Thinking Electronic Industrial Company Limited and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates 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 all the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard No. 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements has all been disclosed in the consolidated financial statements of the parent and subsidiary companies. Consequently, Thinking Electronic Industrial Co., Ltd. and subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Thinking Electronic Industrial Co., Ltd.

By

____

Sui, Tai-Zhong
Chairman

March 21, 2022

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Thinking Electronic Industrial Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is discussed as follows:

Recognition of revenue from specific product

The Group’s principal business is manufacturing and selling of passive components. The Group recognized net sales of NT$ 7,500,274 thousand for the year ended December 31, 2021, and revenue from specific productss increased significantly than the previous year. Therefore, the occurrence of sales of specific products is considered as a key audit matter. For the accounting policy on revenue recognition, refer to Note 4 (l) to the financial statements .

Our main audit procedures performed in response to the above key audit matter included the following:

1. We obtained an understanding of the design of the internal control on revenue recognition and tested the operating effectiveness of the control.

2. We selected samples from the sales ledger and inspected the delivery documents and receipt vouchers and validated the occurrence of sales of specific products.

3. We verified that the revenue amounts recognized in the sales ledger were the same as those data recorded in the accounts receivable ledger.

Other Matter

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion and unmodified opinion with emphasis of matter paragraph, respectively.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Jia-Ling Chiang and Chiu-Yen Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 21, 2022

Notice to Readers

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

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

	December 31, 2021		December 31, 2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,578,973	20	$ 2,505,348	23
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,525,486	13	1,582,073	14
Notes receivable (Notes 10 and 31)	327,135	3	588,283	5
Accounts receivable, net (Notes 4 and 10)	1,884,670	15	1,844,020	17
Other receivables	44,989	-	32,870	-
Other receivables from related parties (Note 30)	145	-	-	-
Current tax assets (Notes 4 and 25)	11,137	-	24,136	-
Inventories (Notes 4 and 11)	1,945,627	15	1,266,112	12
Other financial assets - current (Notes 12 and 31)	367,328	3	158,349	1
Other current assets	165,292	1	83,198	1
Total current assets	8,850,782	70	8,084,389	73
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	36,273	-	39,481	-
Financial assets measured at amortized cost - non-current (Notes 4 and 8)	347,661	3	87,206	1
Property, plant and equipment (Notes 4, 14, 31 and 32)	2,619,638	21	2,174,967	20
Right-of-use assets (Notes 4 and 15)	237,535	2	253,744	2
Investment properties (Notes 4 and 16)	46,060	-	52,910	1
Other intangible assets (Note 4)	48,075	-	43,982	1
Deferred tax assets (Notes 4 and 25)	141,304	1	137,992	1
Prepayments for equipment	220,855	2	92,947	1
Net defined benefit assets (Notes 4 and 21)	4,894	-	7,930	-
Other financial assets - non-current (Notes 12 and 31)	88,091	1	38,092	-
Other non-current assets	28,717	-	17,020	-
Total non-current assets	3,819,103	30	2,946,271	27
TOTAL	$ 12,669,885	100	$ 11,030,660	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 17 and 31)	$ 749,630	6	$ 505,809	5
Notes payable (Note 18)	131,126	1	195,865	2
Accounts payable (Note 18)	474,584	4	449,921	4
Accounts payable to related parties (Note 30)	45	-	-	-
Other payables (Note 19)	679,232	5	550,358	5
Other payables to related parties (Note 30)	4,673	-	485	-
Current tax liabilities (Notes 4 and 25)	114,694	1	135,401	1
Lease liabilities - current (Notes 4 and 15)	37,141	-	31,487	-
Refund liabilities (Notes 4 and 20)	92,669	1	170,979	2
Other current liabilities (Notes 4 and 27)	25,578	-	11,121	-
Total current liabilities	2,309,372	18	2,051,426	19
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 17)	688,100	6	339,671	3
Deferred tax liabilities (Notes 4 and 25)	1,287,305	10	1,074,907	10
Lease liabilities - non-current (Notes 4 and 15)	75,234	-	92,661	1
Deferred revenue (Notes 4 and 27)	26,998	-	20,942	-
Guarantee deposits received	1,348	-	1,091	-
Other non-current liabilities	5,175	-	5,175	-
Total non-current liabilities	2,084,160	16	1,534,447	14
Total liabilities	4,393,532	34	3,585,873	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 13 and 22)				
Ordinary shares	1,281,127	10	1,281,127	12
Capital surplus	352,907	3	348,263	3
Retained earnings				
Legal reserve	1,159,089	9	1,020,206	9
Special reserve	201,436	2	284,655	3
Unappropriated earnings	5,386,452	43	4,572,550	41
Total retained earnings	6,746,977	54	5,877,411	53
Other equity	(222,378)	(2)	(201,436)	(2)
Total equity attributable owners of the Company	8,158,633	65	7,305,365	66
NON-CONTROLLING INTERESTS (Notes 4, 13 and 22)	117,720	1	139,422	1
Total equity	8,276,353	66	7,444,787	67
TOTAL	$ 12,669,885	100	$ 11,030,660	100

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 23)	$ 7,500,455	100	$ 5,920,258	100
OPERATING COSTS (Notes 11, 24 and 30)	4,261,024	57	3,205,653	54
GROSS PROFIT	3,239,431	43	2,714,605	46
OPERATING EXPENSES (Notes 4, 10, 24 and 30)				
Selling and marketing expenses	282,129	4	223,193	4
General and administrative expenses	536,436	7	421,329	7
Research and development expenses	298,071	4	225,072	4
Expected credit loss (gain)	(2,040)	-	1,869	-
Total operating expenses	1,114,596	15	871,463	15
PROFIT FROM OPERATIONS	2,124,835	28	1,843,142	31
NON-OPERATING INCOME AND EXPENSES (Notes 24, 27 and 30)				
Interest income	88,523	1	78,714	2
Other income	34,309	1	69,261	1
Other gains and losses	(76,768)	(1)	(114,683)	(2)
Finance costs	(11,565)	-	(9,101)	-
Total non-operating income and expenses	34,499	1	24,191	1
CONSOLIDATED PROFIT BEFORE INCOME TAX	2,159,334	29	1,867,333	32
INCOME TAX EXPENSE (Notes 4 and 25)	568,711	8	486,730	8
NET PROFIT FOR THE YEAR	1,590,623	21	1,380,603	24
OTHER COMPREHENSIVE INCOME (Notes 4, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(4,465)	-	5,070	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(3,208)	-	12,563	-
Income tax related to items that will not be reclassified subsequently to profit or loss	220	-	(1,015)	-
	(7,453)	-	16,618	-

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ (22,168)	-	$ 88,320	1
Income tax related to items that may be reclassified subsequently	4,434	-	(17,664)	-
	(17,734)	-	70,656	1
Other comprehensive income (loss) for the year, net	(25,187)	-	87,274	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,565,436	21	$ 1,467,877	25
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,577,307	21	$ 1,385,016	24
Non-controlling interests	13,316	-	(4,413)	-
	$ 1,590,623	21	$ 1,380,603	24
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,553,244	21	$ 1,472,045	25
Non-controlling interests	12,192	-	(4,168)	-
	$ 1,565,436	21	$ 1,467,877	25
EARNINGS PER SHARE (Note 26)				
Basic	$ 12.31		$ 10.81	
Diluted	$ 12.25		$ 10.78	

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company											
			Retained Earnings				Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total	Non-Controlling Interests	Total Equity
BALANCE, JANUARY 1, 2020	$ 1,281,127	$ 348,263	$ 908,264	$ 107,627	$ 4,010,767	$ 5,026,658	$ (277,631)	$ (7,024)	$ (284,655)	$ 6,371,393	$ 143,590	$ 6,514,983
Appropriation of 2019 earnings (Note 22)												
Legal reserve	-	-	111,942	-	(111,942)	-	-	-	-	-	-	-
Special reserve	-	-	-	177,028	(177,028)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(538,073)	(538,073)	-	-	-	(538,073)	-	(538,073)
	-	-	111,942	177,028	(827,043)	(538,073)	-	-	-	(538,073)	-	(538,073)
Net profit for the year ended December 31, 2020	-	-	-	-	1,385,016	1,385,016	-	-	-	1,385,016	(4,413)	1,380,603
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	3,810	3,810	70,656	12,563	83,219	87,029	245	87,274
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,388,826	1,388,826	70,656	12,563	83,219	1,472,045	(4,168)	1,467,877
BALANCE AT DECEMBER 31, 2020	1,281,127	348,263	1,020,206	284,655	4,572,550	5,877,411	(206,975)	5,539	(201,436)	7,305,365	139,422	7,444,787
Appropriation of 2020 earnings (Note 22)												
Legal reserve	-	-	138,883	-	(138,883)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(704,620)	(704,620)	-	-	-	(704,620)	-	(704,620)
Cash dividends distributed by the Company	-	-	-	(83,219)	83,219	-	-	-	-	-	-	-
	-	-	138,883	(83,219)	(760,284)	(704,620)	-	-	-	(704,620)	-	(704,620)
Net profit for the year ended December 31, 2021	-	-	-	-	1,577,307	1,577,307	-	-	-	1,577,307	13,316	1,590,623
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(3,121)	(3,121)	(17,734)	(3,208)	(20,942)	(24,063)	(1,124)	(25,187)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,574,186	1,574,186	(17,734)	(3,208)	(20,942)	1,553,244	12,192	1,565,436
Difference between consideration and carrying amount of subsidiaries acquired (Notes 13 and 22)	-	4,644	-	-	-	-	-	-	-	4,644	(33,894)	(29,250)
BALANCE AT DECEMBER 31, 2021	$ 1,281,127	$ 352,907	$ 1,159,089	$ 201,436	$ 5,386,452	$ 6,746,977	$ (224,709)	$ 2,331	$ (222,378)	$ 8,158,633	$ 117,720	$ 8,276,353

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income before income tax	$ 2,159,334	$ 1,867,333
Adjustments for:		
Depreciation expense	313,331	277,583
Amortization expense	8,536	6,393
Expected credit loss (gain)	(2,040)	1,869
Finance costs	11,565	9,101
Interest income	(88,523)	(78,714)
Loss (gain) on disposal of property, plant and equipment, net	(5,476)	3,221
Loss on inventories	143,275	70,486
Recognition (reversal) of provisions	(47,912)	125,250
Amortization of grants income	(1,080)	(449)
Other non-cash items	(256)	(248)
Changes in operating assets and liabilities		
Notes receivable	261,148	(200,444)
Accounts receivable	(38,580)	(187,335)
Other receivables	(664)	(10,524)
Other receivables from related parties	(145)	-
Inventories	(822,303)	(516,087)
Other current assets	(82,094)	(4,320)
Net defined benefit asset	(1,429)	(1,345)
Notes payable	(64,739)	37,386
Accounts payable	24,663	74,647
Accounts payable to related parties	45	-
Other payables	114,213	101,769
Other payables to related parties	4,188	343
Other current liabilities	14,129	211
Refund liabilities	(30,398)	(1,988)
Cash generated from operations	1,868,788	1,574,138
Interest received	77,068	78,898
Interest paid	(9,098)	(8,651)
Income tax paid	(362,684)	(301,389)
Net cash generated from operating activities	1,574,074	1,342,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(346,514)	(84,553)
Proceeds from disposal of financial assets at amortized cost	83,366	54,685
Acquisition of financial assets at fair value through profit or loss	(6,614,943)	(5,577,389)
Proceeds from disposal of financial assets at fair value through profit or loss	6,666,177	5,257,442
Acquisition of property, plant and equipment	(852,859)	(368,531)
Proceeds from disposal of property, plant and equipment	26,246	4,493
Payments for intangible assets	(12,684)	(2,143)
Increase in other financial assets	(258,978)	(133,617)

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

	2021	2020
Increase in other non-current assets	$ (11,697)	$ (225)
Net cash used in investing activities	(1,321,886)	(849,838)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	4,480,200	1,838,328
Repayments of short-term borrowings	(4,236,540)	(1,438,337)
Proceeds from long-term borrowings	353,540	347,000
Proceed from guarantee deposits received	257	-
Refund of guarantee deposits received	-	(1,412)
Repayments of the principal portion of lease liabilities	(32,375)	(14,013)
Cash dividends paid	(704,620)	(538,073)
Acquisition of subsidiary	(29,250)	-
Net cash generated from (used in) financing activities	(168,788)	193,493
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(9,775)	44,103
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,625	730,754
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	2,505,348	1,774,594
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$ 2,578,973	$ 2,505,348

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

(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Thinking Electronic Industrial Co., Ltd. (the "Company") was incorporated in July 1979. The Company mainly manufactures, processes and sells electric devices, thermistors, varistors and wires.

The Company's shares have been listed on the Taiwan Stock Exchange since September 2000.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 21, 2022.

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

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

   The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Company and its subsidiaries (collectively referred to as the "Group"):

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

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

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of other standards and interpretations will not have significant impact on the Group's financial position and financial performance.

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

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

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

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

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

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

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

a) Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

b) The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

c) Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 13, Table 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

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

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

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

g. Property, plant, and equipment

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

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

Freehold land is not depreciated.

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

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

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

i. Intangible assets

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

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

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

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i Financial asset at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL, which are not designated as debt instruments that do not meet the amortized cost criteria or the FVOTCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 29.

ii Financial assets at amortized cost

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

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

The Group's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

l. Revenue recognition

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

Revenue from sale of goods comes from sales of thermistors and varistors. Sales of thermistors and varistors are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized simultaneously.

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

Refund liabilities are based on the historical experience and different contract items to estimate the probable sales returns and allowance.

m. Leases

When the Group is lessee, the Group assesses whether the contract is, or contains, a lease at the inception of a contract.

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

n. Borrowing costs

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

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

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

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grant will be received.

Government grants related to income are recognized in other income on a systematic basis over the period in which the group recognized as expense the related cost that the grants intend to compensate. Specifically, government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest in treated as a government grant measured as the difference between the proceeds received and the fair value of the loan base on prevailing market interest rate.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 4,542	$ 1,086
Checking accounts	74	74
Demand deposits	1,881,201	1,333,420
Cash equivalents		
Time deposits with original maturities less than 3 months	693,156	1,170,768
	$ 2,578,973	$ 2,505,348

a. The market rate intervals of cash equivalents at the end of the years were as follows:

	December 31	
	2021	**2020**
Time deposits (%)	0.62-3.00	0.41-2.85

b. The Group transacted with variety of financial institutions which are high credit quality to disperse credit risk, hence, there was no expected credit loss.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2021	**2020**
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets - structured deposits	$ 1,525,486	$ 1,582,073

Structured deposits combined with embedded derivatives which have no direct connection to major contract. Because of the major contract include in above financial assets should be measured under IFRS 9, based on this reason, the entire contract should mandatorily classified as at FVTPL.

8. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	December 31	
	2021	**2020**
Time deposits with original maturities of more than 3 months	$ 347.661	$ 87,206
Interest rate (%)	4.05-4.18	4.13

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2021	**2020**
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	$ 36,273	$ 39,481

These investments in equity instruments are not held for trading or for short-term gains. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2021	**2020**
Notes receivable		
At amortized cost		
Gross carrying amount - operating	$ 327,135	$ 588,283

(Continued)

Accounts receivable - non-related parties	December 31 2021	2020
At amortized cost		
Gross carrying amount - operating	$ 1,909,195	$ 1,870,615
Less: Allowance for impairment loss	24,525	26,595
	$ 1,884,670	$ 1,844,020

(Concluded)

Refer to Note 31 for information related to notes receivable pledged as security.

The Company's notes receivable and accounts receivable have been measured by amortized cost. Refer to Note 29 for information related to credit management policy.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

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

There were no notes receivable that were past due and not impaired at the end of the reporting years.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2021

	Not Past Due	Past Due 1to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.05	0.5	1	30	50	100	
Gross carrying amount	$ 1,760,170	$ 53,111	$ 63,609	$ 11,916	$ 2,666	$ 17,723	$ 1,909,195
Loss allowance (Lifetime ECLs)	(987)	(265)	(636)	(3,575)	(1,339)	(17,723)	(24,525)
Amortized cost	$ 1,759,183	$ 52,846	$ 62,973	$ 8,341	$ 1,327	$ -	$ 1,884,670

December 31, 2020

	Not Past Due	Past Due 1to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.05	0.5	1	30	50	100	
Gross carrying amount	$ 1,728,022	$ 58,604	$ 50,298	$ 5,205	$ 10,721	$ 17,765	$ 1,870,615
Loss allowance (Lifetime ECLs)	(1,111)	(293)	(503)	(1,562)	(5,361)	(17,765)	(26,595)
Amortized cost	$ 1,726,911	$ 58,311	$ 49,795	$ 3,643	$ 5,360	$ -	$ 1,844,020

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 26,595	$ 24,898
Net remeasurement (reversal) of loss allowance	(2,040)	1,869
Amounts written off	-	(332)
Foreign exchange gains and losses	(30)	160
Balance at December 31	$ 24,525	$ 26,595

11. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 911,822	$ 579,429
Work-in-process	615,026	384,948
Raw materials	380,018	276,612
Supplies	26,468	18,955
Inventory in transit	12,293	6,168
	$ 1,945,627	$ 1,266,112

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $4,261,024 thousand and $3,205,653 thousand, respectively, which included the following items:

	For the Year Ended December 31	
	2021	2020
Write-off obsolete inventories	$ 66,997	$ 68,061
Inventory write-downs	76,278	2,425
Unallocated manufacturing overhead	-	25,436
	$ 143,275	$ 95,922

Unallocated manufacturing overhead are those expenditures of subsidiaries in China that halted production in the first quarter of 2020, due to the impact of COVID-19.

12. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Pledge demand deposits	$ 86,811	$ -
Pledge time deposits	305,600	163,969
Deposits of banker’s acceptance	2,608	23,180
Refundable deposits	60,400	9,292
	$ 455,419	$ 196,441

(Continued)

	December 31	
	2021	2020
Current	$ 367,328	$ 158,349
Non-current	88,091	38,092
	$ 455,419	$ 196,441
Interest rate of pledge time deposits (%)	0.35-0.57	0.57-3.15

(Concluded)

For other financial assets pledged information please refer to Note 31.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%) December 31, 2021	Percentage of Ownership (%) December 31, 2020
The Company	Yenyo Technology Co., Ltd. (Yenyo)	Notes 1 and 7	63.76	52.61
	Greenish Co., Ltd. (Greenish)	Note 2	100.00	100.00
	Thinking (Changzhou) Electronic Co., Ltd. (Thinking Changzhou)	Note 3	47.39	47.39
	Thinking Holding (Cayman) Co., Ltd. (Thinking Holding)	Note 2	100.00	100.00
Greenish	Thinking Changzhou	Note 3	52.61	52.61
Thinking Holding	Thinking International Co., Ltd. (Thinking International)	Note 2	100.00	100.00
	Thinking (HK) Enterprises Limited (Thinking HK)	Note 2	100.00	100.00
	View Full (Samoa) Ltd. (View Full Samoa)	Note 2	100.00	100.00
	Thinking Electronic (Samoa) Ltd. (Thinking Samoa)	Note 2	100.00	100.00
Thinking International	Thinking (Yichang) Electronic Co., Ltd. (Thinking Yichang)	Note 3	100.00	100.00
Thinking HK	Jiang Xi Thinking Electronic Co., Ltd. (Jiangxi Thinking)	Note 4	100.00	100.00
View Full Samoa	Guangdong Welkin Thinking Electronic Co., Ltd. (Guangdong Welkin Thinking)	Note 5	100.00	100.00
	Dong Guan Welkin Electronic Co., Ltd. (Dongguan Welkin)	Note 6	58.34	58.34
Thinking Samoa	Dongguan Welkin	Note 6	10.42	10.42
Thinking Changzhou	Dongguan Welkin	Note 6	31.24	31.24
Dongguan Welkin	Welkin Electronic Co., Ltd. (Zhongshan Welkin)	Notes 4 and 8	100.00	100.00

Note 1: Processing, selling and manufacturing diodes.

Note 2: International trading and investment.

Note 3: Manufacturing and selling thermistors, varistors and sensors.

Note 4: Manufacturing and selling thermistors and varistors.

Note 5: Wholesale of thermistors, varistors, sensors and equipment.

Note 6: Manufacturing and selling thermistors, varistors, sensors and equipment.

Note 7: In July 2021, the Company acquired 4,500,000 shares of its subsidiary Yenyo from non-controlling interests for $29,250 thousand, and the difference between the amount of consideration and the carrying amount of subsidiaries' net assets acquired was included in the capital reserve of $4,644 thousand; as a result, its shareholding increased from the original 52.61% to 63.76%. Since the preceding transaction did not change the Company's control over the subsidiary, the Company recognized such transaction as an equity transaction.

Note 8: In order to combine manufacturing and sales in the factory, the board of directors of Dongguan Welkin decided to establish Zhongshan Welkin, which was registered in December 2020.

14. PROPERTY, PLANT, AND EQUIPMENT

a. Changes in costs and accumulated depreciation

For the Year ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Property under Construction	Total
Cost							
Balance at January 1, 2021	$ 195,719	$ 943,625	$ 2,009,737	$ 141,503	$ 384,268	$ 210,310	$ 3,885,162
Additions	-	39,033	312,645	1,881	61,996	324,575	740,130
Disposals	-	(1,905)	(81,228)	-	(7,116)	-	(90,249)
Effect of foreign currency exchange differences	-	(1,889)	(4,339)	(465)	(349)	(206)	(7,248)
Balance at December 31, 2021	$ 195,719	$ 978,864	$ 2,236,815	$ 142,919	$ 438,799	$ 534,679	$ 4,527,795
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 271,747	$ 1,103,534	$ 77,716	$ 257,198	$ -	$ 1,710,195
Depreciation expense	-	39,336	159,380	28,158	43,746	-	270,620
Disposals	-	(1,905)	(60,657)	-	(6,917)	-	(69,479)
Effect of foreign currency exchange differences	-	(428)	(2,236)	(203)	(312)	-	(3,179)
Balance at December 31, 2021	$ -	$ 308,750	$ 1,200,021	$ 105,671	$ 293,715	$ -	$ 1,908,157
Carrying amount at December 31, 2021	$ 195,719	$ 670,114	$ 1,036,794	$ 37,248	$ 145,084	$ 534,679	$ 2,619,638

For the Year ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Property under Construction	Total
Cost							
Balance at January 1, 2020	$ 193,054	$ 867,054	$ 1,872,434	$ 131,404	$ 376,584	$ 95,963	$ 3,536,493
Additions	2,665	82,861	149,097	8,234	18,133	112,078	373,068
Disposals	-	(10,961)	(31,612)	-	(8,814)	-	(51,387)
Reclassified	-	-	-	-	(3,939)	-	(3,939)
Effect of foreign currency exchange differences	-	4,671	19,818	1,865	2,304	2,269	30,927
Balance at December 31, 2020	$ 195,719	$ 943,625	$ 2,009,737	$ 141,503	$ 384,268	$ 210,310	$ 3,885,162
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 248,544	$ 984,057	$ 49,294	$ 223,196	$ -	$ 1,505,091
Depreciation expense	-	35,456	134,551	27,258	41,095	-	238,360
Disposals	-	(10,961)	(25,133)	-	(7,579)	-	(43,673)
Reclassified	-	-	-	-	(858)	-	(858)
Effect of foreign currency exchange differences	-	(1,292)	10,059	1,164	1,344	-	11,275
Balance at December 31, 2020	$ -	$ 271,747	$ 1,103,534	$ 77,716	$ 257,198	$ -	$ 1,710,195
Carrying amount at December 31, 2020	$ 195,719	$ 671,878	$ 906,203	$ 63,787	$ 127,070	$ 210,310	$ 2,174,967

In January 2019, the board of directors of the Company approved the investment plan for the Nanzih Plant in Kaohsiung, and the estimated investment amount increased to 1,000,000 thousand in January 2021, which had not been completed and accepted as of the reporting date, and the actual project contract request was included in the property under construction.

A reconciliation of the above-mentioned increase in property, plant and equipment and the amount paid in the consolidated statements of cash flows is as follows:

	For the Year Ended December 31	
	2021	**2020**
Investing activities that affected both cash and non-cash items		
Additions to property, plant, and equipment	$ 740,130	$ 373,068
Increase in payables for equipment (in other payables)	(14,595)	(21,167)
Increase in prepayments for equipment	127,908	17,216
Capitalization of depreciation	(584)	(586)
Payments of acquisition of property, plant and equipment	$ 852,859	$ 368,531

b. Useful lives

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main plants	20-60 years
Improvement engineering	2-60 years
Machinery and equipment	3-12 years
Leasehold improvements	10 years
Others	2-10 years

c. Refer to Note 31 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Land	$ 183,220	$ 188,773
Buildings	54,315	64,971
	$ 237,535	$ 253,744

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 21,598	$ 38,588
Decrease in right-of-use assets	$ 422	$ -
Depreciation charge for right-of-use assets		
Land	$ 5,103	$ 5,065
Buildings	31,530	28,172
	$ 36,633	$ 33,237

Except for the recognized depreciation, additions and reduction, the Group did not have impairment or subleasing of right-of-use assets for the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 37,141	$ 31,487
Non-current	$ 75,234	$ 92,661

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	0.75-1.38	0.75-1.38
Buildings	5.10-6.04	5.13-6.04

c. Material leasing activities and terms

The Group leases land and buildings for the use of plants and offices.

1) Land

The land is located in Nanzih Export Processing Zone with the remaining useful life of 4 to 8 years. The government reserves the right to adjust rent according to the assessed land value.

The right-of-use land is located in mainland China with the remaining useful life of 33 to 45 years.

2) Buildings

The building is located in mainland China with the remaining useful life of 1 to 3 years. The lease payments will be adjusted every 3 years based on the changes in market rental rates.

The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease period. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 1,758	$ 453
Expenses relating to low-value asset leases	$ 580	$ 452
Total cash outflow for leases	$ 38,770	$ 20,099

Lease arrangements under operating leases for the leasing out of investment properties are presented in Note 16.

16. INVESTMENT PROPERTIES

	For the Year Ended December 31	
	2021	2020
Cost		
Balance at January 1	$ 114,077	$ 112,544
Effect of foreign currency exchange differences	(380)	1,533
Balance at December 31	$ 113,697	$ 114,077
Accumulated depreciation		
Balance at January 1	$ 61,167	$ 53,740
Depreciation expense	6,662	6,572
Effect of foreign currency exchange differences	(192)	855
Balance at December 31	$ 67,637	$ 61,167
Carrying amount at December 31	$ 46,060	$ 52,910

Depreciation is provided on a straight-line basis over the estimated useful lives of 5-22 years.

The Group has buildings located in Beijing, Suzhou, and Nanchang, China with fair values that are not evaluated by an independent valuer but valued by the management using the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The calculated fair value was $107,995 thousand as of December 31, 2021.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured loans(Note 31)	$ 249,630	$ 130,809
Credit loans	500,000	375,000
	$ 749,630	$ 505,809
The annual interest rate (%)		
Secured loans	0.34	2.6
Credit loans	0.68-0.72	0.75-0.77

b. Long-term borrowings

	December 31	
	2021	2020
Credit loans	$ 700,540	$ 347,000
Less: Government grants discount	12,440	7,329
	$ 688,100	$ 339,671
The annual interest rate (%)	0.35	0.35

Borrowings under the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" have interest at prime rate and are used for capital expenditures and operating turnovers. The details of relevant loan contract are as follows:

1) Credit period: The credit period is from October 2020 to October 2027, and the credit line is $1,264,000 thousand, which is a revolving loan allowing separate drawdowns, and all credits will expire in October 2027.

2) Borrowing interest rate: For the first 5 years from the date of initial drawdown, the annual interest rate of prime rate loan is 0.35% after the reduction of the variable interest rate of 0.495% based on the two-year fixed deposit interest rate of Chunghwa Post Co., Ltd. On the sixth year, when variable interest rate increases by 0.005% based on the two-year fixed deposit interest rate of Chunghwa Post Co., Ltd., the loan interest rate will be 0.85%. The Company calculates its fair value with an annual interest rate of 0.845% based on general condition.

3) Repayment method: Monthly installments start on the fourth year from the date of initial drawdown until October 2027.

4) Each annual repayment plan drawdown is as follows:

Repayment year	Amounts of Repayment 2020
2023 (November-December)	$ 14,458
2024	138,710
2025	193,190
2026	193,190
2027 (January-October)	160,992
	$ 700,540

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable were from operating activities and were not secured by collaterals.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

19. OTHER PAYABLES

	December 31	
	2021	2020
Payable for salaries and bonuses	$ 342,391	$ 279,432
Payable for purchase of equipment	59,965	45,370
Payable for employees' compensation	91,100	64,300
Payable for remuneration of directors	26,800	23,400
Others	158,976	137,856
	$ 679,232	$ 550,358

20. REFUND LIABILITIES

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 170,979	$ 47,717
Recognized (reversed)	(47,912)	125,250
Usage	(30,398)	(1,988)
Balance at December 31	$ 92,669	$ 170,979

The discount on refund liabilities was based on historical experience, management's judgments and other known reasons to estimate sales compensation and offset refund liability when compensation actually occurs.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

2) Thinking Changzhou, Dongguan Welkin, Thinking Yichang, Jiangxi Thinking and Guangdong Welkin Thinking of the Group make contributions in accordance with the local regulations. The subsidiaries are required to contribute a specified percentage of salaries to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan are to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company and Yenyo of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and Yenyo of the Group contribute specific percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 102,739	$ 97,584
Fair value of plan assets	(107,633)	(105,514)
Net defined benefit assets	$ (4,894)	$ (7,930)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2020	$ 103,109	$ (104,624)	$ (1,515)
Service cost			
Current service cost	136	-	136
Net interest expense (income)	1,033	(1,062)	(29)
Recognized in profit or loss	1,169	(1,062)	107
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,129)	(3,129)
Actuarial loss - changes in financial assumptions	1,435	-	1,435
Actuarial gain - experience adjustments	(3,376)	-	(3,376)
Recognized in other comprehensive income	(1,941)	(3,129)	(5,070)
Contributions from the employer	-	(1,452)	(1,452)
Benefits paid	(4,753)	4,753	-
Balance at December 31, 2020	97,584	(105,514)	(7,930)
Service cost			
Current service cost	104	-	104
Net interest expense (income)	759	(827)	(68)
Recognized in profit or loss	863	(827)	36
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,058)	(1,058)
Actuarial loss - changes in financial assumptions	1,346	-	1,346
Actuarial gain - experience adjustments	4,177	-	4,177
Recognized in other comprehensive income	5,523	(1,058)	4,465
Contributions from the employer	-	(1,465)	(1,465)
Benefits paid	(1,231)	1,231	-
Balance at December 31, 2021	$ 102,739	$ (107,633)	$ (4,894)

Through the defined benefit plans under the Labor Standards Law, the Company and Yenyo of the Group are exposed to the following risks:

1) Investment risk

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

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2021	**2020**
Discount rate (%)	0.50-0.65	0.80-0.85
Expected rate of salary increase (%)	2.00-3.00	2.00-3.00

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

	December 31	
	2021	**2020**
Discount rate		
0.25% increase	$ (1,571)	$ (1,665)
0.25% decrease	$ 1,622	$ 1,723
Expected rate of salary increase		
1% increase	$ 6,654	$ 7,098
1% decrease	$ (5,982)	$ (6,324)

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

	December 31	
	2021	**2020**
The expected contributions to the plans for the next year	$ 1,440	$ 1,440
Average duration of the defined benefit obligation (years)	9-12	9-13

22. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	128,113	128,113
Shares issued	$ 1,281,127	$ 1,281,127

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares (Note)		
Conversion of bonds	$ 265,446	$ 265,446
Issuance of ordinary shares	59,168	59,168
Treasury share transactions	23,649	23,649
Difference between consideration and carrying amount of the subsidiaries acquired	4,644	-
	$ 352,907	$ 348,263

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

c. Retained earnings and dividend policy

Under the dividends policy in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividend policy is also designed to meet the current and future development plans and takes into consideration the investment environment, capital needs, domestic or international competitive conditions while simultaneously meeting shareholders' interests. The Company shall distribute the dividends at no less than 30% of the distributable earnings of the current year. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 20% of total dividends.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

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

The appropriations of earnings for 2020 and 2019 were approved in the shareholders' meeting on July 29, 2021 and June 15, 2020, respectively. The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	For the Year Ended		For the Year Ended	
	2020	2019	2020	2019
Legal reserve	$ 138,883	$ 111,942		
Special reserve	(83,219)	177,028		
Cash dividends	704,620	538,073	$ 5.5	$ 4.2
	$ 760,284	$ 827,043		

The appropriations of earnings for 2021 were proposed by the Company's board of directors on March 21, 2022. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 157,419	
Special reserve	20,942	
Cash dividends	807,110	$ 6.3
	$ 985,471	

The appropriations of earnings for 2021 are subject to the resolution of the shareholders' meeting to be held on June 16, 2022.

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (206,975)	$ (277,631)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(22,168)	88,320
Income tax benefit (expenses) relating to exchange differences arising on translation of foreign operations	4,434	(17,664)
Balance at December 31	$ (224,709)	$ (206,975)

2) Unrealized gain/loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 5.539	$ (7,024)
Recognized for the year		
Unrealized gain (loss) on financial assets at FVTOCI	(3,208)	12,563
Balance at December 31	$ 2,331	$ 5.539

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 139,422	$ 143,590
Share in gain (loss) for the year	13,316	(4,413)
Other comprehensive income during the year	(1,124)	245
Acquisition of ownership interests in subsidiaries (Note 13)	(33,894)	-
Balance at December 31	$ 117,720	$ 139,422

23. OPERATING REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 7,500,274	$ 5,920,085
Service revenue	181	173
	$ 7,500,455	$ 5,920,258

a. Refer to Note 4 (l) for information related to contracts with customers.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable (Note 10)	$ 2,211,805	$ 2,432,303	$ 2,046,553

c. Disaggregation of revenue

For the year ended December 31, 2021

	Type of revenue		
Reportable Segments	**Revenue from Sale of Passive Components**	**Service Revenue**	**Total**
Thinking	$ 3,230,807	$ 181	$ 3,230,988
Yenyo	298,403	-	298,403

(Continued)

Reportable Segments	Type of revenue Revenue from Sale of Passive Components	Service Revenue	Total
Thinking Changzhou	$ 1,770,357	$ -	$ 1,770,357
Guangdong Welkin Thinking	1,695,602	-	1,695,602
Others	505,105	-	505,105
	$ 7,500,274	$ 181	$ 7,500,455

(Concluded)

For the year ended December 31, 2020

Reportable Segments	Type of revenue Revenue from Sale of Passive Components	Service Revenue	Total
Thinking	$ 2,691,961	$ 173	$ 2,692,134
Yenyo	177,979	-	177,979
Thinking Changzhou	1,334,599	-	1,334,599
Guangdong Welkin Thinking	1,458,539	-	1,458,539
Others	257,007	-	257,007
	$ 5,920,085	$ 173	$ 5,920,258

24. CONSOLIDATED NET PROFIT

Consolidated net profit included following items:

a. Interest income

	For the Year Ended December 31 2021	2020
Bank deposits	$ 22,881	$ 19,288
Financial assets at fair value through profit or loss	52,951	48,464
Financial assets at amortized cost	10,328	4,017
Others (Note 30 (e))	2,363	6,945
	$ 88,523	$ 78,714

b. Other income

	For the Year Ended December 31 2021	2020
Grants	$ 10,371	$ 33,231
Rental income	5,382	5,734
Reimbursement income	6,583	3,983
Others (Note 30 (e))	11,973	26,313
	$ 34,309	$ 69,261

c. Other gains and losses

	For the Year Ended December 31 2021	2020
Foreign exchange losses, net	$ (71,405)	$ (99,940)
Gain (loss) on disposal of property, plant and equipment, net	5,476	(3,221)
Others	(10,839)	(11,522)
	$ (76,768)	$ (114,683)

d. Finance costs

	For the Year Ended December 31 2021	2020
Interest on lease liabilities	$ 4,057	$ 5,181
Interest expense of borrowings	8,797	4,441
	12,854	9,622
Less: Amounts included in the cost of qualifying assets	1,289	521
	$ 11,565	$ 9,101

Information on capitalized interest is as follows:

	For the Year Ended December 31 2021	2020
Capitalized interest amount	$ 1,289	$ 521
Capitalization rate (%)	0.35-1.23	0.35-1.23

e. Depreciation and amortization

	For the Year Ended December 31 2021	2020
Property, plant and equipment	$ 270,620	$ 238,360
Right-of-use-assets	36,633	33,237
Investment properties	6,662	6,572
Other intangible assets	8,536	6,393
	322,451	284,562
Less: Amounts included in the cost of qualifying assets	584	586
	$ 321,867	$ 283,976
An analysis of depreciation by function		
Operating costs	$ 241,372	$ 214,678
Operating expenses	65,297	56,333
Other gains and losses	6,662	6,572
	$ 313,331	$ 277,583

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of amortization by function		
Operating costs	$ 3,347	$ 2,599
Operating expenses	5,189	3,794
	$ 8,536	$ 6,393

(Concluded)

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salary	$ 1,742,833	$ 1,220,699
Others	186,472	154,774
	1,929,305	1,375,473
Retirement benefits		
Defined contribution plans	85,426	19,804
Defined benefit plans (Note 21)	36	107
	85,462	19,911
	$ 2,014,767	$ 1,395,384
An analysis of employee benefits expense by function		
Operating costs	$ 1,340,682	$ 882,549
Operating expenses	674,085	512,835
	$ 2,014,767	$ 1,395,384

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The appropriations of employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 21, 2022 and March 22, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Accrual rate		
Employees' compensation (%)	4.3	3.6
Remuneration of directors (%)	1.3	1.3
Amounts		
Employees' compensation	$ 91,100	$ 64,300
Remuneration of directors	26,800	23,400

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

25. INCOME TAX

a. Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	**2020**
Current tax		
In respect of the current year	$ 320,105	$ 335,263
Income tax on unappropriated earnings	31,427	8,319
Adjustments for prior years	3,444	(36,913)
	354,976	306,669
Deferred tax		
In respect of the current year	211,099	177,250
Adjustments for prior years	2,636	3,717
Effect of change in tax rate	-	(906)
	213,735	180,061
Income tax expense recognized in profit or loss	$ 568,711	$ 486,730

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

	For the Year Ended December 31	
	2021	**2020**
Profit before income tax	$ 2,159,334	$ 1,867,333
Income tax expense calculated at the statutory rate	$ 608,247	$ 557,705
Nondeductible expenses and tax-exempt income	(14,521)	(20,403)
Income tax on unappropriated earnings	31,427	8,319
Unrecognized loss carryforwards	3,896	-
Unrecognized deductible temporary differences	(6,585)	16,686
Effect of change in tax rate	-	(906)
Usage of investment credit	(59,833)	(41,475)
Adjustments for prior years' tax	6,080	(33,196)
Income tax expense recognized in profit or loss	$ 568,711	$ 486,730

The tax rate applicable to income generated in the Republic of China is 20%, and the tax rate applicable to income generated in mainland China is 25%. However, Thinking Changzhou, Thinking Yichang and Jiangxi Thinking qualified as high technology enterprises and were entitled to the applicable tax rate of 15%. Dongguan Welkin qualified as high technology enterprises in 2020, and the corporate income tax rate was adjusted from 25% to 15%.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	**2020**
Deferred income tax expense (benefit)		
Translation of foreign operations	$ (4,434)	$ 17,664
Remeasurement on defined benefit plans	(220)	1,015
Income tax recognized in other comprehensive income	$ (4,654)	$ 18,679

c. Current tax assets and liabilities

	December 31	
	2021	**2020**
Current tax assets		
Tax refund receivable	$ 11,137	$ 24,136
Current tax liabilities		
Income tax payable	$ 114,694	$ 135,401

d. Deferred tax assets and liabilities

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

For the Year ended December 31, 2021

Deferred Tax Assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Temporary differences					
Unrealized loss on inventories	$ 28,502	$ 15,093	$ -	$ (76)	$ 43,519
Unrealized gross profits	4,068	2,460	-	-	6,528
Unrealized refund liabilities	34,196	(15,662)	-	-	18,534
Exchange differences on translation of the financial statements of foreign operations	51,743	-	4,434	-	56,177
Others	19,483	(3,134)	220	(23)	16,546
	$ 137,992	$ (1,243)	$ 4,654	$ (99)	$ 141,304

Deferred Tax Liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Exchange Differences	Balance, End of Year
Temporary differences				
Foreign investment income	$ 1,041,545	$ 209,939	$ -	$ 1,251,484
Others	33,362	2,553	(94)	35,821
	$1,074,907	$ 212,492	$ (94)	$ 1,287,305

For the Year ended December 31, 2020

Deferred Tax Assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Temporary differences					
Unrealized loss on inventories	$ 32,871	$ (4,680)	$ -	$ 311	$ 28,502
Unrealized gross profits	3,863	205	-	-	4,068
Unrealized refund liabilities	9,543	24,653	-	-	34,196
Exchange differences on translation of the financial statements of foreign operations	69,407	-	(17,664)	-	51,743
Others	16,564	3,853	(1,015)	81	19,483
	$ 132,248	$ 24,031	$ (18,679)	$ 392	$ 137,992

Deferred Tax Liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Exchange Differences	Balance, End of Year
Temporary differences				
Foreign investment income	$ 850,691	$ 190,854	$ -	$ 1,041,545
Others	19,888	13,238	236	33,362
	$ 870,579	$ 204,092	$ 236	$ 1,074,907

e. Unused loss carryforwards and deductible temporary differences of Yenyo for which no deferred tax assets were recognized in the balance sheet are as follows:

	December 31	
	2021	2020
Loss carryforwards		
Expiry in 2023	$ -	$ 15,282
Expiry in 2025	5,232	7,333
Expiry in 2026	13,252	13,252
Expiry in 2027	4,987	4,987
Expiry in 2030	11,976	13,330
	$ 35,447	$ 54,184
Deductible temporary differences	$ 23,916	$ 39,357

f. Information on unused loss carryforwards of Yenyo as of December 31, 2021:

Fiscal Year	Expiry Year	Unused Amount
2015	2025	$ 1,047
2016	2026	2,650
2017	2027	997
2020	2030	2,395
		$ 7,089

According to the Income Tax Act, loss carryforwards shall be used within the next 10 years. The Group did not recognize deferred tax assets because of the low possibility of realization in the future.

g. Income tax assessments

The tax returns of the Company and Yenyo through 2019 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

Net profit for the year

	For the Year Ended December 31	
	2021	**2020**
Profit for the year attributable to owners of the Company	$ 1,577,307	$ 1,385,016

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares used in the computation of basic earnings per share	128,113	128,113
Effect of potentially dilutive ordinary shares		
Compensation of Employees	652	402
Weighted average number of ordinary shares used in the computation of diluted earnings per share	128,765	128,515

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. GOVERNMENT GRANTS

The Company obtained government loans under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” which have interest at prime rate and are used for capital expenditures and operating turnovers. The Company calculated its fair value with annual interest rate based on general condition. The difference between the acquisition amount borrowed and the fair value was classified as government's low interest grants and recognized as deferred revenue.

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 21,694	$ 14,341
Deferred revenue in the reporting period	7,512	7,605
Realized revenue in the reporting period (in other income)	(1,080)	(449)
Effect of foreign currency exchange differences	(48)	197
Balance at December 31	$ 28,078	$ 21,694

	December 31	
Carrying amount of deferred revenue	2021	2020
Current (in other current liabilities)	$ 1,080	$ 752
Non-current	26,998	20,942
	$ 28,078	$ 21,694

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the last 2 years.

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

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Structured deposit	$ -	$ -	$ 1,525,486	$ 1,525,486

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 36,273	$ 36,273
	$ -	$ -	$ 1,561,759	$ 1,561,759

(Concluded)

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Structured deposit	$ -	$ -	$ 1,582,073	$ 1,582,073
Financial assets at FVTOCI				
Domestic unlisted shares	-	-	39,481	39,481
	$ -	$ -	$ 1,621,554	$ 1,621,554

There were no transfers between Level 1 and Level 2 in 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

Financial assets	Debt Instruments Financial Assets at FVTPL	Equity Instruments Financial Assets at FVTOCI	Total
Balance at January 1, 2021	$ 1,582,073	$ 39,481	$ 1,621,554
Purchases	6,614,943	-	6,614,943
Disposals	(6,666,177)	-	(6,666,177)
Recognized in other comprehensive income	-	(3,208)	(3,208)
Foreign currency exchange differences	(5,353)	-	(5,353)
Balanced at December 31, 2021	$ 1,525,486	$ 36,273	$ 1,561,759

For the year ended December 31, 2020

Financial assets	Debt Instruments Financial Assets at FVTPL	Equity Instruments Financial Assets at FVTOCI	Total
Balance at January 1, 2020	$ 1,239,151	$ 26,918	$ 1,266,069
Purchases	5,577,389	-	5,577,389
Disposals	(5,257,442)	-	(5,257,442)
Recognized in other comprehensive income	-	12,563	12,563
Foreign currency exchange differences	22,975	-	22,975
Balanced at December 31, 2020	$ 1,582,073	$ 39,481	$ 1,621,554

3) Valuation techniques and inputs applied for Level 3 fair value measurement

a) The fair values of domestic unlisted shares are determined using the market approach where the inputs are categories of business, values of same type of company and operation of company.

b) The fair values of structured deposits mined using discounted cash flow method.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 1,525,486	$ 1,582,073
Financial assets at amortized cost (Note 1)	5,636,151	5,251,058
Financial assets at FVTOCI		
Equity instruments	36,273	39,481
Financial liabilities		
Amortized cost (Note 2)	2,728,738	2,043,200

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties and excluding income tax refund receivable) and other financial assets.

2) The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Group’s corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The treasury function reports monthly to the Group's management.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rate risks.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposes the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and derivatives exposed to foreign currency risk at the end of the year are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the risk from the fluctuation of USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency.

	USD Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2021	**2020**	**2021**	**2020**
Profit or loss	$ 20,105	$ 21,265	$ 10,416	$ 7,908

b) Interest rate risk

The interest rate risk of the Group is primarily related to its fixed interest rates of bank loans. The Group manages its interest rate risk by using interest rate swap contracts and forward interest rate contracts. Furthermore, total amount of the Group's cash and cash equivalents are considerably greater than the amount of bank loans which can process repayment procedure spontaneously. Therefore, interest rate risk does not have significant impact to the Group.

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 1,496,236	$ 1,454,415
Financial liabilities	862,005	629,957

(Continued)

	December 31	
	2021	2020
Cash flow interest rate risk		
Financial assets	$ 3,406,687	$ 2,915,493
Financial liabilities	688,100	339,671

(Concluded)

Sensitivity analysis

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have been higher/lower by $27,186 thousand and by $25,758 thousand, respectively, which was mainly a result of the changes in the floating interest rate financial instrument.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation provided due to the financial guarantees provided by the Group, could be the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

3) Liquidity risk

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

Given that the Group's current assets are considerably higher than current liabilities, the Group has no liquidity risk.

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2021 and 2020, the face amounts of these unsettled bills receivable were $317,115 thousand and $185,181 thousand, respectively. The unsettled bills receivable will be due in 9 months and 9 months, respectively after December 31, 2021 and 2020. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the years ended December 31, 2021 and 2020, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

30. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions and revenues and expenses among the Group have been eliminated on consolidation and are not disclosed in this note. Details of transaction between the Group and other related parties were as follows:

a. Related party name and its relationship with the Group

Related Party Name	Relationship with the Group
Welkin Electronic Industrial Co., Ltd. (Pingtung Welkin)	Related party in substance
Boh Chin Investment Co., Ltd. (Boh Chin Investment)	Related party in substance
Honungxin Technology Co., Ltd. (Honungxiu Technology)	Related party in substance

b. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2021	2020
Related party in substance		
Honungxin Technology	$ 43	$ -

c. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2021	2020
Other receivables - related parties	Related party in substance		
	Pingtung Welkin	$ 145	$ -

d. Payables from related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Accounts payable - related parties	Related party in substance		
	Honungxin Technology	$ 45	$ -
Other payables - related parties	Related party in substance		
	Pingtung Welkin	$ 4,466	$ 485
	Honungxin Technology	207	-
		$ 4,673	$ 485

e. Other transactions with related parties

1) Consigned processing

Line Item	Related Party Category /Name	For the Year Ended December 31 2021	2020
Processing expense	Related party in substance Pingtung Welkin	$ 15,909	$ 731
	Related party in substance Honungxin Technology	28	-
		$ 15,937	$ 731

The price and payment terms with substance related parties were not compared because the Group did not have other consigned processing business with non-related parties. The payment term was 60 days from invoice date.

2) Consigned processing

Related Party Category/Name	December 31 2021	2020
Related parties Subsidiaries Pingtung Welkin	$ 147	$ -

3) Lease arrangements

Line Item	Related Party Category /Name	For the Year Ended December 31 2021	2020
Lease expense	Related party in substance - Boh Chin Investment	$ 480	$ 480

The lease contract between the Group and related parties in substance is based on the market rental agreement under the general payment terms.

4) Others

The Company's audit committee had authorized the independent director that represents the Company to lodge a claim for refund of the tax penalty in the amount of $21,185 thousand (including interest). Such tax penalty resulted from the chairman who violated tax regulations in the past year. The refund was received on October 19, 2020, and recognized $3,844 thousand and $17,341 thousand as interest income and other income, respectively.

f. Remuneration of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 109,298	$ 91,696
Post-employment benefits	1,081	1,240
	$ 110,379	$ 92,936

The remuneration of directors and other members of key management is determined by the remuneration committee based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Group provided the following assets as collateral for bank borrowings, tariff guarantee for imported and exported, deposits for construction contract and payment:

	December 31	
	2021	**2020**
Notes receivable	$ 179,860	$ 184,340
Pledged demand deposits (classified as other financial assets)	86,811	-
Pledged time deposits (classified as other financial assets)	305,600	163,969
Deposits of banker's acceptance (classified as oher financial assets)	2,608	23,180
Properties, plant and equipment		
Land	-	51,034
Buildings	-	47,995
	$ 574,879	$ 470,518

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group's unrecognized commitments due to the plants under construction and equipment were as follows:

	December 31	
	2021	**2020**
Acquisition of property, plant and equipment	$ 226,524	$ 114,874

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	Foreign Currency (In Thousand)	**Exchange Rate**		**Carrying Amount (In Thousand)**
December 31, 2021				
Financial assets				
Monetary items				
USD	$ 36,897	6.3674	(USD:RMB)	$ 1,021,309
USD	51,915	27.68	(USD:NTD)	1,437,007
RMB	234,702	4.3471	(RMB:NTD)	1,020,273
RMB	12,240	0.1570	(RMB:USD)	53,209
				$ 3,531,798

(Continued)

	Foreign Currency (In Thousand)	Exchange Rate		Carrying Amount (In Thousand)
Financial liabilities				
Monetary items				
USD	$ 885	6.3674	(USD:RMB)	$ 24,497
USD	15,296	27.68	(USD:NTD)	423,393
RMB	7,333	4.3471	(RMB:NTD)	31,877
				$ 479,767
December 31, 2020				
Financial assets				
Monetary items				
USD	30,304	6.5325	(USD:RMB)	$ 863,058
USD	65,646	28.4800	(USD:NTD)	1,869,598
USD	10	7.7516	(USD:HKD)	285
RMB	165,948	4.3597	(RMB:NTD)	723,483
RMB	19,610	0.1531	(RMB:USD)	85,494
				$ 3,541,918
Financial liabilities				
Monetary items				
USD	621	6.5325	(USD:RMB)	$ 17,686
USD	20,673	28.4800	(USD:NTD)	588,767
RMB	4,173	4.3597	(RMB:NTD)	18,193
				$ 624,646

(Concluded)

Refers to Note 24 (c) for the imformational related to realized and unrealized net foreign exchange loss. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

34. ADDITIONAL DISCLOSURES

a. Information on significant transactions and investees

1) Financing provided to others: Table 1.

2) Endorsement/guarantee provided: None.

3) Marketable securities held (excluding investment in subsidiaries): Table 2.

4) Marketable securities acquired or disposed of at cost or price of at least NT$300 million or 20% of the paid-in capital: Table 3.

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None.

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

9) Information on investees: Table 6.

10) Trading in derivative instruments: None.

11) Intercompany relationships and significant intercompany transaction: Table 8.

b. Information on investments in Mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China areas: Table 7.

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

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 4.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 4.

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

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

e) The highest balance, the end of year balance, the interest rates range, and total current year interest with respect to financing of funds: Table 1.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.

c. Information of major shareholder: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 9.

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on type of goods or services delivered or provided. The Group’s reportable segments were as follows:

a. Thinking Electronic Industrial Co., Ltd. (Thinking): Manufacturing, processing and selling of electric devices, thermistors, varistors and wines.

b. Yenyo: Processing, selling and manufacturing diodes as principle business.

c. Thinking Changzhou: Manufacturing, processing and selling thermistors, varistors and sensors as principle business.

d. Guangdong Welkin Thinking: Wholesale of thermistors, varistors, sensors and equipment as principle business.

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Thinking	Yenyo	Thinking Changzhou	Guangdong Welkin Thinking	Others	Adjustment and Elimination	Consolidated Amount
For the Year ended December 31, 2021							
Revenues from external customers	$ 3,230,988	$ 298,403	$ 1,770,357	$ 1,695,602	$ 505,105	$ -	$ 7,500,455
Inter-segment revenue	544,529	8,524	1,348,673	105,455	4,121,408	(6,128,589)	-
Segment revenue	$ 3,775,517	$ 306,927	$ 3,119,030	$ 1,801,057	$ 4,626,513	$ (6,128,589)	$ 7,500,455
Segment income	$ 952,159	$ 34,020	$ 448,494	$ 168,720	$ 491,434	$ 30,008	$ 2,124,835
Interest income							88,523
Other income							34,309
Other gains and losses							(76,768)
Finance costs							(11,565)
Consolidated profit before income tax							2,159,334
Income tax							568,711
Consolidated net income							$ 1,590,623
December 31, 2021							
Total segment assets	$ 4,485,047	$ 404,145	$ 4,415,636	$ 798,145	$ 4,309,390	$ (1,742,478)	$ 12,669,885
Total segment liabilities	$ 3,816,668	$ 79,119	$ 583,185	$ 487,107	$ 1,030,495	$ (1,603,042)	$ 4,393,532
For the Year ended December 31, 2020							
Revenues from external customers	$ 2,692,134	$ 177,979	$ 1,334,599	$ 1,458,539	$ 257,007	$ -	$ 5,920,258
Inter-segment revenue	527,808	2,373	1,271,144	33,494	2,634,563	(4,469,382)	-
Segment revenue	$ 3,219,942	$ 180,352	$ 2,605,743	$ 1,492,033	$ 2,891,570	$ (4,469,382)	$ 5,920,258
Segment income (loss)	$ 789,521	$ (12,418)	$ 362,628	$ 216,677	$ 553,231	$ (66,497)	$ 1,843,142
Interest income							78,714
Other income							69,261
Other gains and losses							(114,683)
Finance costs							(9,101)
Consolidated profit before income tax							1,867,333
Income tax							486,730
Consolidated net income							$ 1,380,603
December 31, 2020							
Total segment assets	$ 3,872,396	$ 325,886	$ 4,055,374	$ 1,181,814	$ 3,734,124	$ (2,138,934)	$ 11,030,660
Total segment liabilities	$ 3,001,769	$ 31,539	$ 586,433	$ 794,974	$ 1,167,612	$ (1,996,454)	$ 3,585,873

Segment profit represents the profit (loss) before tax earned by each segment without interest income, other income, other gains and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

a. Revenue from major products

The following is an analysis of the Group's revenue from its major products.

	For the Year Ended December 31	
	2021	2020
Passive components	$ 7,201,871	$ 5,742,106
Others	298,584	178,152
	$ 7,500,455	$ 5,920,258

b. Geographical information

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

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

	Revenue from External Customers	
	For the Year Ended December 31	
	2021	2020
Asia	$ 5,678,699	$ 4,481,839
Europe	767,009	610,590
Taiwan	548,334	472,220
Others	506,413	355,609
	$ 7,500,455	$ 5,920,258

3) The location of Group's non-current assets are detailed below

	Non-current Assets	
	December 31	
	2021	2020
China	$ 1,955,478	$ 1,768,295
Taiwan	1,245,402	867,275
	$ 3,200,880	$ 2,635,570

Non-current assets exclude financial instruments, deferred tax assets and net defined benefit assets.

c. Information on major customers

No single customer contributed over 10% of the Group's consolidated operating revenue.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
1	Thinking Changzhou	Guangdong Welkin Thinking	Other receivables - related parties	Y	$ 109,575 (CNY 25,000 thousand)	$ - (CNY - thousand)	$ - (CNY - thousand)	-	Note 1	$ -	Operating capital	$ -	-	$ -	$ 1,274,418	$ 1,699,224	

Note 1: Short-term financing.

Note 2: The total amounts of financing provided should not exceed 40% of the shareholders' equity of Thinking Changzhou and financing provided to any single entity should not exceed 30% of the shareholders' equity of Thinking Changzhou. For foreign companies of which Thinking Changzhou holds, directly and indirectly 100% of the voting share, the financing provided to any single entity should not exceed 100% of the net equity worth of Thinking Changzhou.

TABLE 2

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Share							
	ACPA TECHNOLOGY CO., LTD.	-	Financial assets at FVTOCI - non-current	2,469,130	$ 36,273	11	$ 36,273	
Thinking Changzhou	RMB financial products							
	Wishful Life V- Industrial and Commercial Bank of China	-	Financial assets at FVTPL - current	-	CNY 60,000 thousand	-	CNY 60,000 thousand	
	"Tian Libao" net worth type - Industrial and Commercial Bank of China	-	Financial assets at FVTPL - current	-	CNY 193 thousand	-	CNY 193 thousand	
	Accumulate every day - Bank of China	-	Financial assets at FVTPL - current	-	CNY 14,500 thousand	-	CNY 14,500 thousand	
	Structured Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current	-	CNY 120,000 thousand	-	CNY 120,000 thousand	
Thinking Yichang	RMB financial products							
	Ziqi Donlai - Xinchen series - Hubei Bank	-	Financial assets at FVTPL - current	-	CNY 10,000 thousand	-	CNY 10,000 thousand	
	"Tian Libao" Net Worth Type - Industrial and Commercial Bank of China	-	Financial assets at FVTPL - current	-	CNY 6,000 thousand	-	CNY 6,000 thousand	
	"Wenfu" fixed profit increase - Bank of China	-	Financial assets at FVTPL - current	-	CNY 25,000 thousand	-	CNY 25,000 thousand	
	Wishful Life V - Industrial and Comercial Bank of China	-	Financial assets at FVTPL - current	-	CNY 10,000 thousand	-	CNY 10,000 thousand	
	Jiangxin Lingdong 360 days fixed profit increase - Agricultural Bank of China	-	Financial assets at FVTPL - current	-	CNY 10,000 thousand	-	CNY 10,000 thousand	
Jiangxi Thinking	RMB financial products							
	Qingkui series half year open end - China Merchants Bank	-	Financial assets at FVTPL - current	-	CNY 4,000 thousand	-	CNY 4,000 thousand	
	Stable Financial Management Plan-Wisdom Series - Bank of China	-	Financial assets at FVTPL - current	-	CNY 11,040 thousand	-	CNY 11,040 thousand	
	Accumulate every day-daily plan - Bank of China	-	Financial assets at FVTPL - current	-	CNY 220 thousand	-	CNY 220 thousand	
	Qianyuan Huizhong (subscript daily and redeem monthly) - China Construction Bank	-	Financial assets at FVTPL - current	-	CNY 14,010 thousand	-	CNY 14,010 thousand	
Dongguan Welkin	RMB financial products							
	Point Gold Series Structured Deposit - China Merchants Bank	-	Financial assets at FVTPL - current	-	CNY 40,000 thousand	-	CNY 40,000 thousand	
	Zhouzhoufa - China Merchants Banks	-	Financial assets at FVTPL - current	-	CNY 20,000 thousand	-	CNY 20,000 thousand	
	Structured Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current	-	CNY 6,060 thousand	-	CNY 6,060 thousand	

TABLE 3

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Carrying Amount	Gain/Loss on Disposal	Number of shares	Amount
Thinking Changzhou	RMB financial products													
	"E-Lingtong" net worth type	Financial assets at FVTPL - current	Industrial and Commercial Bank of China		-	CNY 26,223 thousand	-	CNY 558,181 thousand	-	CNY 585,249 thousand	CNY 584,404 thousand	CNY 845 thousand	-	-
	Wishful Life V	Financial assets at FVTPL - current	Industrial and Commercial Bank of China		-	CNY 120,000 thousand	-	CNY 200,000 thousand	-	CNY 264,254 thousand	CNY 260,000 thousand	CNY 4,254 thousand	-	CNY 60,000 thousand
	"Tian Libal" net month type	Financial assets at FVTPL - current	Industrial and Commercial Bank of China		-	-	-	CNY 102,293 thousand	-	CNY 102,291 thousand	CNY 102,000 thousand	CNY 191 thousand	-	CNY 193 thousand
	Accumulate every day	Financial assets at FVTPL - current	Bank of China		-	-	-	CNY 76,500 thousand	-	CNY 62,038 thousand	CNY 62,000 thousand	CNY 38 thousand	-	CNY 14,500 thousand
	Structured Deposit Monthly Profit	Financial assets at FVTPL - current	Fubon Bank (China)		-	CNY 80,000 thousand	-	CNY 120,000 thousand	-	CNY 82,416 thousand	CNY 80,000 thousand	CNY 2,416 thousand	-	CNY 120,000 thousand
Jiangxi Thinking	RMB financial products													
	7007	Financial assets at FVTPL - current	China Merchants Bank		-	-	-	CNY 60,240 thousand	-	CNY 60,314 thousand	CNY 60,240 thousand	CNY 74 thousand	-	-
Dongguan Welkin	RMB financial products													
	Point Gold Series Structured Deposit	Financial assets at FVTPL - current	China Merchants Bank		-	CNY 15,000 thousand	-	CNY 119,000 thousand	-	CNY 94,555 thousand	CNY 94,000 thousand	CNY 555 thousand	-	CNY 40,000 thousand

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Receivable) Payable		Note
			Purchases/Sales	Amount	% of Total	Payment Terms (Note 1)	Unit Price	Payment Term	Ending Balance (Note 2)	% of Total	
The Company	Thinking Changzhou	Subsidiary	Sales	$ (249,647)	(7)	60 days from the end of the month	$ -	-	$ (86,544)	(8)	
	Thinking Changzhou	Subsidiary	Purchases	889,632	36	60 days from the end of the month	-	-	186,048	22	
	Thinking Yichang	Subsidiary	Purchases	119,569	5	60 days from the end of the month	-	-	15,176	2	
	Dongguan Welkin	Subsidiary	Sales	(291,876)	(8)	60 days from the end of the month	-	-	(124,614)	(12)	
	Dongguan Welkin	Subsidiary	Purchases	1,250,129	50	60 days from the end of the month	-	-	224,869	26	
Thinking Changzhou	Thinking Yichang	Associate	Purchases	115,300	6	60 days from the end of the month	-	-	41,961	8	
	Jiangxi Thinking	Associate	Sales	(132,255)	(4)	60 days from the end of the month	-	-	(38,452)	(4)	
	Guangdong Welkin Thinking	Associate	Sales	(110,277)	(4)	60 days from the end of the month	-	-	(15,134)	(1)	
	Dongguan Welkin	Associate	Sales	(153,325)	(5)	60 days from the end of the month	-	-	(55,058)	(5)	
Thinking Yichang	Jiangxi Thinking	Associate	Purchases	199,814	32	60 days from the end of the month	-	-	49,895	31	
	Guangdong Welkin Thinking	Associate	Sales	(461,357)	(44)	60 days from the end of the month	-	-	(75,222)	(32)	
Jiangxi Thinking	Dongguan Welkin	Associate	Sales	(379,212)	(51)	60 days from the end of the month	-	-	(57,388)	(34)	
Guangdong Welkin Thinking	Dongguan Welkin	Associate	Purchases	974,200	63	60 days from the end of the month	-	-	229,704	62	
Dongguan Welkin	Zhongshan Welkin	Subsidiary	Purchases	220,537	11	60 days from the end of the month	-	-	42,616	6	

Note 1: In April 2021, the Company cooperated with the Group’s policy, the credit period for group transactions was changed from 90 days to 60 days from the invoice date.

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

TABLE 5

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
The Company	Dongguan Welkin	Subsidiary	$ 124,614	2.29	$ -	-	$ 98,716	$ -
Thinking Changzhou	The Company	Parent company	186,048	4.36	-	-	179,232	-
Dongguan Welkin	The Company	Parent company	224,869	4.44	-	-	205,284	-
	Guangdong Welkin Thinking	Associate	229,704	3.57	-	-	161,954	-

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 6

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of shares	Percentage of ownership (%)	Carrying Amount			
The Company	Yenyo	Yilan	Processing, sales and manufacturing of diodes	$ 304,410	$ 275,160	25,732,508	63.76	$ 202,130	$ 33,780	$ 20,464	Note 1
	Greenish	British Virgin Island	Investment holding and international trading	242,300 (US$ 7,375 thousand)	242,300 (US$ 7,375 thousand)	7,374,997	100	2,172,842	264,013	267,412	Note 1
	Thinking Holding	Cayman	Investment holding and international trading	770,212 (US$ 24,729 thousand)	770,212 (US$ 24,729 thousand)	24,728,858	100	3,064,495	507,495	531,047	Note 1
Thinking Holding	Thinking International	Mauritius	Investment holding and international trading	196,512 (US$ 6,075 thousand)	196,512 (US$ 6,075 thousand)	6,075,000	100	1,056,600	104,697	104,697	
	Thinking HK	Hong Kong	Investment holding and international trading	311,109 (US$ 10,020 thousand)	311,109 (US$ 10,020 thousand)	10,020,000	100	709,858	85,823	85,823	
	View Full Samoa	Samoa	Investment holding and international trading	155,108 (US$ 5,055 thousand)	155,108 (US$ 5,055 thousand)	5,055,000	100	1,230,598	288,305	288,305	
	Thinking Samoa	Samoa	Investment holding and international trading	94,465 (US$ 3,244 thousand)	76,294 (US$ 2,599 thousand)	3,244,188	100	146,426	28,456	28,456	

Note 1: The share of profits or losses of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 2: Information of investees which located in mainland China, refer to Table 7.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss)of the Investee	Percentage of Ownership Direct or Indirect Investment	Investment Gain (Loss) (Note 7)	Carrying Amount as of December 31, 2020 (Note 7)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Thinking Changzhou	Manufacturing and selling thermistors, varistors and sensors	US$ 21,260 thousand	Note 1	$ 452,725	$ -	$ -	$ 452,725	$ 523,644	100	$ 530,106	$ 4,185,054	$ 739,210 (US$ 24,148)	Notes 10 and 11
Thinking Yichang	Manufacturing and selling thermistors, varistors and sensors	US$ 6,000 thousand	Note 2	194,170	-	-	194,170	104,945	100	104,945	1,055,309	-	Note 11
Jiangxi Thinking	Manufacturing and selling thermistors and varistors	US$ 10,000 thousand	Note 3	310,330	-	-	310,330	85,848	100	85,848	709,615	-	Note 11
Guangdong Welkin Thinking	Wholesale of thermistors, varistors, sensors and equipment	US$ 5,000 thousand	Note 4	153,547	-	-	153,547	127,632	100	127,632	311,038	-	Note 11
Dongguan Welkin	Manufacturing and selling thermistors, varistors, sensors and equipment	CNY$123,955 thousand	Note 5	75,535	18,171	-	93,706	273,424	100	273,424	1,415,769	-	Note 11
Zhongshan Welkin	Manufacturing and selling thermistors and varistors	CNY$ 60,000 thousand	Note 6	-	-	-	-	(16,728)	100	(16,728)	243,982	-	Note 11

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$1,217,639 (US$38,136 thousand)	$1,196,496 (US$43,226 thousand) (Note 8)	$4,895,180 (Note 9)

Note 1: Indirectly investment in mainland China through Greenish which was registered in the third area. The Company increased the amount of indirect investments in mainland China through Greenish since 2003.

Note 2: Indirectly investment in mainland China through companies registered in the third area (Thinking International).

Note 3: Indirectly investment in mainland China through companies registered in the third area (Thinking HK).

Note 4: Indirectly investment in mainland China through companies registered in the third area (View Full Samoa).

Note 5: Indirectly investment in mainland China through companies registered in the third area, View Full Samoa and Thinking Samoa and the subsidiary, Thinking Changzhou.

Note 6: Indirectly investment in mainland China through subsidiary (Dongguan Welkin).

Note 7: The financial statements have been audited by the ultimate parent company's certified public accountant.

Note 8: The amount of US$5,090 thousand was the difference between the MOEA approved investment amount of US$43,226 thousand and the amount of accumulated outflow of investment from Taiwan of US$38,136 thousand. Such difference was the result of deducting the capital increase of US$22,024 thousand from the subsidiary in mainland China, and the deducted amount of US$465 thousand has been approved but not yet remitted. The added surplus of the subsidiary in mainland China which was approximately US$17,399 thousand was repatriated. The balance amount as of December 31, 2021 was based on the US$1=NT$27.68 exchange rate.

Note 9: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.

Note 10: The Company recognized share of profits of Thinking Changzhou was $251,232 thousand, and Greenish recognized share of profits of Thinking Changzhou was $278,874 thousand. Total amount of share of profits was $530,106 thousand. The difference between total amount of share of profits and the net income of Thinking Changzhou resulted from unrealized gross profit on intercompany transactions.

Note 11: All intercompany transactions have been eliminated upon consolidation.

TABLE 8

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Sales or Total Assets
0	The Company	Thinking Changzhou	1	Sales	$ 249,647	Pricing by cost-plus practice	3
		Thinking Changzhou	1	Purchases	889,632	Pricing by cost-plus practice	12
		Thinking Changzhou	1	Accounts receivable	86,544	60 days from the end of the month	1
		Thinking Changzhou	1	Accounts payable	186,048	60 days from the end of the month	1
		Thinking Changzhou	1	Other accounts payable	1,151	60 days from the end of the month	-
		Thinking Yichang	1	Sales	3,006	Pricing by cost-plus practice	-
		Thinking Yichang	1	Purchases	119,569	Pricing by cost-plus practice	2
		Thinking Yichang	1	Accounts receivable	1,255	60 days from the end of the month	-
		Thinking Yichang	1	Accounts payable	15,176	60 days from the end of the month	-
		Dongguan Welkin	1	Sales	291,876	Pricing by cost-plus practice	4
		Dongguan Welkin	1	Purchases	1,250,129	Pricing by cost-plus practice	17
		Dongguan Welkin	1	Accounts receivable	124,614	60 days from the end of the month	1
		Dongguan Welkin	1	Accounts payable	224,869	60 days from the end of the month	2
		Dongguan Welkin	1	Prepayment	766	60 days from the end of the month	-
		Yenyo	1	Purchases	8,498	Pricing by cost-plus practice	-
		Yenyo	1	Accounts payable	2,000	60 days from the end of the month	-
1	Thinking Changzhou	Thinking Yichang	2	Sales	63,106	Pricing by cost-plus practice	1
		Thinking Yichang	2	Purchases	115,300	Pricing by cost-plus practice	2
		Thinking Yichang	2	Accounts receivable	11,223	60 days from the end of the month	-
		Thinking Yichang	2	Accounts payable	41,961	60 days from the end of the month	-
		Thinking Yichang	2	Prepayment	1,407	60 days from the end of the month	-
		Jiangxi Thinking	2	Sales	132,255	Pricing by cost-plus practice	2
		Jiangxi Thinking	2	Purchases	70,192	Pricing by cost-plus practice	1
		Jiangxi Thinking	2	Accounts receivable	38,452	60 days from the end of the month	-
		Jiangxi Thinking	2	Other accounts receivable	2,706	60 days from the end of the month	-
		Jiangxi Thinking	2	Accounts payable	34,608	60 days from the end of the month	-
		Guangdong Welkin Thinking	2	Sales	110,277	Pricing by cost-plus practice	1
		Guangdong Welkin Thinking	2	Purchases	534	Pricing by cost-plus practice	-
		Guangdong Welkin Thinking	2	Interest income	570	For one year financing provided	-
		Guangdong Welkin Thinking	2	Accounts receivable	15,134	60 days from the end of the month	-
		Dongguan Welkin	2	Sales	153,325	Pricing by cost-plus practice	2
		Dongguan Welkin	2	Purchases	82,311	Pricing by cost-plus practice	1
		Dongguan Welkin	2	Accounts receivable	55,058	60 days from the end of the month	-
		Dongguan Welkin	2	Accounts payable	13,103	60 days from the end of the month	-
		Dongguan Welkin	2	Other accounts payable	5,220	60 days from the end of the month	-
		Dongguan Welkin	2	Prepayment	2,283	60 days from the end of the month	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Sales or Total Assets
2	Thinking Yichang	Jiangxi Thinking	2	Sales	$ 721	Pricing by cost-plus practice	-
		Jiangxi Thinking	2	Purchases	199,814	Pricing by cost-plus practice	3
		Jiangxi Thinking	2	Accounts payable	49,895	60 days from the end of the month	-
		Guangdong Welkin Thinking	2	Sales	461,357	Pricing by cost-plus practice	6
		Guangdong Welkin Thinking	2	Accounts receivable	75,222	60 days from the end of the month	1
		Dongguan Welkin	2	Sales	90,514	Pricing by cost-plus practice	1
		Dongguan Welkin	2	Purchases	42,578	Pricing by cost-plus practice	1
		Dongguan Welkin	2	Accounts receivable	47,440	60 days from the end of the month	-
		Dongguan Welkin	2	Accounts payable	5,924	60 days from the end of the month	-
		Dongguan Welkin	2	Prepayment	7,505	60 days from the end of the month	-
		Zhongshan Welkin	2	Sales	817	Pricing by cost-plus practice	-
		Zhongshan Welkin	2	Advanced receipts	2,666	60 days from the end of the month	-
3	Jiangxi Thinking	Guangdong Welkin Thinking	2	Sales	2,084	Pricing by cost-plus practice	-
		Dongguan Welkin	2	Sales	379,212	Pricing by cost-plus practice	5
		Dongguan Welkin	2	Purchases	3,711	Pricing by cost-plus practice	-
		Dongguan Welkin	2	Accounts receivable	57,388	60 days from the end of the month	-
		Dongguan Welkin	2	Other accounts payable	1,426	60 days from the end of the month	-
		Dongguan Welkin	2	Prepayment	961	60 days from the end of the month	-
		Zhongshan Welkin	2	Sales	87,255	Pricing by cost-plus practice	1
		Zhongshan Welkin	2	Accounts receivable	20,727	60 days from the end of the month	-
4	Guangdong Welkin Thinking	Dongguan Welkin	2	Sales	31,045	Pricing by cost-plus practice	-
		Dongguan Welkin	2	Purchases	974,200	Pricing by cost-plus practice	13
		Dongguan Welkin	2	Accounts receivable	3,331	60 days from the end of the month	-
		Dongguan Welkin	2	Accounts payable	229,704	60 days from the end of the month	2
		Zhongshan Welkin	2	Sales	73,750	Pricing by cost-plus practice	1
5	Dongguan Welkin	Zhongshan Welkin	1	Sales	21,107	Pricing by cost-plus practice	-
		Zhongshan Welkin	1	Purchase	220,537	Pricing by cost-plus practice	3
		Zhongshan Welkin	1	Accounts receivable	5,986	60 days from the end of the month	-
		Zhongshan Welkin	1	Advanced receipts	3,205	60 days from the end of the month	-
		Zhongshan Welkin	1	Accounts payable	42,616	60 days from the end of the month	-

(Concluded)

Note 1: Transactions are categorized as follows:

1) Transactions from parent company to subsidiaries.

2) Transactions between subsidiaries.

Note 2: In April 2021, the Company cooperated with the Group’s policy, and the credit period for group transactions was changed from 90 days to 60 days from the invoice date.

THINKING ELECTRONIC INDUSTRIAL CO., LTD

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Boh Chin Investment Co., Ltd.	27,178,247	21.21
Yih Chin Investment Co., Ltd.	15,871,153	12.38
Zhang, Rui-Min	8,417,000	6.56

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