in capital. Certain amount shall be further allocated as special reserve or the special reserve shall be reversed in accordance with applicable laws and regulations or as requested by the competent authority. If there is still remaining earning, it shall be combined with the accumulated undistributed earnings for the Board of Directors to prepare an earnings distribution proposal in order to execute the distribution thereof through resolution according to the laws. Dividend distribution in the form of shares in whole or in part shall be approved by the shareholders' meeting. Dividend distribution in the form of cash shall be approved by the Board of Directors and a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, and taking into account the shareholders' interest, maintenance of a balanced dividend and the Company's long term financial plan. The shareholders' dividend distribution ratio, in principle, could be zero percent to eighty percent of the distributable earnings. The ratio of the cash dividends paid shall not be less than thirty percent of the total amount of the cash and stock dividends paid in the current year.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Legal reserve

Legal reserve can be used to offset accumulated deficits. When the company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash, and only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

In accordance with Ruling by the FSC, a portion of the current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during the earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. Similarly, a portion of the undistributed prior period earnings shall be reclassified as special earnings reserve to account for cumulative changes in other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The legal reserve \$414,023 thousand and capital surplus — merger and premium \$822,176 thousand used to offset accumulated deficits for 2020 had been approved by the shareholders' meeting held on 18 August 2021.

The legal reserve \$190,141 thousand used to offset accumulated deficits for 2019 had been approved by the shareholders' meeting held on 12 June 2020.

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2021	\$ (1,006,745)	(2,500)	(1,009,245)
Exchange differences on foreign operations	(65,756)	-	(65,756)
Balance at December 31, 2021	<u>\$ (1,072,501)</u>	<u>(2,500)</u>	<u>(1,075,001)</u>
Balance at January 1, 2020	\$ (1,120,237)	(2,500)	(1,122,737)
Exchange differences on foreign operations	113,492	-	113,492
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income (loss)	-	4,600	4,600
Proceeds from disposal of financial assets at fair value through other comprehensive income (loss)	-	(4,600)	(4,600)
Balance at December 31, 2020	<u>\$ (1,006,745)</u>	<u>(2,500)</u>	<u>(1,009,245)</u>

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(18) **Loss per share**

The calculation of basic earnings per share and diluted earnings per share in 2021 and 2020 were as follows:

	2021	2020
Basic (dilution) earnings per share		
Profit of the Company for the year	\$ <u>(649,231)</u>	<u>(1,240,799)</u>
Weighted average number of outstanding ordinary shares (in thousands)	<u>665,555</u>	<u>665,555</u>
Basic (dilution) earnings per share(in dollars)	\$ <u>(0.98)</u>	<u>(1.86)</u>

The Group are loss in 2021 and 2020 and there is no dilution effect.

(19) **Revenue from contracts with customers**

(i) Disaggregation of revenue

	2021	2020
<u>Primary geographical markets</u>		
Korea	\$ 9,268,182	3,781,542
Taiwan	5,953,872	5,506,130
China	4,078,711	3,589,764
Japan	158,986	635,796
Other	<u>824,470</u>	<u>777,012</u>
	<u>\$ 20,284,221</u>	<u>14,290,244</u>
<u>Major products</u>		
Optoelectronic technology products and peripheral components	\$ 5,573,826	5,957,844
LCD TV and module foundry	<u>14,710,395</u>	<u>8,332,400</u>
	<u>\$ 20,284,221</u>	<u>14,290,244</u>

(ii) Contract balances

	December 31, 2021	December 31, 2020
Contract liabilities	\$ <u>77,521</u>	<u>77,684</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(3).

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were \$36,487 thousand and \$34,207 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the optoelectronics technology sales contracts, for which revenue is recognized when products are delivered to customers.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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- (iii) Transaction price allocated to the remaining performance obligations

The Group recognizes revenue related to optoelectronic technology products and peripheral components in the amount to which the Group has a right to invoice, thus the Group applies the practical expedient of IFRS and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(20) Employee compensation and directors' and supervisors' remuneration

In accordance with the Company's Articles of Incorporation, where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 1% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain specific qualifications.

In the year 2021 and 2020, the Company didn't estimate its employee remuneration and directors' remuneration because of deficit. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day preceding the Board of Directors' meeting.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2021 and 2020. Related information would be available at the Market Observation Post System website.

(21) Net operating income and expenses

- (i) Interest income

The details of the interest income for the years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Interest income – bank deposits	\$ 83,719	53,172
Other interest income	594	28,463
	<u>\$ 84,313</u>	<u>81,635</u>

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(ii) Other income

The details of other income for the years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Rent income	\$ 13,638	13,964
Subsidy	51,396	14,435
Dividends	1,768	2,350
Others	<u>44,116</u>	<u>64,293</u>
	<u>\$ 110,918</u>	<u>95,042</u>

(iii) Other gains and losses

The details of other gains and losses for the years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Foreign exchange losses	\$ (37,537)	(112,170)
Gain on disposals of property, plant and equipment	714,552	7,152
Gain on disposal of right-of-use assets	8,294	-
Non-financial asset impairment losses	-	(8,669)
Gain from the financial assets (liabilities) at fair value through profit or loss	63,945	140,633
Others	<u>(5,204)</u>	<u>(514)</u>
	<u>\$ 744,050</u>	<u>26,432</u>

(iv) Finance costs

The details of finance costs were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense	\$ 37,141	38,276
Less: capitalization of interest	<u>(95)</u>	<u>(254)</u>
	<u>\$ 37,046</u>	<u>38,022</u>

(22) **Financial Instruments**

1) Fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity instruments do not have quoted price in active market and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

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		December 31, 2021				
		Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit and loss						
Derivative financial assets	\$ 13,597	-	13,597	-	13,597	
Financial assets at fair value through other comprehensive income						
Stocks in non-listed companies	98,263	-	-	98,263	98,263	
Financial assets at amortized cost						
Cash and cash equivalents	5,958,728	-	-	-	-	
Notes and trade receivables (Including related parties)	3,671,507	-	-	-	-	
Deposit— current	391	-	-	-	-	
Financial asset at amortized cost— non-current	706,340	-	-	-	-	
Other financial assets— non-current	4,048	-	-	-	-	
Subtotal	10,341,014	-	-	-	-	
Total	<u>\$ 10,452,874</u>					
Financial liabilities measured at amortized cost						
Notes and trade payables (Including related parties)	\$ 4,809,043	-	-	-	-	
Short-term borrowings	43,324	-	-	-	-	
Long-term borrowings (Including due within one year)	3,730,137	-	-	-	-	
Lease liabilities	-	-	-	-	-	
deposits received	34,181	-	-	-	-	
Total	<u>\$ 8,616,685</u>					
		December 31, 2020				
		Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit and loss						
Derivative financial assets	\$ 73,791	-	73,791	-	73,791	
Financial assets mandatorily measured at fair value through profit or loss	555,739	-	555,739	-	555,739	
Subtotal	629,530	-	-	-	-	
Financial assets at fair value through other comprehensive income						
Stocks in non-listed companies	98,263	-	-	98,263	98,263	
Financial assets at amortized cost						
Cash and cash equivalents	4,997,976	-	-	-	-	
Notes and trade receivables (Including related parties)	3,867,712	-	-	-	-	
Deposit— current	482	-	-	-	-	
Other financial assets— non-current	7,835	-	-	-	-	
Subtotal	8,874,005	-	-	-	-	
Total	<u>\$ 9,601,798</u>					

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	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Notes and trade payables (Including related parties)	\$ 4,189,230	-	-	-	-
Long-term borrowings (Including due within one year)	3,781,488	-	-	-	-
Lease liabilities	16,327	-	-	-	-
deposits received	14,635				
Total	<u>\$ 8,001,680</u>				

2) Valuation techniques of financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

If there is quoted price generated by transactions for financial assets and liabilities at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques of financial instruments measured at fair value

Fair value of forward currency is usually determined by the forward currency exchange rate.

Fair value of structured investment product is measured based on the discounted future cash flows arising from principal consideration and probable gains estimate to be received.

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2021 and 2020.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value is "financial assets measured at fair value through other comprehensive income – equity investments".

The Group's equity investments without an active market that use Level 3 inputs to measure fair value has a complex significant unobservable inputs. The significant unobservable inputs are not interrelated because they are independent of each other.

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For some equity investment instruments held by the Group that do not have active market quotations and are not for short term trading purposes, the management obtains the recent financial report of the investee company, evaluates the development of the industry and reviews the publicly available information; thereafter, inspects it accordingly to evaluate the operating risk and future operating performance of the investee company to assess the fair value of the investee company. Generally, changes in the industry and market prospects are highly positively correlated with changes in the operations and future performance of the investee company.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income—equity investments without an active market	Market method	<ul style="list-style-type: none"> • Price-Earnings ratio (As of December 31, 2021 and 2020 were 8.82~26.12 and 12.95~19.17, respectively) • Price-Book Ratio (As of December 31, 2021 and 2020 were 1.44~2.35 and 1.01~2.64, respectively) • Discount for lack of marketability (As of December 31, 2021 and 2020 were both 20%) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • the price-earnings ratio growth rate was higher (lower); • the Price-Book Ratio was higher (lower); or • the degree of lack of marketability were lower (higher).

(23) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

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(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It coordinates and accesses to domestic and international financial market operations. Besides, the department also supervises and manages the financial risks related to the Group's operations by analyzing the internal risk assessment of exposures according to the degree and breadth of risks. The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Group's policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and nonderivative financial instruments, and the investments of excess liquidity. The internal auditors of the Group continue to review the amount of the risk exposure in accordance with the Group's policies and the risk management's policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial assets.

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk were \$10,452,874 thousand and \$9,601,798 thousand, respectively.

1) Trade and other receivables

The Group established a credit policy to obtain the necessary collateral or take out account receivable insurance to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers.

The major customers of the Group are centralized in the LCD optoelectronic products industry. To minimize credit risk, the Group periodically evaluates its financial positions and the possibility of collecting trade receivables. Besides, the Group monitors and reviews the recoverable amounts of the trade receivables to ensure the uncollectible amounts are recognized appropriately as impairment loss. As of December 31, 2021 and 2020, 57% and 52%, respectively, of accounts receivable were derived from three major customers. Thus, the credit risk is significantly centralized. The Group continuously evaluates its customer's financial position and actual collection situation, and, if necessary, the Group flexibly uses credit protection tools such as prepayment, accounts receivable factoring, credit insurance, or requires the customer to provide collateral or guarantees to reduce the customer's credit risk.

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For credit risk exposure of accounts receivable, please refer to note 6 (3). Other financial assets at amortized cost include other receivables. For related information, please refer to note 6 (4).

Other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. There were no impairment provisions on other receivables for the years ended December 31, 2021 and 2020.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparties above fail to meet its obligation hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to company with business dealings, company that the group directly or indirectly held more than 50% of the voting rights, and company that directly or indirectly hold more than 50% of the voting rights in the Group. At December 31, 2021 and 2020, there were intercompanies guarantees only, please refer to note 13 to get guarantees information.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2021 and 2020, the Group's unused credit line were amounted to \$4,786,799 thousand and \$5,843,450 thousand, respectively.

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>over 5 years</u>
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowing	\$ 43,324	43,383	43,383	-	-	-
Long-term borrowings (Including due within one year)	3,730,137	3,808,312	44,340	2,921,578	668,239	174,155
Accounts payable and other payables (Including related-party)	4,809,043	4,809,043	4,809,043	-	-	-
Guarantee deposit	34,181	34,181	-	34,181	-	-
	<u>\$ 8,616,685</u>	<u>8,694,919</u>	<u>4,896,766</u>	<u>2,955,759</u>	<u>668,239</u>	<u>174,155</u>

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>over 5 years</u>
December 31, 2020						
Non-derivative financial liabilities						
Long-term borrowings (Including due within one year)	\$ 3,781,488	3,863,100	94,056	3,263,538	297,350	208,156
Accounts payable and other payables (Including related-party)	4,189,230	4,189,230	4,189,230	-	-	-
Lease liabilities	16,327	16,433	16,433	-	-	-
Guarantee deposits	14,635	14,635	-	14,635	-	-
	<u>\$ 8,001,680</u>	<u>8,083,398</u>	<u>4,299,719</u>	<u>3,278,173</u>	<u>297,350</u>	<u>208,156</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, Japanese Yen (JPY) and CNY.

(A) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Foreign Currency</u>	<u>Exchange Rates</u>	<u>New Taiwan Dollars</u>	<u>Foreign Currency</u>	<u>Exchange Rates</u>	<u>New Taiwan Dollars</u>
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD	\$ 185,232	27.688	5,128,704	170,141	28.507	4,850,210
<u>Non-Monetary items</u>						
USD	9,239	27.688	255,809	8,839	28.507	251,973
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD	140,199	27.688	3,881,830	104,579	28.507	2,981,234

(Continued)

DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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(B) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) 1% of the NTD against the USD as of December 31, 2021 and 2020 would have increased (decreased) the net profit before tax by \$12,469 thousand and \$18,690 thousand, respectively, with all other variable factors remaining constant. The analysis is performed on the same basis for both periods.

(C) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. In 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to (\$37,537) thousand and (\$112,170) thousand, respectively.

2) Interest rate risk

The Group manages interest rate risk by maintaining a portfolio of appropriate floating interest rates. The Group evaluates hedging activities to make them consistent with the interest rate view and established risk appetite to ensure that the most cost-effective hedging strategy is adopted.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when internally reporting to the management, who also represents the Group's assessment on the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Group's net income would have decreased / increased by \$18,867 thousand and \$18,907 thousand for the year ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

(24) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of 31 December 2021, the Group's capital management strategy is consistent with the prior year as of 31 December 2020 to ensure financing at reasonable cost. The Group's debt-to-equity ratio at the end of the reporting period as of 31 December 2021 and 2020, is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 10,642,262	9,813,335
Less: cash and cash equivalents	<u>(5,958,728)</u>	<u>(4,997,976)</u>
Net debt	4,683,534	4,815,359
Total equity	<u>9,213,258</u>	<u>9,928,245</u>
Total assets	\$ 13,896,792	14,743,604
Debt-to-equity ratio at 31 December	<u>33.70%</u>	<u>32.66%</u>

(25) **Investing and financing activities not affecting current cash flow**

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Lease Modifications	Foreign exchange movement	
Short-term borrowings	\$ -	43,426	-	(102)	43,324
Long-term borrowings	3,781,488	(51,351)	-	-	3,730,137
Lease liabilities	<u>16,327</u>	<u>(4,857)</u>	<u>(10,305)</u>	<u>(1,165)</u>	<u>-</u>
Total liabilities from financing activities	\$ 3,797,815	(12,782)	(10,305)	(1,267)	3,773,461

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2020
			Lease Modifications	Foreign exchange movement	
Long-term borrowings	\$ 3,138,839	642,649	-	-	3,781,488
Lease liabilities	<u>31,249</u>	<u>(16,143)</u>	<u>-</u>	<u>1,221</u>	<u>16,327</u>
Total liabilities from financing activities	\$ 3,170,088	626,506	-	1,221	3,797,815

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

7. Related-party transactions:

(1) Parent company and ultimate controlling company

AU Optronics Corp. is both the parent company and the ultimate controlling party of the Group. It has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
AU Optronics Corp. (AUO)	Ultimate parent company
AUO Envirotech Inc.(AETTW)	Subsidiary of AUO
AUO Display plus corporation(ADDHQ)	Subsidiary of AUO
Star River Energy Corp. (SREC)	Subsidiary of AUO (Note 1)
Space Money Inc. (SMI)	Subsidiary of AUO
Sanda Materials Corporation (SDMC)	Grandson of AUO
AU Optronics (Slovakia) s.r.o. (AUSK)	Grandson of AUO
AU Mega Insight (Xiamen) Corp., Ltd (AMIXM)	Grandson of AUO
AU Mega Insight (Suzhou) Corp., Ltd (AMISZ)	Grandson of AUO
AUO Corporation Japan (AUJP)	Grandson of AUO
AU Optronics (Suzhou) Corp., Ltd. (AUSZ)	Grandson of AUO
AU Optronics (Xiamen) Corp. (AUXM)	Grandson of AUO
AU Optronics (Shanghai) Corp., Ltd. (AUSH)	Grandson of AUO
AUO (Kunshan) Co., Ltd. (AUKS)	Grandson of AUO
AFPD Pte., Ltd. (AUST)	Grandson of AUO
Edgetch Data Technologies (Suzhou) Corp., Ltd. (EDT)	Grandson of AUO
BriView (Hefei) Co., Ltd. (BVHF)	An Associate
Darwin Summit Corporation Ltd. (DSC)	An Associate
Roehm Forhouse Optical Polymers Corp. (EFOP)	Joint venture
Partner Tech Corp. (PTT)	Other related parties
Webest Solution Corp.(WEBEST)	Other related parties
ChampionGen Power Corporation (CGPC)	Other related parties
Qisda Corporation (Qisda)	Other related parties
Qisda (Suzhou) Co., Ltd. (QCSZ)	Other related parties
Qisda Electronics (Suzhou) Co., Ltd. (QCES)	Other related parties
Qisda Optronics (Suzhou) Co., Ltd (QCOS)	Other related parties
Qisda Precision Industry (Suzhou) Co., Ltd. (QCPS)	Other related parties
Lextar Electronics Corporation (Lextar)	Other related parties

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Sheng He Power Corporation (SHPC)	Other related parties
Sheng Yao Power Corporation (SYPC)	Other related parties
Sheng Li Energy Corporation (SLEC)	Other related parties
Sheng Feng Power Corporation (SFPC)	Other related parties
BenQ Asia Pacific Corp.(BQP)	Other related parties
BenQ Guru Corp. (GST)	Other related parties
BenQ Material (Suzhou) Co., Ltd. (BMS)	Other related parties
BenQ materials Corp. (BMC)	Other related parties
BenQ Co., Ltd. (BQC)	Other related parties
BenQ Corporation (BenQ)	Other related parties
BenQ Technology (Shanghai) Co., Ltd. (BQls)	Other related parties
BenQ Foundation (BenQfound)	Other related parties (Note 2)
Raydium Semiconductor Corporation (Raydium)	Other related parties
Lextar Electronics (Xiamen) Co., Ltd. (LEXM)	Other related parties
Star Shining Energy Corporation (SSEC)	Other related parties
DFI Inc. (DFI)	Other related parties
Fargen Power Corporation (FGPC)	Other related parties
Data Image Corporation (DIC)	Other related parties
Lextar Electronics (Chuzhou) Corp. (LECZ)	Other related parties
BenQ Material (Suzhou) Co., Ltd. (BMS)	Other related parties
Ri Ji Power Corporation (RJPC)	Other related parties
Ri Jing Power Corporation (RGPC)	Other related parties
Mao Zheng Energy Corporation (MZEC)	Other related parties
Mao Xin Energy Corporation (MXEC)	Other related parties
ADLINK Technology, Inc. (ADLINK)	Other related parties
ADLINK Technology (China) Co., Ltd. (ADLINKCN)	Other related parties
ToYou Display (Suzhou) Co., Ltd. (TYSZ)	Other related parties
Yenrich Technology Corporation (Yenrich)	Other related parties
WiBase Industrial Solutions Inc. (WIS)	Other related parties
Sysage Technology Co., Ltd (Sysage)	Other related parties
Ace Pillar Co., Ltd. (ACE)	Other related parties
TronGen Power Corporation (TGPC)	Other related parties
Shin Sheng Feng investment Corp. (SSFI)	Other related parties
Sheng Da Power Corporation (SDPC)	Other related parties

Note1 : AU Optronics Corp. includes Star River Energy Corp. and its subsidiaries in the consolidated financial report from January 2021.

Note2 : BenQ Foundation is not a related party from June 2021.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(3) **Significant transactions with related parties**

(i) Sales

	<u>2021</u>	<u>2020</u>
Ultimate parent company – AUO	\$ 3,940,824	3,668,313
Associates	16,019	43,295
Other related parties:		
AUXM	1,401,979	953,658
AUSZ	1,056,823	868,022
Others	<u>388,446</u>	<u>334,881</u>
	<u>\$ 6,804,091</u>	<u>5,868,169</u>

The sales price of the Group to its related parties is not comparable to other clients due to the differences in the sales of the goods. The credit terms for sales to related parties were 30 to 120 days from the end of the month. The credit terms were no different from those given by other clients.

(ii) Purchases

Except for the amount that had been written off and not regarded as purchase, the purchase amounts of the Group from its related parties were as follows:

	<u>2021</u>	<u>2020</u>
Ultimate parent company – AUO	\$ 63,876	266,734
Associates	19	4,473
Joint venture – EFOP	797,785	900,611
Other related parties	<u>551,642</u>	<u>446,763</u>
	<u>\$ 1,413,322</u>	<u>1,618,581</u>

The purchase price offered by the Group to its related parties is not comparable to other vendors due to the differences in the purchases of the goods. The payments terms for purchases from related parties were 45 to 120 days or prepayment for purchases. The payment terms were no different from those given by other vendors.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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(iii) Receivables from Related Parties

The details of the Group's accounts receivable from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivables	Ultimate parent company – AUO	\$ 739,201	657,251
Accounts receivables	Associates parties	392	6,415
Accounts receivables	Other related parties		
	AUXM	570,432	398,029
	AUSZ	526,942	277,434
	Others	131,967	107,875
Other receivables	Ultimate parent company – AUO	1,142	1,893
Other receivables- fund loans	Other related parties – AUKS	-	438,240
Other receivables- other	Other related parties	825	23,518
		<u>\$ 1,970,901</u>	<u>1,910,655</u>

(iv) Payables to Related Parties

The details of the Group's payment to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payables	Ultimate parent company – AUO	\$ 1,986	27,132
Accounts payables	Other related parties		
	Lextar	185,382	171,107
	Others	25,143	3,410
Other payables	Ultimate parent company – AUO	166	105
Other payables	Other related parties	19,507	17,123
		<u>\$ 232,184</u>	<u>218,877</u>

(v) Prepayment for purchases

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other current assets	Joint venture – EFOP	\$ -	<u>2,395</u>

(vi) Other current liabilities

The Group's other current liabilities were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other current liabilities	Ultimate parent company – AUO	<u>\$ 35,896</u>	<u>36,907</u>

The above mentioned transactions were mainly due to the temporary collection of processing fees from the parent company to the Group and the payment of customer supply materials payable to related companies. For relevant information, please refer to Note 6 (11).

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Contract liabilities

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract liabilities	Ultimate parent company – AUO	\$ 10,386	22,908
	Other related parties	666	296
		<u>\$ 11,052</u>	<u>23,204</u>

The relevant information, please refer to Note 6(19).

(viii) Other transactions with related parties

	<u>Amounts</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company – AUO – other expenses, etc.	\$ 5,949	12,159
Associates – Other expenses, etc.	-	2,184
Other related parties – Other expenses, etc.	18,927	11,422
Ultimate parent company – AUO – other income, etc.	883	3,138
Other related parties – AUKS – interest income, etc.	594	28,463
Other related parties – other income, etc.	2,525	2,811

All outstanding balances with these related parties should be settled in cash within three months of the reporting date, and the general fee payment is deemed to be the current month's payment. Its transaction price is not significantly different from ordinary transactions.

(ix) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	<u>2021</u>	<u>2020</u>
Ultimate parent company – AUO	\$ -	2,269
Associates	-	391
Other related parties	8,166	3,904
	<u>\$ 8,166</u>	<u>6,564</u>

For the above-mentioned purchases of other equipment from related parties, the unpaid balances of the Group were \$0 thousand and \$976 thousand as of December 31, 2021 and 2020, respectively. For detailed information on real estate, plant and equipment, please refer to Note 6 (7).

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Proceeds from Disposal</u>	<u>Gain/Loss on Disposal</u>	<u>Proceeds from Disposal</u>	<u>Gain/Loss on Disposal</u>
Other related parties – QCPS	\$ -	-	4,173	3,197
Other related parties – AUSZ	3,574	1,161	-	-
The key management personnel of the Group – Hsiang Fwu-Chyi	<u>-</u>	<u>-</u>	<u>430</u>	<u>129</u>
	<u>\$ 3,574</u>	<u>1,161</u>	<u>4,603</u>	<u>3,326</u>

The Group's receivables incurred from the sale of other equipment to related parties mentioned above had to be received as of December 31, 2021 and 2020. For detailed information about real estate, plant and equipment, please refer to Note 6 (7).

(x) Leases

1) Rental expenses

The details of the rental expenses incurred by the Group for renting workshops, dormitories, and transportation equipment from related parties in the 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Ultimate parent company – AUO	\$ 786	514
Other related parties – BMS	1,882	1,692
Other related parties – AUXM	2,765	2,995
Other related parties	<u>1,650</u>	<u>1,708</u>
	<u>\$ 7,083</u>	<u>6,909</u>

The payment terms of the Group for renting workshops, dormitories and transportation equipment to related parties are mainly one or three months in one installment, with payment before the 25th of the following month. There was no significant difference between the transaction price and the general price.

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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2) Rental income

The details of the rental income generated by the Group from renting out land, plant and business equipment to related parties in 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Joint venture – EFOP	\$ 5,509	6,611
Other related parties – LEXM	-	944
Other related parties – TYSZ	3,720	4,569
Other related parties	<u>1,424</u>	<u>1,144</u>
	<u>\$ 10,653</u>	<u>13,268</u>

The Group leases its land to EFOP, with monthly lease payment; and the Group leases its factory to LEXM, with a lease payment being collected every three months, and payment shall be made within 30 days after the 5th of the following month. In addition, the Group leases its factory and equipment to TYSZ with a lease payment being collected every month.

(4) **Key management personnel compensation**

Key management personnel compensation comprised the following:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 36,832	39,039
Post-employment benefits	324	3,771
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<u>\$ 37,156</u>	<u>42,810</u>

8. **Pledged assets:**

The carrying values of pledged assets were as follow:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Land	Guarantee for Bank Loan	\$ 909,333	909,333
Building	Guarantee for Bank Loan	1,499,328	748,564
Right-of-use asset	Guarantee for Bank Loan	<u>79,030</u>	-
		<u>\$ 2,487,691</u>	<u>1,657,897</u>

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DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES
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9. Commitments and contingencies:

- (1) Unrecognized contractual commitments

The Group's unrecognized contractual commitments were as follows:

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	\$ 712,218	225,324

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

	For the year ended December 31					
	2021			2020		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
By nature						
Employee benefits						
Salary	2,211,217	636,431	2,847,648	1,862,553	570,988	2,433,541
Labor and health insurance	32,281	35,446	67,727	41,335	38,638	79,973
Pension	103,197	27,423	130,620	77,564	33,027	110,591
Remuneration of directors	-	9,581	9,581	-	10,404	10,404
Others	272,422	36,336	308,758	248,924	39,763	288,687
Depreciation	992,706	97,759	1,090,465	998,721	93,900	1,092,621
Amortization	-	-	-	-	-	-

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13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties: Please refer to Table 1 attached.
 - (ii) Guarantees and endorsements for other parties: Please refer to Table 2 attached.
 - (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3 attached.
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4 attached.
 - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
 - (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5 attached.
 - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6 attached.
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7 attached.
 - (ix) Trading in derivative instruments: Please refer to Note 6(2).
 - (x) Business relationships and significant intercompany transactions: Please refer to Table 8 attached.
- (2) Re-investment business related information: Please refer to Table 9 attached.
- (3) Information on investment in mainland China:
- (i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 10 attached.
 - (ii) Limitation on investment in Mainland China: Please refer to Table 10 attached.
 - (iii) Significant transactions:

The significant intercompany transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the “Information on significant transactions” and “Business relationships and significant intercompany transactions”.

(4) Major shareholders:

Shareholder's name	Shareholding	Shares	Percentage
AU Optronics Corp.		190,107,961	28.56 %
Konly Venture Corp.		42,598,076	6.40 %
Ronly Venture Corp.		40,509,046	6.08 %

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Notes to the Consolidated Financial Statements

14. Segment information:

(1) General information

The reportable department of the Group is only the Optoelectronics Technology Department, which is engaged in the design, manufacturing and sales of LCD modules, backlight modules, LCD TVs and related components.

(2) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 “significant accounting policies.

(3) Product and service information: Please refer to note 6(19).

(4) Geographic information: Please refer to note 6(19).

In presenting information on the basis of geography, segment revenue is based on the geographical location of the customers and segment assets are based on the geographical location of the assets.

<u>Geographical information</u>	<u>2021</u>	<u>2020</u>
Noncurrent assets:		
Taiwan	\$ 4,310,290	4,645,775
China	2,770,074	3,224,414
Others	-	16,640
Total	<u>\$ 7,080,364</u>	<u>7,886,829</u>

Non-current assets include property, plant and equipment, and other assets, not including financial instruments, deferred tax assets and pension fund assets.

(5) Major customers

	<u>2021</u>	<u>2020</u>
A customer	\$ 3,940,824	3,668,313
B customer	9,257,283	3,776,826
	<u>\$ 13,198,107</u>	<u>7,445,139</u>

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Financings Provided

For the year ended December 31, 2021
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account	Related party	Maximum the Balance for the Period	Ending balance	Amount Actually Drawn Down	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Limits on Financing Company's Total Financing Amount
													Item	Value		
0	The Company	DPSK	Other receivables from related parties	Yes	52,574	-	-	Adjusted by average rate of short-term loans	Needs for short-term financing	-	Operating capital	-	-	-	2,303,315 (Note 1)	3,685,303 (Note 1)
1	DPSZ	AUKS	Other receivables from related parties	Yes	438,240	-	-	Adjusted by base lending rate of the People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	592,669 (Note 2)	592,669 (Note 2)
1	DPSZ	FTWJ	Other receivables from related parties	Yes	218,450	217,390	217,390 (Note 4)	Adjusted by base lending rate of the People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,481,672 (Note 3)	1,481,672 (Note 3)
2	FTWJ	FHWJ	Other receivables from related parties	Yes	87,106	21,739	21,739 (Note 4)	Adjusted by base lending rate of the People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,510,006 (Note 3)	1,510,006 (Note 3)
3	FPWJ	FTWJ	Other receivables from related parties	Yes	218,450	217,390	-	Adjusted by base lending rate of the People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	696,499 (Note 2)	696,499 (Note 2)

Note1: The limit amount for lending to a company shall not exceed 25% of the net worth of the lending company. The total amount for lending shall not exceed 40% of the net worth of the lending company.

Note2: The limit amount for lending to a company shall not exceed 40% of the net worth of the lending company. The total amount for lending shall not exceed 40% of the net worth of the lending company.

Note3: The limit amount for lending to a company shall not exceed the net worth of the lending company. The total amount for lending shall not exceed the net worth of the lending company.

Note4: All inter-company transactions among the Group have been eliminated in the consolidated financial statements.

Note5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Endorsements/Guarantees Provided
For the year ended December 31, 2021
(Amount in thousands of New Taiwan Dollars)

Table 2

NO.	Endorser / Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
1	DPXM	The Company	Note 1	1,649,935	440,780	434,780	-	-	10.54 %	1,649,935	NO	YES	NO

Note 1 : A company that directly and indirectly holds more than 50% of the voting shares in the Company.

2 : The maximum endorsement/guarantee balance for the period represents the highest amount in New Taiwan Dollar announced or occurred during the period.

3 : The ending balance represents the amounts approved by the Board of Directors.

4 : Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

5 : The policy for the limit of total endorsement/guarantee amount and the limit on endorsement/guarantee amount provided to each party are prescribed as follows:

DPXM : The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed 40% of DPXM's net worth as stated in its latest financial statement.

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)
December 31, 2021
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, shares in thousands)

Table 3

Name of holder	Type and name of security	Relationship with the Securities Issuer	Financial Statement Account	Ending balance				Maximum Percentage of ownership for the period	Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
The Company	Stock-WiBase Industrial Solutions Inc.	Substantive related party	Financial assets at fair value through other comprehensive profit and loss – non-current	3,536	42,432	9.11 %	42,432	9.11 %	(Note)
"	Stock-D8AI Holdings Corporation	-	Financial assets at fair value through other comprehensive profit and loss – non-current	7,000	8,649	4.59 %	8,649	4.59 %	(Note)
"	Stock-DISIGN Incorporated	-	Financial assets at fair value through other comprehensive profit and loss – non-current	2	10,714	19.89 %	10,714	19.89 %	(Note)
"	STOCK-HUAI I PRECISION TECHNOLOGY CO., LTD.	-	Financial assets at fair value through other comprehensive profit and loss – non-current	2,914	34,968	10.00 %	34,968	10.00 %	(Note)
"	STOCK-EVERTRUST TECHNOLOGY LTD.	-	Financial assets at fair value through other comprehensive profit and loss – non-current	150	1,500	16.13 %	1,500	16.13 %	(Note)

Note : All marketable securities had not been pledged as collateral for borrowings, guarantees and others which restricted by agreement.

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Individual Marketable Securities Acquired or Disposed of with Costs or Prices Exceeding NT\$300 Million or 20% of the Paid-in Capital
For the year ended December 31, 2021
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 4

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other(Note)		Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain/Loss on Disposal	Shares	Amount	Shares	Amount
FTKS	Structured deposit	Financial assets at FVTPL – current	-	-	-	CNY72,585	-	CNY-	-	CNY72,697	CNY72,697	-	-	CNY112	-	CNY-

Note : The amounts are gain on valuation of the financial asset.

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Disposal of Individual Real Estate with Costs Exceeding NTS300 Million or 20% of the Paid-in Capital
For the year ended December 31, 2021
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

Company Name	Property	Date of the Event	Date of Original Acquisition	Carrying Amount	Transaction Amount	Status of Proceeds Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Pricing Reference	Other terms	Note
DPSZ	Land and buildings	June 2021	December 2006	CNY76,316	CNY218,317	CNY218,317	CNY142,001	Suzhou Xinsheng Real Estate Co.	Non-related party	Activating assets and enhancing the efficient use of working capital	A report on the appraisal price of a real estate appraiser	None	Note1

Note 1 : This transaction has been completed at December 27, 2021

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Purchases from or Sales to Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
For the year ended December 31, 2021
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

Company Name	Counter party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 2)	Credit Terms (Note 2)	Ending Balance	Percentage of Total Notes /Accounts Receivable (Payable)	
The Company	DPSZ	Grandson of DPLB	Purchases	432,225	4 %	EOM 90 Days	-	-	(97,278)	4 %	Note 1
"	DPXM	"	"	2,121,540	21 %	EOM 90 Days	-	-	(764,544)	28 %	"
"	FTWJ	Grandson of FHVI	"	4,458,571	45 %	EOM 90 Days	-	-	(1,633,262)	59 %	"
"	EFOP	Joint Venture	"	797,785	8 %	Payment in advance	-	-	-	-	%
DPXM	The Company	Parent company	"	CNY 79,441	3 %	EOM 60 Days	-	-	CNY (56,856)	9 %	Note 1
DPXM	Lextar	Substantive related party	"	CNY 26,512	1 %	EOM 120 Days	-	-	CNY (11,331)	2 %	
FTWJ	The Company	Parent company	"	CNY 43,503	6 %	EOM 60 Days	-	-	CNY 445,030)	57 %	Note 1
FTWJ	Lextar	Substantive related party	"	CNY 71,616	10 %	EOM 120 Days	-	-	CNY (31,060)	4 %	
FPWJ	The Company	Parent company	"	CNY 56,369	100 %	EOM 60 Days	-	-	CNY (8,635)	100 %	Note 1

Note 1 : All inter-company transactions among the company and its subsidiaries have been eliminated in the consolidated financial statements.

Note 2 : Transaction terms with related parties were similar to those with third parties. Except for those particular transactions with no similar transactions to compare with, their transaction terms were determined based on mutual agreements.

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Purchases from or Sales to Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
For the year ended December 31, 2021
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

Company Name	Counter party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	Percentage of Total Purchases/Sales	Credit Terms	Unit Price (Note 2)	Credit Terms (Note 2)	Ending Balance	Percentage of Total Notes /Accounts Receivable (Payable)	
The Company	AUO	Ultimate parent company	Sales	3,940,824	37 %	EOM 60 Days	-		739,201	27 %	
"	AUSZ	Grandson of AUO	"	1,053,928	10 %	EOM 120 Days	-		524,735	19 %	
"	AUXM	"	"	1,202,710	11 %	EOM 120 Days	-		475,090	17 %	
"	AUKS	"	"	163,877	2 %	EOM 120 Days	-		80,934	3 %	
"	DPXM	Grandson of DPLB	"	344,392	3 %	EOM 60 Days	-		104,445	4 %	Note 1
"	FTWJ	Grandson of FHVI	"	188,284	2 %	EOM 60 Days	-		71,164	3 %	Note 1
"	FPWJ	"	"	244,200	2 %	EOM 60 Days	-		37,500	1 %	Note 1
"	QCSZ	Substantive related party	"	117,822	1 %	EOM 120 Days	-		24,572	1 %	
DPSZ	The Company	Parent company	"	CNY 99,884	76 %	EOM 90 Days	-		CNY 22,400	77 %	Note 1
DPXM	AUXM	Grandson of AUO	"	CNY 45,831	2 %	EOM 120 Days	-		CNY 21,929	5 %	
"	The Company	Parent company	"	CNY 492,482	18 %	EOM 90 Days	-		CNY 235,912	52 %	Note 1
FTWJ	The Company	Parent company	"	CNY1,029,437	98 %	EOM 90 Days	-		CNY 923,162	100 %	Note 1

Note 1 : All inter-company transactions among the company and its subsidiaries have been eliminated in the consolidated financial statements.

Note 2 : Transaction terms with related parties were similar to those with third parties. Except for those particular transactions with no similar transactions to compare with, their transaction terms were determined based on mutual agreements.

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Receivables from Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
December 31, 2021
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 7

Company Name	Counter party	Relationship	Ending Balance of Receivables (Note 1,2)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
The Company	AUO	Ultimate parent company	740,343	Note 1	51,244	Continuous collection	-	-
"	AUSZ	Grandson of AUO	524,735	2.63	-	-	-	-
"	AUXM	Grandson of AUO	475,090	2.9	-	-	-	-
"	DPXM	Grandson of DPLB	257,013	Note 1	2,365	Continuous collection	92,327	-
"	FTWJ	Grandson of the FHVI	1,939,414	Note 1	1,346	Continuous collection	648,543	-
DPSZ	FTWJ	Grandson of the FHVI	CNY 53,736	Note 1	CNY -	-	CNY -	-
DPXM	The Company	Parent company	CNY 235,912	1.88	CNY -	-	CNY 58,747	-
FTWJ	The Company	Parent company	CNY 923,162	1.33	CNY -	-	CNY 203,785	-

Note1 : Including short-term financing necessary and other receivables from transactions not related to ordinary sales.

Note2 : All inter-company transactions among the Company and its subsidiaries have been eliminated in the consolidated financial statements.

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Business Relationship and Significant Intercompany Transactions
For the year ended December 31, 2021
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 8

No.	Company Name	Counterparty	Nature of Relationship	Transactions				
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets	
0	The Company	DPXM	1	Net revenue		344,392	No significant difference	2 %
0	"	FTWJ	1	Net revenue		188,284	"	1 %
0	"	FPWJ	1	Net revenue		244,200	"	1 %
1	DPSZ	The Company	2	Net revenue	CNY	99,884	"	2 %
2	DPXM	The Company	2	Net revenue	CNY	492,482	"	11 %
3	FTWJ	The Company	2	Net revenue	CNY	1,029,437	"	22 %
0	The Company	DPXM	1	Accounts receivable		257,013	"	1 %
0	The Company	FTWJ	1	Accounts receivable		1,939,414	"	10 %
2	DPXM	The Company	2	Accounts receivable	CNY	235,912	"	5 %
3	FTWJ	The Company	2	Accounts receivable	CNY	923,162	"	20 %

Note1 : Transactions labeled as follows:

1. Represents the transactions from parent company to subsidiaries.
2. Represents the transactions from subsidiaries to parent company.
3. Represents the transactions between subsidiaries.

Note2 : This table discloses the information on inter-company sales and receivables which are accounted for 1% or more of the consolidated net revenue or the consolidated total assets, respectively.

Note3 : All inter-company transactions have been eliminated in the consolidated financial statements.

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Information on Investees (Excluding Information on Investment in Mainland China)

For the year ended December 31, 2021

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 9

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2021			Maximum Percentage of ownership during the year	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Amount				
The Company	DPLB	Malaysia	Holding company	4,362,627	4,362,627	92,267	100.00 %	5,599,040	100.00 %	446,916	401,783	Subsidiary (Note 2)
"	FHVI	BVI	"	2,362,321	2,362,321	22,006	100.00 %	3,561,424	100.00 %	(262,743)	(253,658)	Subsidiary (Note 1)
"	FFMI	Mauritius	"	274,700	274,700	653	100.00 %	103,606	100.00 %	3,175	3,005	Subsidiary (Note 1)
"	EFOP	R.O.C	Manufacturing and sales of polymer plasticized raw materials	338,729	338,729	33,873	49.00 %	71,497	49.00 %	(233,140)	(114,238)	Joint venture
"	BVLB	Malaysia	Holding company	1,051,289	1,051,289	36,000	29.71 %	247,949	29.71 %	20,174	5,994	Associate
"	Darwin Summit Corporation Ltd.	Thailand	International trade	3,740	3,740	40	40.00 %	10,746	40.00 %	2,745	1,098	Associate
DPLB	DPHK	Hong Kong	Holding company	USD 103,785	USD 103,785	10	100.00 %	USD 206,572	100.00 %	USD 16,344	USD 16,344	Subsidiary (Note 3)
"	DPSK	Slovakia	Manufacturing and sales of automotive parts	EUR 4,000	EUR 4,000	-	100.00 %	USD 423	100.00 %	USD (390)	USD (390)	Subsidiary
FHVI	FTMI	Mauritius	Holding company	USD 6,503	USD 6,503	6,503	100.00 %	USD 62,863	100.00 %	USD (10,678)	USD (10,678)	Subsidiary
"	FWSA	Samoa	"	USD 19,000	USD 19,000	19,000	100.00 %	USD 16,830	100.00 %	USD 474	USD 474	Subsidiary
"	PMSA	Samoa	"	USD 39,673	USD 39,673	31,993	100.00 %	USD 50,841	100.00 %	USD 825	USD 825	Subsidiary

Note 1 : The difference is the amortization of the difference between the investment cost and the net equity value.

Note 2 : The difference is the amortization of the difference between the upstream unrealized gross profit and the investment cost and the net equity value.

Note 3 : The registration of the alteration of DPHK's common stock has not been completed.

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Information on Investment in Mainland China
For the year ended December 31, 2021
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 10

1. Related information on investment in Mainland China:

Investee Company	Main Activities	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee (Notes 4)	Ownership through Direct or Indirect Investment	Maximum Percentage of ownership for the period	Investor's Share of Profit (Loss) of Investee (Notes 4)	Carrying Amount of the Investment as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow							
DPSZ	Manufacturing and sales of backlight module and related parts	USD 25,000 (Note 7)	Note 1	415,320 USD15,000	-	-	415,320 USD 15,000	295,637 USD10,554	100.00 %	100.00 %	295,637 USD10,554	1,481,672 USD 37,732	USD 45,934
DPXM	Manufacturing and sales of backlight module and related parts	USD 70,000	Note 1	1,938,160 USD 70,000	-	-	1,938,160 USD 70,000	158,346 USD5,653	100.00 %	100.00 %	158,346 USD5,653	4,124,838 USD 144,075	USD 62,894
FTWJ	Manufacturing and sales of backlight module and related parts	USD 35,000 (Note 5)	Note 1	179,972 USD 6,500	-	-	179,972 USD 6,500	(306,096) USD (10,927)	100.00 %	100.00 %	(306,096) USD (10,927)	1,510,006 USD 55,506	USD 14,075
FPWJ	Manufacturing , sales and trading of precision plastic parts	USD 29,000 (Note 6)	Note 1	526,072 USD 19,000	-	-	526,072 USD 19,000	20,244 USD 723	100.00 %	100.00 %	20,244 USD 723	696,499 USD 24,611	-
FTKS	Manufacturing and sales of backlight module and related parts	USD 36,000	Note 1	996,768 USD 36,000	-	-	996,768 USD36,000	23,108 USD 825	100.00 %	100.00 %	23,108 USD 825	1,407,686 USD49,967	-
FHWJ	Manufacturing and sales of backlight module and related parts	USD 6,500	Note 1	227,042 USD 8,200	-	-	227,042 USD 8,200	3,175 USD 113	100.00 %	100.00 %	3,175 USD 113	53,731 USD 1,827	-
BVHF	Manufacturing and sales of liquid crystal products and related parts	USD 73,450	Note 1	443,008 USD16,000	-	-	443,008 USD 16,000	20,359 USD 726	29.71 %	29.71 %	6,049 USD 216	247,564 USD 29,597	-

DARWIN PRECISIONS CORPORATION. And Subsidiaries
Information on Investment in Mainland China
For the year ended December 31, 2021
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

2. Upper limit on investment in Mainland China :

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 2)
4,726,342 (USD170,700)	4,555,819 (USD164,541)	5,527,955

Note1 : Indirect investments in Mainland China through companies registered in a third region.

Note2 : Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, the Company's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

Note3 : If the relevant figures in this table involve foreign currencies, they will be translated into New Taiwan dollars based on the exchange rate on the reporting date. If they are assets and liabilities, they will be translated at the spot exchange rate; if they are profit or loss accounts, they will be translated at the average exchange rate.

Note4 : Amounts were recognized based on the investees' audited financial statements.

Note5 : The amount of paid-in capital includes the capitalization of retained earnings amounting to USD28,500 thousand for the years from 2005 to 2007.

Note6 : The amount of paid-in capital includes the capital injection of USD10,000 thousand from the offshore holding company, which was originally from FTWJ's appropriation of earnings.

Note7 : The amount of paid-in capital includes the capital injection of USD1,000 thousand from DPLB in 2010 and the capitalization of retained earnings of USD9,000 thousand from DPSZ in 2012.