Stock Code：6189

PROMATE ELECTRONIC CO., LTD

2021 Annual Report

Printed Date: May 12, 2022

Annual Report Website Market Observation Post System:http://mops.twse.com.tw/

Spokesperson:

Name: Cheer Du

Title: Chief Operating Officer

Tel: (02)2659-0303

E-mail: service@promate.com.tw

Acting spokesperson:

Name: Jasmine Wu

Title: Finance Manager

Tel: (02)2659-0303

E-mail: service@promate.com.tw

Address and telephone of the head office:

Address: 4F No.30 Section 1, Huan Shan Road., Nei Hu District, Taipei City 11442, Taiwan (R.O.C)
Tel: (02)2659-0303(Representative number)

Address and telephone of branches:

Address: Unit 2, 3/F., Block B, Kong Nam Ind. Bldg., 603-609 Castle Peak Road, Tsuen Wan, N.T., Hong Kong
Tel: (852) 2331-8680

Name, address, website, and telephone number of the stock transfer agency:

Name: Stock Service Agent Department ofYuanta Securities Co., Ltd.
Address: B1, No.210, Sec.3, Chengde Rd., Datong Dist., Taipei, Taiwan, R.O.C.
Website: http:// www.yuanta.com.tw
Tel: (02) 2586-5859

Name of the CPA and the name, address, website, and telephone number or the accounting firm for financial

Name of CPA: CPA Wong, Bo-Ren, CPA CHEN, HUI-MING
Accounting firm name: Deloitte & Touche Taiwan
Address: 20F, No.100, Songren Rd., Xinyi Dist., Taipei 110016, Taiwan
Website: http://www.deloitte.com.tw
Tel: (02)2725-9988

Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None

Company website: http: //www.promate.com.tw

Promate Electronic Co., Ltd.

Contents of 2021 Annual Report

I. LETTER TO SHAREHOLDERS 1

1. 2021 Business Report 2

(1) Business plan implementation result 2

(2) Budget implementation 2

(3) Financial revenue and expenditure and profitability analysis 2

(4) Research and development status 2

2. 2022 Business Plan Summary 2

II. COMPANY PROFILE 3

1. Company Profile 3

2. Company History 3

III. CORPORATE GOVERNANCE REPORT 8

1. Corporate Organization 8

2. Profile of Directors, Supervisors, General Managers, Deputy General Managers, Assistant Managers, and Department or Branch Directors 10

(1) Profile of Directors and Supervisors 10

(2) Profile of General Managers, Deputy General Managers, Assistant Managers, and Department or Branch Directors 23

3. Remunerations to Directors, Supervisors, General Managers, and Deputy General Managers 25

4. Implementation of Corporate Governance 33

5. Information on Fees to CPA 72

6. Information on Replacement of CPA 72

7. The Company's Chairman, General Manager, and Finance or Accounting Officer who have held a position in the independent auditing firm or its affiliates over the past year shall disclose the name, title, and period holding position in the independent auditing firm or its affiliates 73

8. Share transfer by Directors, Supervisors, Managers and Shareholders holding more than 10% interests and changes to share pledging by them in the past year and as of the date of report 73

9. Top 10 Shareholders and Their Relationship to Each Other 74

10. The shares of the invested company held by the Company, the Company's Directors, Supervisors, Managers, and companies controlled directly or indirectly, and the aggregated overall shareholding ratio 75

IV. CAPITAL OVERVIEW 76

1. Capital and Shareholding....76
(1) Sources of capital....76
(2) Shareholder structure....80
(3) Dispersion of equity ownership....80
(4) List of major shareholders....80
(5) Stock price, net worth, earnings, dividends and related information for the previous two years....81
(6) Dividend policy and implementation....81
(7) Effect of stock grants to operating performance and EPS....82
(8) Remuneration of Directors, Supervisors and Employees....82
(9) Repurchasing shares of the Company during the most recent fiscal year or as of the printing date of annual report....83
2. Issuance of Corporate Bonds (Include Overseas Corporate Bonds)....84
3. Issuance of Special Shares....85
4. Issuance of Global Depositary Receipts (GDR)....85
5. Handling of Employee Stock Certificates....85
6. Handling of New Restricted Employee Shares....85
7. Mergers and Acquisitions....85
8. Financing Plans and Implementation....85
V. BUSINESS OVERVIEW....86
1. Business Contents....86
2. Overview of Market, Production and Sales....95
3. Number of employees, average years of service, average age and distribution ratio of education background in recent two years and as of the publication date of annual report....104
4. Environmental Protection Expenditure Information....104
5. Labor-Capital Relationship....104
6. Cyber Security Management.. 106
7. Significant Contract....107
VI. FINANCIAL OVERVIEW....109
1. Brief Balance Sheet and composite income sheet....109
(1) Condensed Balance Sheet and Consolidated Income Statement....109
(2) Name of CPA and Auditors' Opinions for the Last Five Years....112
2. Financial Analysis....113
3. Approval and Audit Report of Audit Committee for 2021....117
4. Financial Statements for 2021....119
5. Individual Financial Statements of the Company in the Latest Year Audited and

Approved by an Accountant 198
6. The impact of the financial difficulties of the Company and the affiliated companies, if any, on the Company's financial position in the past year and as of the printing date of annual report 268

VII. REVIEW ANALYSIS AND RISK MANAGEMENT OF FINANCIAL SITUATION AND FINANCIAL PERFORMANCE..268
1. Financial Situation Analysis 268
2. Financial Performance Analysis 269
3. Cash Flow 269
4. Effect of Major Capital Spending on Financial Position and Business Operations270
5. Shift in Investment..270
6. Risk Management Analysis 270
7. Other Important Matters 272

VIII. SPECIAL NOTES..273
1. Profiles of Affiliates Enterprises..273
2. Private Placement of Securities in the Most Recent Year and as of the Printing Date of Annual Report..276
3. Holding or Disposal of Stocks of the Company by Subsidiaries in the Past Year and as of the Reporting Date 276
4. Other Supplemental Information 276

IX. MATTERS, IF ANY, THAT MAY AFFECT SHAREHOLDERS' EQUITY OR SECURITIES PRICE AS DEFINED IN PARAGRAPH 2, ITEM 3, ARTICLE 36 OF THE SECURITIES AND EXCHANGE ACT IN THE MOST RECENT YEAR AND AS OF THE PRINTING DATE OF ANNUAL REPORT 276

I. Letter to Shareholders

Dear Shareholders:

The consolidated operating revenue of Promate Electronic Co., Ltd.in 2021 is NT$ 32.469 billion, which is increased by 21.56% as compared with 26.711 billion of same period last year, and operating profit is NT$ 1.235 billion, which is significantly increased NT$ 203 million and by 19.67% as compared with NT$ 1.032 billion of same period last year; net profit after tax for the current period is NT$ 849 million, which is increased by 40.33% as compared with 605 million of same period last year. In addition, the Company has calculated the underlying earnings per share after tax NT$ 4.31 based on outstanding capital stock NT$ 1.934 billion,therefore, Promate Electronic still maintains the previous high interest rate policy in this year.

According to International Monetary Fund's (IMF) latest reports that published on World Economic Outlook in 2021/10, the global economic growth was predicted to reduce from 6.0% in July to 5.9%; and that of 2022 also presented a a small drop and maintained at 4.9%. Yes, there has been a budding economic recovery, however, impacts of the COVID-19 pandemic spread across borders disrupting international supply chains, and also weakening the growth momentum. Therefore, IMF has reduced the economic growth among developed counties from 5.6% in July to 5.2%. The Company's revenue proportions based on regional classification respectively are: Europe, America and Asia (excluding mainland China and HongKong) are 68.38%, and the mainland China (including mainland China and HongKong) are 31.17%.

Furthermore, "Global Economic Prospects" from Organization for Economic Cooperation and Development (OECD) in early December of last year pointed out that global the inflation rate has been creeping up to beyond expectation, and longer lasting, which may also cause soaring commodity prices risk to families and enterprises. So, it also regulated current year's economic prediction rate, namely 4.5% for the world, 3.7% for America, 4.3% for Eurozone, 5.1% for China, while 2.6% for Japan. Meanwhile, due to risks from the war between Russia and Ukraine, new round of infection and virus variation, global economics still faces "extremely high uncertainty". Promate Electronic has already established a complete layout in global market, namely sets up its service bases in China, Japan, Europe (the Netherlands) and America, etc. Under the guidance of each rule of administration, the Company also sets up the audit committee and remuneration committee, to carry corporate management further; it also formulates "Code of Ethics", "Codes of Integrity Management" and "Integrity Operating Procedures and Guidelines" to require its management team and all colleagues to follow, as well as safeguard shareholders' equities; in terms of information disclosure, it has stipulated "Administrative Measures for Financial and Non-financial Information" and corresponding operation rules, and with the principle of equity and integrity, the Company provides full information on its website for shareholders and interested parties, etc. to acquire significant financial and business information in a real-time; in addition to this, the Company's operating strategies are also resolved and unanimously passed by the Board of Directors through fully discussions, and implemented onto corresponding businesses, to achieve company's management targets and pursuit a sustainable management.

The Company's management team and all colleagues sincerely thank the shareholders for their support and encouragement. The Company will be more pragmatic in the operation to protect the shareholders' rights and interests, and hope that the shareholders can continue to support and encourage.

1. 2021 Business Report

(1) Business plan implementation results

Item	2021	2020	Increase (Decrease)	Rate of change %
Operating Revenue	32,469,053	26 ,710,813	5,758,240	21.56
Operating Profit	1,234,817	1,032,481	202,336	19.60
Net profit after tax	848,904	604,676	244,228	40.39

(2) Budget implementation

The Group has not disclosed its financial forecast in 2021, so there is no budget to be achieved.

(3) Financial revenue and expenditure and profitability analysis

Item		2021	2020
Financial structure (%)	Debt to asset ratio	67.10	64.60
	Long-term funds to fixed assets ratio	1,767.20	1,475.72
Liquidity (%)	Current ratio	156.19	174.68
	Quick ratio	114.61	137.15
	Times Interest Earned	19.79	11.04
Profitability	Return on assets(%)	6.56	6.02
	Return on equity	18.32	14.57
	Income before tax to paid-in capital ratio	54.78	41.74
	Net profit margin（%）	2.61	2.26
	Earnings per share(NTD)	4.31	2.99

(4) Research and development status

Research and development expenditures over the last three years

Unit: NT$1,000

	2019	2020	2021
R&D expenses	86,313	70,959	70,364
R&D expenses as a percentage of revenue	0.38%	0.27%	0.22%

The Company has successfully acted as the agent of domestic and foreign electronics major components products, with FAE and many R&D personnel, mainly to provide customers with technical support for the use of products, help customers save R&D expenses and shorten the product launching time, and provide customers with complete solutions, including the panel displays, wireless links, terminal servers, automotive electronic applications and application-specific chips, low-power-consumption and high-efficiency power management IC solutions, etc., focusing on the niche market segments to enhance the Company's added value.

2. 2022 Business Plan Summary

According to International Monetary Fund’s (IMF) latest reports that published on World Economic Outlook in 2021/10, the global economic growth was predicted to reduce from 6.0% in July to 5.9%; and that of 2022 also presented a a small drop and maintained at 4.9%. Yes, there has been a budding economic recovery, however, impacts of the COVID-19 pandemic spread across borders disrupting international supply chains, and also weakening the growth momentum. Therefore, IMF has reduced the economic growth among developed counties from 5.6% in July to 5.2%, as the economic conditions in low-income and developing countries continue to deteriorate, which offsets that of emerging markets and developed counties with strong economic outlook through bulk commodities export recently.

(1) Operating strategy & Important production and sale policies

1) Implement the enterprise sustainable management, strengthen the employees' humanistic quality, enhance the integration of work and life, and continue to enrich the professional skills and strengthen the partnership with upstream and downstream manufacturers, jointly create the added value, create a win-win cause, and pursue the sustainable operation.
2) Provide the customers a complete supply plan to coordinate with the downstream system manufacturer's production plan, help the customers to shorten the product development time, provide a complete solution to the customer, make the customers more focusing on the core technology research and development, enable the customers to shorten new product development time, grab the market opportunities, improve the overall efficiency, competitiveness, and increase the satisfaction of the final market and the Company's added value.
3) Clarifying the product market positioning, focusing on the familiar industries, and distributing the product lines, LCD panels, special application chips, power management ICs and wireless communication products, the Company is positioned in the high-technology and high-value-added design-in market, with the application fields covering the information, consumer electronics and communication industries. The technical competitiveness has become the biggest competitive advantage of Promate, which has formed an obvious market specialty division between Promate and other agents and domestic peers.

(2) Expected sales volume and its basis

The various electronic components for agent sales by the Company are used in various electronic consumer products and industrial fields, such as personal computers, information home appliances, broadband network, wireless communication systems, advertising systems, marine instruments, and medical equipment, with a wide range of applications and deep into the general family life field. Looking forward to 2022, the global economy is full of uncertain factors affecting the domestic and foreign prosperity, considering the upstream and downstream industries and related electronic consumer market supply and demand, as well as the agency of the original factory's expected target and internal business planning, the growth of related product sales in 2022 is challenging but still cautiously optimistic.

Promate Electronic Co., Ltd. will continue to develop potential agent products in all fields in 2022, and meanwhile aim at intensifying its core competitive ability to march into critical key components and products with high added values of high-growth industry in mid-and-long term prudent mode. Beside,to cope with the risings of interest rate of this year, the Company will continue to maintain a stable financial structure and favourable cash flow, thus to reduce its future development risks, and add revenue and profit-making motion meanwhile. So please support, give advice and offer encouragement as always, to maximize the interests of shareholders via increased performance and ongoing growth.

Sincerely yours,

Chairman: Eric Chen President: Eric Chen Head of Accounting: Mandy Chiu

II. Company profile

1. Date of Establishment: May 26, 1986
2. Company history

1986	* Promate Electronic Limited was established with a capital of NT$ 6 million.
1988	* Obtained the electronic product agency of UMC. * Acquired the product agency of Zilog Inc.
1989	* The Company was restructured into a limited company. * Obtained the product agency of LTC.
1991	* "Best Technical Support Award" from Zilog Inc.
1992	* Cash increase of NT$12 million, paid-up capital of NT$28 million. * Awarded "Excellent Agent in the Pacific Region" by LTC.
1993	* Acquire the product agency of S3 International Limited. * Awarded "Agent of the Year" by UMC.
1994	* Awarded "Agent of the Year" by LTC. * Awarded "Agent of the Year" by UMC for two consecutive years.
1995	* NT$28 million of new shares were issued with additional capital and the paid-up capital was NT$56 million. * Set up R&D Department, mainly responsible for writing the embedded MCU software. * Awarded "Agent of the Year" by LTC for four consecutive years. * Won the award of "Outstanding Business Person for Issuing Uniform Invoice in Taipei City" in 1984. * Merger of Huahuang Enterprise Limited with a combined issue of NT$28 million of new shares and paid-up capital of NT$56 million.
1996	* Acquired the product agency of Novatek. * Acquired the product agency of ITE. * Acquired the product agency of Davicom. * Acquired the first monitor manufacturer for Novatek MCU products - AOC (now the 3rd largest monitor manufacturer in the world).
1997	* Cash increase of NT$24 million, paid-up capital of NT$80 million. * Obtained the product agency of AMIC. * Successfully introduced S3 PCI Sound Products to the Taiwan market. The first two customers' products were designed with the support of Promate Electronic.
1998	* Surplus transfer for capital increase of NT$16 million, cash increase of NT$4 million, paid-up capital of NT$100 million. * Acquired the fiber optic communication chipset product agency of AMCC. * Acquired the X86 CPU product agency of Rise Technology Company. * Successfully introduced S3 Mobile Products into the Taiwan market. The first two customers' products were designed and supported by Promate Electronic. * Won the "Global Outstanding Agent Award" from S3. * Won the "Best Supplier Award" from GIGABYTE.
1999	* Surplus transfer for capital increase of NT$30 million, cash increase of NT$20 million,

	paid-up capital of NT$150 million. * Obtained the agency of TFT-LCD LCD panel of Unipac. * Strategy alliance with Unipac, to become a strategic partner in the manufacturing and sales of small size TFT-LCD LCD module products. * Established the liquid crystal module product division (including manufacturing department, R&D department, sales department). * Acquired the MEPG chip product agency of iCompression Inc. * Acquired the mobile phone chipset product agency of Dspc Israel Ltd. * Acquired the Global Positioning System (GPS) product agency of SirF.
2000	* Surplus transfer for capital increase of NT$50.29 million, cash increase of NT$34.71 million, and paid-up capital of NT$235 million. * Approved public offering of shares of Promate Electronic. * Successfully developed 7" 16: 9 TFT-LCD module products. * Successfully developed GPS module products. * Acquired the LCD Monitor chip product agency of Averlogic. * Acquired the Blue-tooth product agency of Silicon Wave. * Acquired the ADSL broadband product agency of Integrated Telecom Express Inc. (ITEX).
2001	* Surplus transfer for capital increase of NT$67 million, and paid-up capital of NT$320 million. * Acquired the MOSFET(transistor) product sales right of AOS (ALPHA & OMEGA SEMICONDUCTOR, INC.). * Acquired the SOC and OTP product sales right of KIT ON LINE TECHNILOGY CORP. * Acquired the product agency of ON Semiconductor. * Acquired the product agency of NetLogic MicroSystem, Inc. * Acquired the product agency of Mellanox Technologies, Inc. * Acquired the product agency of Protura Wireless. * Won the "Top 10 Outstanding Component Agents Award" from New Electronic Magazine in 2001. * Won the "Best Semiconductor Agent Award" from Electronics Industry Weekly in 2001. * Won the "Outstanding Supplier Award" from GIGABYTE. * Won the "Most Valuable Partner Award" from MITAC. * Won the "Excellent Agent Award" from supplier Silicon Wave. * Ranked 186 in the Top 500 Service Industries and 217 in the Top 1000 Companies of CommonWealth Magazine. * Ranked 305 in the Top 1000 Manufacturers of BusinessWeek.
2002	* Acquired the product agency of High Bandwith Access (Taiwan) Inc. * Acquired the product agency of Micronas GmbH of Weike Co., Ltd. * Surplus and capital reserve transfer for capital increase of NT$110 million, paid-up capital of $412 million. * On May 28, two independent directors and one independent supervisor were elected by the

	shareholders at the regular meeting. * On September 16, the Company was listed at the OTC Trading Centre.
2003	* Cash increase of NT$51.75 million and paid-up capital of NT$463.75 million. * Surplus and capital reserve transfer for capital increase of NT$136,876,775, and paid-up capital of NT$600, 626,750. * Won the "Best Growth Award for Outstanding Parts Agents" from New Electronic Magazine in 2003.
2004	* Issued the first domestic unsecured convertible corporate bonds of NT$500 million. * Acquired the semiconductor product agency of U.S. Genesis. * Ranked 89 in the Top 500 Service Industries of CommonWealth Magazine. * Ranked 88 in the Top 500 Services Industries of BusinessWeek. * On May 24, listed and traded on an exchange from over-the-counter trading center. * Surplus and capital reserve transfer for capital increase of NT$171,321,750, and paid-up capital of NT$771,948,500. * NT$5.09 million of common shares were converted through employee stock option certificates, with a paid-up capital of NT$777,038,500. * Acquired the chip product agency of Silego. * Acquired the related memory product agency of Saifun. * Acquired the related memory product agency AMIC.
2005	* NT$1.79 million of common shares were converted through employee stock option certificates, with a paid-in capital of NT$778,828,500. * Acquired the linear IC product agency of Pyramis. * Acquired the product agency of LeadTrend. * Acquired the semiconductor product agency of AATI. * Ranked 54 in the Top 500 Service Industries of CommonWealth Magazine. * Ranked 54 in the Top 1000 Services Industries of BusinessWeek. * Employee stock option certificates, convertible corporate bonds and surplus and capital reserves of NT$210,462,180, and paid-up capital of NT$989,290,680. * Acquired the product agency of Wischip. * Acquired the product agency of JAM.
2006	* Ranked 47 in the Top 500 Service Industries of CommonWealth Magazine. * Ranked 47 in the Top 1000 Services Industries of BusinessWeek. * Acquired the product agency of Lumileds. * Employee stock option certificates and convertible corporate bonds for common shares of NT$ 23,520,030, and paid-up capital of NT$ 169,139,855. * This year's employee stock option certificates, surplus and capital reserve transfer for capital increase was totally NT$ 201,118,160, and the paid-up capital was NT$ 1,190,408,840. * This year's employee stock option certificates, surplus and capital reserve transfer for capital increase was totally NT$ 201,118,160, and the paid-up capital was NT$

	1,190,408,840. * Invested in HAPPY ON INTERNATIONAL LTD. for NTD8,778,000, holding 70% of the shares.
2007	* Cash increase of NT$ 60 million and the issuance of second domestic convertible bonds of NT$ 350 million. * Obtained the product agency of Oxford and BridgeLux. * This year's employee stock option certificates, convertible corporate bonds and surplus and capital reserve transfer for capital increase was NT$ 451,027,000, and the paid-up capital was NT$ 1,701,435,350 by the end of 2007. * Invested in EAST PROFIT INTERNATIONAL LTD. for NTD35,684,000, holding 70% of the shares. * Invested in Picoway Co., Ltd. for NTD20,000,000, holding 70% of the shares.
2008	* The total amount of surplus and capital reserves converted into capital increase/convertible corporate bonds converted into common shares was NT$132 million, and the paid-up capital was NT$1,814,091,000. * Obtained the product agency of RDC. * Obtained the product agency of Diodes from the United States. * Obtain the product agency of Volterra from the United States. * Obtained the product agency of AMS from Australia. * Obtained the product agency of RMI from the United States
2009	* Invested in Promate Electronic (Shenzhen) Co., Ltd. through Hong Kong Promate International for USD200,000, holding 100% of the shares. * Invested Promate Electronic (Shanghai) Co., Ltd. through Hong Kong Promate International for USD1,000,000, holding 100% of the shares. * Convertible corporate bonds converted into common shares amounted to NT$16.7 million, with the paid-up capital of NT$1,823,171,000.
2010	* Won the Best Partner Award from Alpha & Omega. * Won the AVBU GD Best Partner Award from AU Optronics. * Won the Best Partner Award from Gigabyte Technology in 2010. * Won the Partner Award from uPI-Semi. * In 2009, Promate Electronic ranked 61 in the Top 500 Service Industry Survey of CommonWealth Magazine, and ranked 11 in Information, Communication and IC Access.
2011	* Won the Best Partner Award from Alpha & Omega. * Won the Best Partner Award from Gigabyte Technology in 2010. * Won the Partner Award from uPI-Semi. * Write-off and repurchase of 507,000 ordinary shares, with paid-up capital of NT$1,823,171,000. * In 2010, Promate Electronic ranked 59 in the Top 500 Service Industry Survey of CommonWealth Magazine, and ranked 10 in Information, Communication and IC Access.
2012	* Write-off and repurchase of 2,765,000 ordinary shares, with paid-up capital of NT$1,790,451,000.
2013	* Completed the division of specific application product business group to the subsidiary

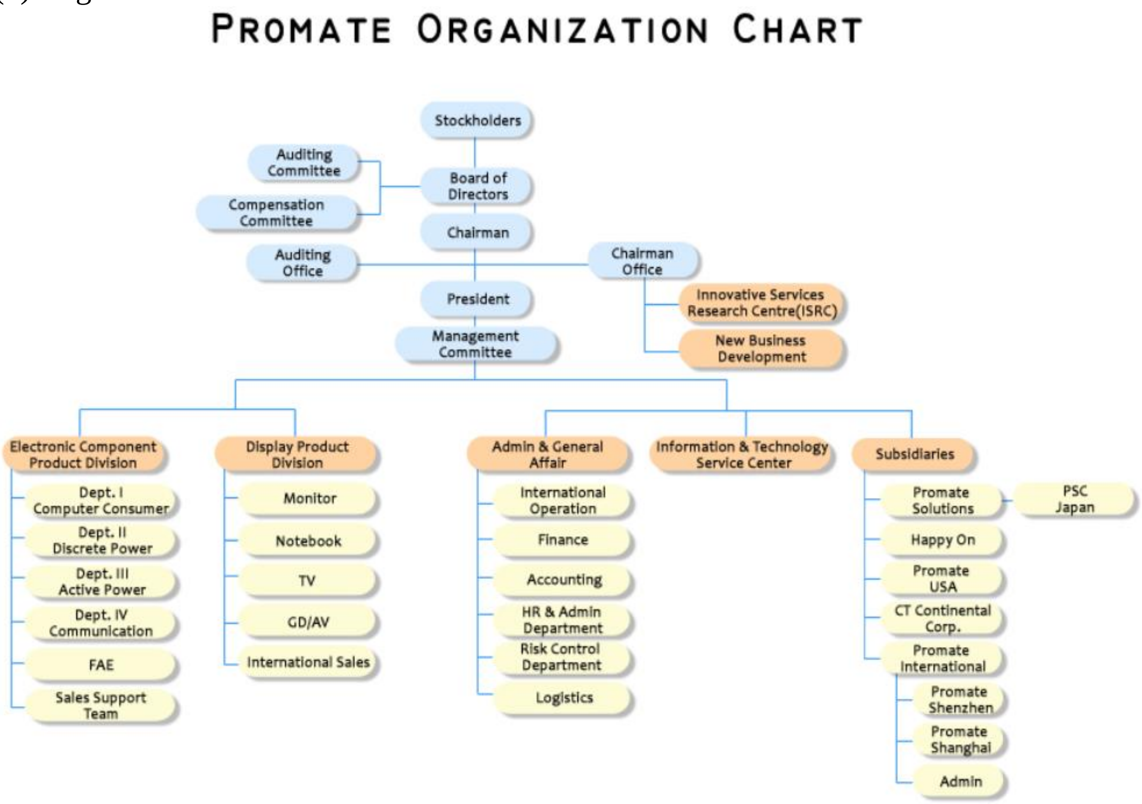
	Promate Solutions Corporation.
2014	* Obtained the product agency of GigaDevice. * Obtained the product agency of Conexant. * Awarded the Intel “Smart Impact Challenge” First Prize by ISRC in 2013. * Ranked 72 in the Top 500 Service Industries of CommonWealth Magazine in 2013, and ranked 11 in IC access.
2015	* Obtained the product agency of NDK. * Obtained the product agency of EMC. * Ranked 68 in the Top 500 Service Industries of CommonWealth Magazine in 2014, and ranked 10 in IC access.
2016	* Obtained the product agency of AMAZING. * Ranked 86 in the Top 2000 Service Industries of CommonWealth Magazine in 2015, and ranked 10 in IC access.
2017	* Obtained the product agency of JEVAT. * Ranked 85 in the Top 2000 Service Industries of CommonWealth Magazine in 2016, and ranked 11 in IC access.
2018	* Obtained the product agency of LCF/ CAPXON. * Ranked 84 in the Top 2000 Service Industries of CommonWealth Magazine in 2017, and ranked 10 in IC access.
2019	* Obtained the product agency of XMC/LPS. * Ranked 17 in information, communication, IC access of CommonWealth Magazine in 2018,.
2020	* Issued the third domestic unsecured converted corporate bonds of NT $1 billion. * Convertible corporate bonds converted into common shares amounted to NT$ 808,450, with the paid-up capital of NT$ 1,790,451,940. *The 16th of 2019 CommonWealth Magazine Information, Communication and IC Pathway. * Ranked 18 in Top 5000 electronic components wholesale industry of large enterprises in Taiwan in 2020.
2021	*Convertible bonds converted to common share is NT$1,11,116,890 in total, and paid-in capital is NT$1,902,377,280. *The 16th of 2020 CommonWealth Magazine Information, Communication and IC Pathway. *The 15th of 2021Taiwan Large Enterprise TOP 5000IC Components Retail and Wholesale.

In the most recent year and as of the date of publication of the annual report of the Company, except for the matters disclosed above, there has been no significant transfer or replacement of the shares of directors, supervisors or major shareholders holding more than 10% of the shares, changes in management rights or major changes in business contents or other important matters affecting the shareholders' rights and interests.

III. Corporate governance report

1. Corporate Organization

(1) Organization Chart



(2) Business operations of major departments

1) Board of Directors: Including Audit Committee and Compensation Committee

Audit Committee: The Audit Committee is held accountable for supervising the fair presentation of the financial reports, the hiring (and dismissal), independence, and performance of certificated public accountants, the effective implementation of the internal control system, compliance with relevant laws and regulations, and management of risks

Compensation Committee: Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managerial officers. Periodically evaluate and prescribe the remuneration of directors and managerial officers.

2) Chairman Office:

A. Formulate and update the Company's overall system, rules and regulations.
B. Plan the overall marketing activities of the Company and promote the corporate public relations activities.
C. Supervisw and audit the operations of overseas subsidiaries and branches.
D. Appraise and manage the reinvested business.

3) Auditing Office: Responsible for the audit of implementation of internal rules and regulations, and put forward the improvement suggestions.

4) Admin & Ceneral Affair: Consisting of Finance Department, Accounting Department, HR & Admin Department, Risk Control Department, Logistics Department, International Operation Department and so on.

Finance: In charge of the Company's fund scheduling, cash receipts and payments, planning of financial institution relations, management of long-term and short-term securities, etc.

Accounting: Responsible for accounting, profit and loss calculation, tax planning, operating cost calculation and financial statement analysis.

HR & Admin Department: Human resource planning, personnel recruitment and selection, performance evaluation, in-service training, employee salary, employee welfare, office environment, health and safety management, file receipt and sending, procurement, supply and management of office supplies and operating consumables, switchboard, reception and other general affairs, and stock affair planning, shareholders' meeting, processing of directors' and supervisors' meeting related matters.

Risk Control Department: Customer credit risk assessment and control, accounts receivable management, legal affairs related management (litigation and non-litigation, contract, intellectual property), company insurance planning and cross-department cooperation, to assist the Group in the operation of the risk control and efficiency improvement and project management.

Logistics: Import and export customs declaration, shipping, insurance, warehousing and other matters of commodity materials and domestic commodity materials transportation and dispatch management.

International Operation:Assist to support the logistic and administrative operations of international business units.

5) Component agency division group:
Including Electronic Component Product Division and Display Product Division.
Electronic Component Product Division Including:

Dept. I Computer Consumer: Responsible for the market management, promotion, sales management planning and implementation of IC and other components.

Dept. II Discrete Power: Responsible for the marketing, promotion, sales management planning and implementation of consumer electronics, computer peripherals and other components.

Dept. III Active Power :Responsible for the marketing, promotion, sales management planning and implementation of analog/linear and other specific application components.

Dept. IV Communication: Responsible for the planning and implementation of marketing, promotion, sales management of wired/wireless communication products and other specific application components.

Display Product Division: Responsible for the planning and implementation of market operation, promotion and sales management of LCD panels of all sizes at home and abroad.

6) Information & Technology Service Center: To establish, maintain, manage and update the Company's network system, inventory system, server, email system, and other equipment, educate and train for the Company's internal information system, plan and promote the future information management.

2. Information on directors, supervisors, president, vice president, assistant vice president, and heads of departments and branch offices

(1) Information on Directors

April 16, 2022

Title	Nationality or place of registration	Name	Gender Age	Date appointed Date	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairperson	ROC	Eric Chen	Male 69	2019/6/14	3 years	1996.11.12	8,717,851	4.87%	8,667,851	4.37%	3,385,088	1.71%	609,000	0.31%	Bachelor of Science in Electrophysics, National Chiao Tung University, Taiwan .Engineer, Texas Instruments Inc.	Chairperson, Chuang Fong investment Co., Ltd. .Director, Promate Solutions Co., Ltd. .Chairperson, Promate Electronic Co., Ltd. .Director, Weikeng Industrial Co., Ltd. .Supervisor, Jin Fong investment Co., Ltd. .Chairperson, Promate International Co,Ltd.	COO	Cheer Du	Man and Wife	Note 2
Director	ROC	Cheer Du	Female 66	108/6/14	3 years	1996.11.12 (Supervisor) 1999.10.06 (Director)	3,385,088	1.89%	3,385,088	1.71%	8,667,851	4.37%	609,000	0.31%	.Department to Economics, National Taiwan University	.Chairperson, Guang Mai Industrial Ltd. .Director, Chuang Fong investment Co., Ltd. .Chairperson, Promate Solutions Co., Ltd. .COO, Promate Electronic Co., Ltd. .Chairperson, Jin Fong investment Co., Ltd. .Chairperson, Fong Shuo Yi investment Co., Ltd. .Chairperson, Fong Shuo venture capital Co., Ltd.	Chairperson	Eric Chen	Man and Wife	Note 2

Title	Nationality or place of registration	Name	Gender Age	Date appointed Date	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	ROC	Ciou-Jiang Hu	Male 68	108/6/14	3 years	2001.12.28 (Supervisor) 2007.06.13 (Director)	2,248,949	1.26%	2,248,949	1.13%	1,505,036	0.76%	-	-	.Ph.D. of Institute of Management of Technology, National Chiao Tung University, Taiwan .Master of Business Administration, Da-Yeh University, Taiwan .Executives Program, Graduate School of Business Administration, National Cheng-Chi University .Bachelor of Science in Communications National Chiao Tung University, Taiwan .R&D Engineer, SAMPO Co., Ltd. .Chairman&CEO, Weikeng Industrial Co., Ltd. and its affiliates .Chairman, Taipei County Computer Association(TCCA) .Executive Director, Taipei Electronic Components Suppliers' Association(TECS)	(Note 1)	-	-	-	
Director	ROC	Chuang Fong investment Co., Ltd.	-	2019.6.14	3 Years	2007.06.13	3,654,901	2.04%	3,654,901	1.86%	-	-	-	-	New Jersey Institute of Technology, Environmental Engineering Major	.Researcher of Merck USA.	COO	Cheer Du	Sister-in-law	
		Representative: Ming-Jhen Jhu	Female 58			2008.05.05	-	-	13,500	0.01%	769,634	0.39%	-	-						
Independent Director	ROC	Jiang-Long Guo	Male 68	2019.6.14	3 Years	2007.06.13	-	-	-	-	-	-	-	-	Bachelor in National Chiao Tung University dept of electrophysicss, General Manager of China District in Semiconductor Marketing Business of Texas Instruments	.Independent Director, M3 Technology Inc. .Independent Director, Weltrend Semiconductor, Inc. .Managing Adviser, WT MICROELECTRONICS CO., LTD.	-	-	-	
Independent Director	ROC	Siou-Ming Huang	Male 67	2019.6.14	3 Years	2004.06.11	-	-	-	-	-	-	-	-	National Chiao Tung University dept of electrophysicss Maxim Integrated Products Inc. Executive Director of Sales and Applications, Asia Pacific.	-	-	-	-	

Title	Nationality or place of registration	Name	Gender Age	Date appointed Date	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	ROC	Han-Liang Hu	Male 54	2019.6.14	3 Years	2019.06.14	-	-	-	-	-	-	-	-	Master of Accounting and Business Administration, National Taiwan University .Certified Public Accountant of R.O.C. .Independent Director, Hermes Microvision, Inc. .Supervisor, United Way of Taiwan	.CPA, C.J.S. CPAS & Co. .Director, Kun Ying enterprise Co., Ltd. .Director, Ke Cheng Co., Ltd. .Director, Sin Yun enterprise Co., Ltd. .Supervisor, Orient Pharma Co., Ltd. Chairperson, Algoltek, Inc. Director, Jian Ruei venture capital Ltd. .Director, Basecom Telecommunication Co., Ltd. .Director, ACCOMP TECHNOLOGIES CO., LTD. .Supervisor, Get Green Energy Co., Ltd.Independent Director, Episil-Precision Inc.	-	-	-	

Note 1：Weikeng Industrial Co., Ltd. General Manager, Wai Kee Investment Co., Ltd. Chairman, Weikeng Industrial Intentional Co., Ltd. Chairman , Weikeng Technology Pet Ltd. Chairman, Weikeng Inforcomm Co., Ltd. Chairman, VTAC Co., Ltd. Independent Director/Compensation Committee Member, SYNTECHINFORMATIONCOLTD Independent Director/Compensation Committee Member/Audit Committee Member, Promate Electronic Co., Ltd.Co., Ltd. Director, PROMATE SOLUTIONS CORPORATION Legal Representative/Director, Amazing Microelectronic Corp. Director, Leadtek Research Inc Director, Avik Technologies Co., Ltd. Supervisor.

Note 2：If the Chairman and General Manager or the equivalent (top manager) are the same person, or they are spouses or first-class relatives, the Company should explain the reasons, reasonability, necessity, and corresponding measures (such as increasing the number of Independent Directors, and more than half of the Directors should not be the employees or managers, etc.).

a. The Company’s chairman is also the general manager, mainly responsible for corporate operating strategy planning, operating efficiency and decision-making promotion.

b. The Company’s chief operation officer and chairman is a couple, and the COO is mainly in charge of supervising business and financial operations, and report to the general manager.

To strengthen Board of Directors’ independence, the Company has trained to select suitable persons internally; besides, chairman is always communicate with each director with respect to company’s recent operating conditions, plans and guidelines to implement corporate management. In the future, the Company also plans to add independent directors to improve Board of Directors’ functions and enforce supervision.

The Company has the following specific measures at present:

(1) Current three independent directors are separately specialized in financial accounting and electronic industry, and able to work efficiently in functions.
(2) Organize each director every year to participate in professional courses in external agency, to enhance Board of Directors’ functions.
(3) Independent directors can, in each functional committee meeting, discuss and propose suggestions for Board of Directors’ reference, to implement corporate management.
(4) More than of Board of Directors members have not been employee or manager.

Major shareholders of the institutional shareholders

March 31, 2022

Name of corporate shareholder	Major shareholders of the corporate shareholders	Shareholding ratio (%)
Chuang Fong investment Co., Ltd.	Eric Chen	37.50%
	Cheer Du	14.60%
	Man-Li Song	20.00%
	Jin-Chou Guo	20.00%
	Zhu-Zhen Lin	5.00%
	Yi-Lin Song	2.90%

Note 1: If director is a corporate shareholder's representative, shall fill the name of such shareholder.
Note 2: Fill such shareholder's name (top 10 of the ratio of share holding) and ratio of share holding.
Note 3: In case of a corporate shareholder is not belong to company organizer, shall disclose such shareholder's name and ratio of share holding, namely the name and ratio of investor or subscriber (may refer to judicial court's notice), and if a subscriber has gone, please note "dead".

Directors and supervisors qualification and independent directors' information disclosure:

Criteria / Name	Professional qualification and experiences (Note 1)	Independence condition (Note 2)	Additional posts in other public companies
CHEN, CHENG-FANG	Bachelor in NCTU (Now renamed the NYCU) Department of Electronic Physics, Mr. Chen previously served as engineer in Texas Instruments Inc, and now is the chairman and general manager of Promate Electronic Co., Ltd., and director of Promate Solutions Corporation. As the founder of Promate Electronic, Mr. CHEN, CHENG-FANG is specialized in the operation and strategic management of semiconductor component industry for more than 40 years, and in addition to act as a director in Promate Electronic Corporation's subordinate companies (including the Company and subsidiary), he is also a director in relevant electronics companies to exercise his special talents. Therefore, Mr. Chen possesses financial accounting, commercial, marketing and scientific and technological industry related operation planning, management abilities, and is able to provide corresponding operation management suggestions and guidelines for the Company's Board of Directors, and require the management team to implement.	1. The Company's general manager, acts as a director with manager status. 2. The Company's affiliated company director. 3. The Company's top 10 natural person shareholder. 4. The Company director's spouse. 5. Has never been appointed as a director (committee member), supervisor, manager or shareholder with more than 5% shares of any specific company or institution having financial or business relations with the company. 6. Has never been appointed as a service provider for the company or affiliated company's auditing, or obtained a remuneration accruing amount not exceeding NT$ 500,000 from legal affairs, financial affairs, accounting, etc. of recent tow years, and acted as a owner, partner director (committee member), supervisor, manager or its spouse of sole proprietorship, partnership, company or institution. 7. Has never been involved in conditions that stipulated in Article 30 of *Company Acts*. 8. Has never been appointed on behalf of government, legal person or its representative as stipulated in Article 27 of *Company Acts*.	

Criteria / Name	Professional qualification and experiences (Note 1)	Independence condition (Note 2)	Additional posts in other public companies
TU, HUAI-CHI	BA in Economics, National Taiwan University, and now is the chief operation officer of Promate Electronic Co., Ltd., and also the chairman and general manager of PROMATE SOLUTIONS CORPORATION . Ms. TU, HUAI-CHI is specialized in semiconductor component industry for more than 30 years in terms of operation and strategy management, and in addition to act as a director in Promate Electronic Corporation's subordinate companies (including the Company and subsidiary), she is also a director and independent director in relevant electronic technology industrial chain and downstream company, to exercise her corporate management speciality. Therefore, Ms. TU possesses outstanding analysis and management abilities in corporate management, financial accounting, business affairs, marketing and sales as well as industrial technology fields.	1. The Company's operation officer. 2. The Company chairman's spouse. 3. The Company's top 10 natural person shareholder. 4. Has never been appointed as a director (committee member), supervisor, manager or shareholder with more than 5% shares of any specific company or institution having financial or business relations with the company. 5. Has never been appointed as a service provider for the company or affiliated company's auditing, or obtained a remuneration accruing amount not exceeding NT$ 500,000 from legal affairs, financial affairs, accounting, etc. of recent tow years, and acted as a owner, partner director (committee member), supervisor, manager or its spouse of sole proprietorship, partnership, company or institution. 6. Has never been involved in conditions that stipulated in Article 30 of *Company Acts*. 7. Has never been appointed on behalf of government, legal person or its representative as stipulated in Article 27 of *Company Acts*.	

Criteria / Name	Professional qualification and experiences (Note 1)	Independence condition (Note 2)	Additional posts in other public companies
	Phd in NCTU (Now renamed the NYCU) Institute of Science and Technology Management, now is its part-time lecturer, with Professor Rank Technical Expert qualification, and also specialized in technology entrepreneurship, scientific and technological industry management and practice, IC components and information channel, new business operating and planning as well as venture capital investment, etc. Mr. HU, QIU-JAING possesses excellent practical experience, strategic management, leadership and academic skills, whom is specialized in semiconductor component industry management for more than 30 years, and in addition to act as a director in Weikeng Group (including the Company and 100% holding subsidiary), he is also director or independent director in relevant electronic technology industrial chain and downstream company, to exercise his special talents for corporation management, Therefore, Mr. possesses financial accounting, commercial, marketing and scientific and technological industry related operation planning, management abilities.	1. The Company's top 10 natural person shareholder. 2. Has never been the Company's or affiliated company's employee or manager. 3. Has never been the Company's other directors' spouse, second-relative or third-relative. 4. Has never been appointed as a director (committee member), supervisor, manager or shareholder with more than 5% shares of any specific company or institution having financial or business relations with the company. 5. Has never been appointed as a service provider for the company or affiliated company's auditing, or obtained a remuneration accruing amount not exceeding NT$ 500,000 from legal affairs, financial affairs, accounting, etc. of recent tow years, and acted as a owner, partner director (committee member), supervisor, manager or its spouse of sole proprietorship, partnership, company or institution. 6. Has never been involved in conditions that stipulated in Article 30 of *Company Acts*. 7. Has never been appointed on behalf of government, legal person or its representative as stipulated in Article 27 of *Company Acts*.	2

Criteria / Name	Professional qualification and experiences (Note 1)	Independence condition (Note 2)	Additional posts in other public companies
Chuang Feng Investment Co., Ltd. representative: CHU, MING-CHEN	Bachelor of Environmental Engineering Dept. in New Jersey Institute of Technology, Ms. CHU, MING-CHEN previously served as a researcher of Merck Performance Materials Ltd. (America), and now is the chairman of Promate Electronic Co., Ltd.Co., Ltd. Ms. CHU focuses on scientific and technological industry research and management, and is able to provide proper suggestions and guidelines for the Company's Board in view of company industrial structure change and operating management, with excellent industrial development and technological application insights.	1. The Company director's second-relative, etc. 2. Has never been The Company affiliated company's employee or manager. 3. Has never been appointed as a director (committee member), supervisor, manager or shareholder with more than 5% shares of any specific company or institution having financial or business relations with the company. 4. Has never been appointed as a service provider for the company or affiliated company's auditing, or obtained a remuneration accruing amount not exceeding NT$ 500,000 from legal affairs, financial affairs, accounting, etc. of recent tow years, and acted as a owner, partner director (committee member), supervisor, manager or its spouse of sole proprietorship, partnership, company or institution. 5. Has never been involved in conditions that stipulated in Article 30 of *Company Acts*. 6. Has never been appointed on behalf of government, legal person or its representative as stipulated in Article 27 of *Company Acts*.	

Criteria / Name	Professional qualification and experiences (Note 1)	Independence condition (Note 2)	Additional posts in other public companies
	Bachelor in NCTU (Now renamed the NYCU) Department of Electronic Physics, Mr. GUO, JIANG-LONG previously served as the general manager of Texas Instruments semiconductor marketing Chinese Zone, and now is the independent director of Promate Electronic Co., Ltd.. Mr. GUO, JIANG-LONG now is also the independent director of M3 Technology Inc., and although acting as the independent director for more than 9 years, he is not in violation of any circumstances in Article 30 of *Company Acts*, and familiars with the technological development development of semiconductor industrial chain, practical experience, strategic management and leadership ability. Mr. GUO as well concentrates on semiconductor component industry operation and management for over 30 years, and with the help of the specialties in scientific and technological industry, he is able to fully perform the independent director and audit committee's functional authority, thus to improve the Board of Directors' corporate management quality and audit committee's supervision function.	According to the Company's *Articles of Association* and "Code of Practice on Corporate Governance", director selection adopts the system for nominating candidates, and the Company has already obtained each director's written declaration, work experience, current certificate of employment as well as family relation sheet for verification upon Board member nomination and selection, to confirm himself or herself, spouse and his or her third-relative's independence to to the company; in addition, the left column listed independent director, within two years before selection and term of office, is verified to be qualified in accordance with the "Methods of Compliance for Public Company's Independent Director Arrangement" that published by Financial Supervisory Commission and qualifications of Article 14 (2) in *Securities Exchange Act*. Further, all independent directors are attached with sufficient decision-making and rights of audience as stipulated in Article 14 (3) of *Securities Exchange Act*, to independently perform relevant authorities.	2

Criteria / Name	Professional qualification and experiences (Note 1)	Independence condition (Note 2)	Additional posts in other public companies
	Bachelor in NCTU (Now renamed the NYCU) Department of Electronic Physics, Mr. HUANG, XIU-MING previously served as the executive director of MAXIM Asian-Pacific region for sales and application, and now is the independent director of Promate Electronic Co., Ltd. . Although acting as the independent director for more than 9 years, Mr. HUANG, XIU-MING is not in violation of any circumstances in Article 30 of *Company Acts*, and familiars with the technological development development of semiconductor industrial chain, practical experience, strategic management and leadership ability. Mr. GUO as well concentrates on semiconductor component industry operation and management for over 30 years, and with the help of the specialties in scientific and technological industry, he is able to fully perform the independent director and audit committee's functional authority, thus to improve the Board of Directors' corporate management quality and audit committee's supervision function.	According to the Company's *Articles of Association* and "Code of Practice on Corporate Governance", director selection adopts the system for nominating candidates, and the Company has already obtained each director's written declaration, work experience, current certificate of employment as well as family relation sheet for verification upon Board member nomination and selection, to confirm himself or herself, spouse and his or her third-relative's independence to to the company; in addition, the left column listed independent director, within two years before selection and term of office, is verified to be qualified in accordance with the "Methods of Compliance for Public Company's Independent Director Arrangement" that published by Financial Supervisory Commission and qualifications of Article 14 (2) in *Securities Exchange Act*. Further, all independent directors are attached with sufficient decision-making and rights of audience as stipulated in Article 14 (3) of *Securities Exchange Act*, to independently perform relevant authorities.	

Criteria / Name	Professional qualification and experiences (Note 1)	Independence condition (Note 2)	Additional posts in other public companies
	Master of National Taiwan University Accounting and Management Decision Group, and passed the CPA College Entrance Examination, Mr. HU, HAN-LIANG previously acted as an independent director of Hanmin Micromeasurement Technology Co., LTD, and now is the independent director of Promate Electronic Co., Ltd. Mr. HU, HAN-LIANG is quite familiar with the technological development of semiconductor industry chain, and also specialized in financial accounting, corporate management, with accounting information and financial analysis abilities, as well as acute insights on industrial development and technological application. Therefore, with the help of the specialties in scientific and technological industry, he is able to fully perform the independent director and audit committee's functional authority, thus to improve the Board of Directors' corporate management quality and audit committee's supervision function.	According to the Company's *Articles of Association* and "Code of Practice on Corporate Governance", director selection adopts the system for nominating candidates, and the Company has already obtained each director's written declaration, work experience, current certificate of employment as well as family relation sheet for verification upon Board member nomination and selection, to confirm himself or herself, spouse and his or her third-relative's independence to to the company; in addition, the left column listed independent director, within two years before selection and term of office, is verified to be qualified in accordance with the "Methods of Compliance for Public Company's Independent Director Arrangement" that published by Financial Supervisory Commission and qualifications of Article 14 (2) in *Securities Exchange Act*. Further, all independent directors are attached with sufficient decision-making and rights of audience as stipulated in Article 14 (3) of *Securities Exchange Act*, to independently perform relevant authorities.	1

Note 1: Professional qualification and experience: for individual director's education experience, please refer to Page 10-12 director data (I).

Note 2: Please describe independent director's condition, including but mot limited to himself or herself, spouse, second-class relatives, whether serving as the Company or its affiliate enterprise's director, supervisor or employees; number of shares and ratio of himself or herself, spouse, second-class relatives (or using the names of others); whether serving as director, supervisor or employee of any company which has specific relations with the Company (please refer to sub-item 5~8 of Item in Article 3 of public company's independent director rules and compliance); the amount of reward he or she gets in recent 2 years from the Company or its affiliate enterprise in commercial, legal affairs, financial, accounting and other service places.

Board of Directors' diversity and independence

(1) Director diversity:

The Company has already stipulated Board of Directors' functions in the "Code of Practice on Corporate Governance", namely the diversity principles. Besides, the Company's Board members nomination and selection adopt the system for nominating candidates as stipulated in Articles of Association, and except for evaluating each candidate's education and experience qualifications, it also abides to the "Director Election Method", to ensure directors' diversity and independence. Moreover, board members must be diverse, and evaluated in view of their professional knowledge and abilities, including professional backgrounds (such as legal, accounting, industrial, financial, marketing or technological abilities), skills and industrial experience, etc. based on proper diverse principles in terms of company's operation, management status and development demands in addition to gender, age, nationality, cultureand other basic conditions and values.

Board of Directors members shall generally have the knowledge, ability and quality as required. To achieve corporate ideal objective, Board of Directors shall possess the following abilities:

- Leadership ability
- Operation judgement
- Operating management
- Crisis management capability
- Industrial knowledge
- International market view
- Accounting and financial analysis ability
- Decision ability

The Company now has 7 directors, including 4 general directors, and 3 independent directors, of which female directors account 2 seat; besides, directors of ages above 60 years old are five, and ages between 50-59 years old are two. Directors selection is performed according to relevant regulations and diversity policies.

Diversity policy for Board of Directors' specific management objective and implementation status:

1. Diversity policy management objective and achieving condition:

Diverse management objective	Achieving rate	Achieving condition
Directors whom also acts as company manager shall not exceed 1/3 of the total	29%	Achieved
Pay attention to board member gender equality, and female directors account 25% or above	29%	Achieved

2. Diversity condition of Board of Directors is as below:

Title	Name	Gender	Age	Operation judgement	Accounting and financial analysis	Operation management	Risk	Industrial knowledge	International market view	Leader	Decision
Director	Eric Chen	Male	69	✓		✓	✓	✓	✓	✓	✓
Director	Cheer Du	Female	66	✓	✓	✓	✓	✓	✓	✓	✓
Director	Ciou-Jiang Hu	Male	68	✓	✓	✓	✓	✓	✓	✓	✓
Director	Ming-Jhen Jhu	Female	58	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Han-Liang Hu	Male	54	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Jiang-Long Guo	Male	68	✓		✓	✓	✓	✓	✓	✓
Independent Director	Siou-Ming Huang	Male	67	✓		✓	✓	✓	✓	✓	✓

(2) Board of Directors independence:

(3) The Company's Board of Directors consists of 7 directors, namely 3 independent directors, which accounts 43% of the seats, and the followings are listed to state independence compliance condition:

a. Among the Company's 7 directors, 57% directors' family members (refer to director's spouse and second-relative, etc.) are not the Company or subsidiary's senior manager.

b. There exists no private service contract between directors and the company or company's senior management level.

c. Within the past year, directors were not appointed by any external audit institution or as its partner.

d. Directors have no interest conflict with Board of Directors' independence.

To sum up, the Company have not violated the circumstances that stipulated in Item 3-4 of Article 26 of Securities Exchange Act.

(2) Profile of President, Vice Presidents, Assistant Vice Presidents, and Department Directors

April 16, 2022

Title	Nationality	Name	Gender	Date appointed	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions	Other manager who is the spouse or a relative within second degree			Notes
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman and General Manager	ROC	Eric Chen	Male	July 1998	8,667,851	4.37%	3,385,088	1.71%	609,000	0.31%	Bachelor of Science in Electrophysics, National Chiao Tung University, Taiwan Engineer, Texas Instruments Inc.	Chairperson, Chuang Fong investment Co., Ltd. Director, Promate Solutions Co., Ltd. Chairperson, Promate Electronic Co., Ltd. Director, Weikeng Industrial Co., Ltd. Supervisor, Jin Fong investment Co., Ltd. Chairperson, Promate International Co,Ltd.	COO	Cheer Du	Man and Wife	Note(1)
COO	ROC	Cheer Du	Female	July 1998	3,385,088	1.71%	8,667,851	4.37%	609,000	0.31%	Department to Economics, National Taiwan University	Chairperson, Guang Mai Industrial Ltd. Director, Chuang Fong investment Co., Ltd. Chairperson, Promate Solutions Co., Ltd. COO, Promate Electronic Co., Ltd. Chairperson, Jin Fong investment Co., Ltd. Chairperson, Fong Shuo Yi investment Co., Ltd. Chairperson, Fong Shuo venture capital Co., Ltd.	Chairman	Eric Chen	Man and Wife	Note(1)
Senior Executive Vice President	ROC	Mark Chen	Male	August 2010	-	-	244,858	0.13%	-	-	Department of Electronics, Fu Jen Catholic University	-	-	-	-	
Senior Vice General Manager	ROC	Jin-Long Sie	Male	April, 2013	7,238	-	-	-	-	-	Bank & Insurance Section, National Taipei University of Business	-	-	-	-	
Vice General Manager	ROC	Fu-Long Deng	Male	Oct. 2016	1	-	2,071	-	-	-	Electronic Engineering, Kuang Wu Junior College	-	-	-	-	

Vice General Manager	ROC	Andy Chang	Male	Aug.2018	2,000	-	-	-	-	-	Electronic Engineering, Lunghwa Junior College	-	-	-	-	
Vice General Manager	ROC	Chu-Ying Yang	Male	July, 2021	19,229	0.01%	18,000	0.01%	-	-	Feng Chia University Master of Business Administration YOSUN INDUSTRIAL CORP.-Senior deputy business manager EAST PROFIT INTERNATIONAL LTD. -Senior assistant	-	-	-	-	
Finance Manager	ROC	Jasmine Wu	Female	March, 1994	133,633	0.07%	-	-	-	-	Accounting and Statistics Section, National Taipei University of Business Auditor, Kudos & Co., C.P.A.s	-	-	-	-	
Accounting Manager and Corporate Governance officer	ROC	Mandy Chiu	Female	Aug. 2010	31,679	0.02%	-	-	-	-	Department of Accounting, National Chengchi University Auditor, KPMG	-	-	-	-	

Note 1: If the Chairman and General Manager or the equivalent (top manager) are the same person, or they are spouses or first-class relatives, the Company should explain the reasons, reasonability, necessity, and corresponding measures (such as increasing the number of Independent Directors, and more than half of the Directors should not be the employees or managers, etc.).

a. The Company's chairman is also the general manager, mainly responsible for corporate operating strategy planning, operating efficiency and decision-making promotion.

b. The Company's chief operation officer and chairman is a couple, and the COO is mainly in charge of supervising business and financial operations, and report to the general manager.

To strengthen Board of Directors' independence, the Company has trained to select suitable persons internally; besides, chairman is always communicate with each director with respect to company's recent operating conditions, plans and guidelines to implement corporate management. In the future, the Company also plans to add independent directors to improve Board of Directors' functions and enforce supervision.

The Company has the following specific measures at present:

(1) Current three independent directors are separately specialized in financial accounting and electronic industry, and able to work efficiently in functions.

(2) Organize each director every year to participate in professional courses in external agency, to enhance Board of Directors' functions.

(3) Independent directors can, in each functional committee meeting, discuss and propose suggestions for Board of Directors' reference, to implement corporate management.

(4) More than of Board of Directors' members have not been employee or manager.

3. Remunerations to Directors, supervisors, president, and vice presidents in recent years

(1) Remuneration to directors and independent directors

Unit: NT$1,000

Title	Name	Director's remuneration								Total amounts of A, B, C and D and percentage in profit after tax % (Note 10		Pay received as an employee								Total amounts of A, B, C, D, E, F and G and percentage in profit after tax % (Note 10)		Remuneration received from invested companies other than subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Business expense (D) (Note 4)				Salary, bonus and special allowance (E) (Note 5)		Pension (F)		Employee compensation (G) (Note 6)						
		The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company		All Consolidated Entities (Note7)		The Company	All Consolidated Entities (Note7)	
																Cash	Stock	Cash	Stock			
Chairperson	Eric Chen	-	-	-	-	2,063	2,063	-	-	0.26%	0.26%	5,032	5,032	-	-	6,600	-	6,600	-	1.72%	1.72%	-
Director	Cheer Du	-	-	-	-	2,063	2,063	-	-	0.26%	0.26%	4,600	6,256	-	-	7,800	-	7,800	-	1.82%	2.03%	-
Director	Ciou-Jiang Hu	-	-	-	-	2,063	2,063	-	-	0.26%	0.26%	-	-	-	-	-	-	-	-	0.26%	0.26%	-
Director	Chuang Fong investment Co., Ltd.(Representative: Ming-Jhen Jhu)	-	-	-	-	4,125	4,125	-	-	0.52%	0.52%	-	-	-	-	-	-	-	-	0.52%	0.52%	-
Independent Director	Jiang-Long Guo	-	-	-	-	2,063	2,063	-	-	0.26%	0.26%	-	-	-	-	-	-	-	-	0.26%	0.26%	-
Independent Director	Siou-Ming Huang	-	-	-	-	2,063	2,063	-	-	0.26%	0.26%	-	-	-	-	-	-	-	-	0.26%	0.26%	-
Independent Director	Han-Liang Hu	-	-	-	-	2,063	2,063	-	-	0.26%	0.26%	-	-	-	-	-	-	-	-	0.26%	0.26%	-

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The Company has made regular assessments on director's remuneration according to "Performance Assessment Methods for Board of Directors". According to Article 20 of Chapter 6 in *Articles of Association*, and in case of having a profit of this year (namely income before tax by deducting staff and director remunerations), shall allocate not more than 3% as directors' remunerations by referring their degree of participation in company operation, contributed values, whether involved in any ethical risk event or others which may cause adverse effects on company image and reputation, such as improper inner management and personnel fraud, etc., as well as company's operating status comprehensively and reasonably.
2. In addition to the above disclosures, directors' remuneration from service provision (e.g. assumed as non-employee consultant of patent company/all companies in financial statements/invested enterprises) of recent years: None.

Remuneration Range

Range of remuneration paid to each director	Name of director			
	Total amount of (A+B+C+D)		Total amount of (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities (H)	The Company	All Consolidated Entities (I)
Less than NT$1,000,000				
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)				
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	6 persons mentioned above	6 persons mentioned above	4 persons mentioned above	4 persons mentioned above
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Chuang Fong investment Co., Ltd.	Chuang Fong investment Co., Ltd.	Chuang Fong investment Co., Ltd.	Chuang Fong investment Co., Ltd.
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)				
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)			Eric Chen、Cheer Du	Eric Chen
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)				Cheer Du
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)				
NT$100,000,000 and above				
Total	7	7	7	7

Note 1: The names of the directors shall be separately listed (for legal person shareholders, the names of legal person shareholders and representatives shall be listed separately), directors and independent directors shall be separately listed, and the amount of each payment shall be disclosed on an aggregate basis. If the director is also the president or vice president, this table and the remuneration table for president and vice president shall be filled out.

Note 2: Refers to the remuneration to directors (including directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc.) in the most recent year .

Note 3: Refers to the amount of remuneration to directors as approved by the Board of Directors for the most recent fiscal year.

Note 4: Refers to the relevant business expenses of directors (including travel expenses, special disbursements, allowances, accommodation, company car, and other physical items) for the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration.

Note 5: All pays to the director who is also an employee of the Company (including the position of president, vice president, other executive officer and staff), including salary, additional pay, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, dormitory, and car for the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration. Furthermore, the salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note 6: Refers to the employees' compensation (including stocks and cash) received by a director who is also an employee (including the position held concurrently as president ,vice President , other executive officers, or an employee) for the most recent year.

Note 7: The total pay to the directors from all companies in the consolidated statements (including the Company).

Note 8: Refers to the total remuneration paid to each director by the Company, and the director's name shall be disclosed in the corresponding remuneration bracket.

Note 9: Refers to the total remuneration all companies (including the Company) in the consolidated financial statements paid to each director of the Company, and the director's name shall be disclosed in the corresponding remuneration bracket.

Note 10: Net income meant for the net profit after tax in the most recent year.For those companies with the international financial reporting standard adopted,net income meant for the net income after tax in the proprietary or individual financial report of the most recent year.

Note 11: a. This column is for the amount of relevant remuneration received by the Company's directors from invested companies other than subsidiaries or the parent company.

b. Where the Company's directors received relevant remuneration from invested companies other than subsidiaries or the parent company, the remuneration received by the Company's directors from invested companies other than subsidiaries or the parent company shall be included in the "I" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies."

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the director serving as a director, supervisor or manager of an invested company other than subsidiaries or the parent company.

＊The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

(3) Remunerations to the president and vice presidents

2021.12.31；Unit: NT$1,000

Title	Name	Salary (A)		Pension (B)		Bonus and special allowance (C)		Employee compensation (D)				Total amounts of A, B, C and D and percentage in profit after tax %		Remuneration received from invested companies other than subsidiaries or the parent company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Eric Chen (Note 1)	1,032	1,032	-	-	4,000	4,000	6,600	-	6,600	-	2.30	1.47	-
COO	Cheer Du	600	2,256	-	-	4,000	4,000	7,800	-	7,800	-	2.54	1.77	-
Senior Executive Vice President	Mark Chen	7,152	7,152	334	334	8,442	8,442	7,140	-	7,140	-	3.80	3.80	-
Senior Vice General Manager	Jin-Long Sie													
Vice General Manager	Andy Chang													
Vice General Manager	Fu-Long Deng													
Vice General Manager	Chu-Ying Yang(註 2)													

Note 1:2008/04/01 doubles as General Manager
Note 2: Appointed upon 2021/07/26

Remuneration Range

Range of remuneration paid to president and vice presidents	Names of president and vice presidents	
	The Company	All Consolidated Entities E
Less than NT$1,000,000		
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Jin-Long Sie、Fu-Long Deng、Andy Chang、Chu-Ying Yang	Jin-Long Sie、Fu-Long Deng、Andy Chang、Chu-Ying Yang
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Mark Chen	Mark Chen
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	Eric Chen 、Cheer Du	Eric Chen 、Cheer Du
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)		
NT$100,000,000 and above		
Total	7	7

Note 1: The names of the president and vice presidents shall be separately listed, and the amount of each payment shall be disclosed on an aggregate basis. Fill out this table and the remuneration table for directors and independent directors if the director is also the president or vice president.

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the president or vice president in the most recent year .

Note 3: Refers to the remuneration paid to the president or vice president, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year . Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration.Furthermore, the salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note 4: Refers to the amount of compensation distributed to the president and vice presidents approved by the Board of Directors in the most recent year.

Note 5: The total pay to the president or vice president from all companies in the consolidated statements (including the Company).

Note 6：Refers to the total remunerations paid to each president and vice president by the Company, and the names of presidents and vice presidents shall be disclosed in the corresponding remuneration bracket.

Note 7: Refers to the total remuneration all companies (including the Company) in the consolidated financial statements paid to each president and vice president of the Company, and the names of presidents and vice presidents shall be disclosed in the corresponding remuneration bracket.

Note 8: Net income meant for the net profit after tax in the most recent year.For those companies with the international financial reporting standard adopted,net income meant for the net income after tax in the proprietary or individual financial report of the most recent year.

Note 9: a. This column is for the amount of relevant remuneration received by the Company's president and vice president from invested companies other than subsidiaries or the parent company.

b. Where the Company's president and vice president received relevant remuneration from invested companies other than subsidiaries or the parent company, the remuneration received by the Company's president and vice president from invested companies other than subsidiaries or the parent company shall be included in the "E" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies."

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expense received by the president or vice president serving as a director, supervisor or manager of an invested company other than subsidiaries or the parent company.

＊The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

(4) The name of the manager who distributes the employee compensation and the distribution situation

2021.12.31；Unit: NT$1,000

	Title	Name	Amount of stock	Amount of cash	Total	Proportion of total amount to net profit after tax (%)
Manager	General Manager	Eric Chen (Note 2)	-	22,440	22,440	2.83%
	CEO	Cheer Du				
	Senior Executive Vice President	Mark Chen				
	Senior Vice President	Lin, Wen-Chang				
	Senior Vice President	Jin-Long Sie				
	Vice President	Fu-Long Deng				
	Vice President	Andy Chang				
	Vice President	Chu-Ying Yang(Note 3)				
	Finance Manager	Jasmine Wu				
	Accounting Manager	Mandy Chiu				

Note 1：The scope of application of managers is based on the regulations of the Association's Order No. 0920001301 dated March 27, 1992.
Note 2： Eric Chen act as Chairman and General Manager on 2018/03/24.
Note 3: Appointed upon 2021/07/26

(5) Compare and describe separately the analysis of total remunerations paid to the Company's directors, supervisors, president, and vice presidents for the past two years by the Company and all companies in the consolidated report as a percentage of the net income after tax, and describe the correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management performance .

※The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income after tax.

Unit: NT$1,000

Item	2021		2020		Rate of change	
	Amount	%	Amount	%	Amount	%
Director President and Vice Presidents	65,256	8.22	47,461	7.85	17,795	37.49
Consolidated Net Income	793,979	7.69	604,676	100	189,303	31.31

Remuneration policy, standard and package, procedure for determination, and linkage thereof to operating performance and future risk exposure:

1) In accordance with Article 20 of the Articles of Incorporation of the Company, if the Company makes profits in the year (i.e. the profit before net profit before tax deducting remuneration for employees and remuneration for directors), the Company shall allocate no more than 3% as the remuneration for directors. However, if the Company still has accumulated losses (including adjusting the amount of undistributed earnings), it shall keep the amount to make up in advance.
2) The remuneration of the directors, general manager and deputy general manager shall be based on the "Articles of Incorporation of Remuneration Committee" and the "Performance Evaluation Procedure of the Board of Directors", and shall be reasonably remunerated with the consideration of the operating results of the Company and their contribution to the performance of the Company; in addition to the reference of the Company's overall operating performance, industry management risk and future development trend, it shall also refer to the individual performance success rate and the contribution of corporate performance, to give reasonable compensation; the related performance appraisal and compensation rationality are examined by Remuneration Committee and the Board of Directors, and timely review the remuneration system according to actual operating conditions and relevant laws, to strike a balance between corporate sustainability and risk management.

4. Implementation of corporate governance

(1) Board of Directors：In the most recent year (2020), the Board of Directors had 7 meetings[A] , and the attendance of directors and supervisors is as follows:

Title	Name	Attendance in person B	By proxy	Attendance in person (%) [B/A]	Notes
Chairman	Eric Chen	6	1	86%	Re-elected on June 14, 2019
Director	Cheer Du	7	-	100%	Re-elected on June 14, 2019
Director	Ciou-Jiang Hu	7	-	100%	Re-elected on June 14, 2019
Director	Chuang Fong investment Co., Ltd. (Representative: Ming-Jhen Jhu)	7	-	100%	Re-elected on June 14, 2019
Independent Director	Jiang-Long Guo	7	-	100%	Re-elected on June 14, 2019
Independent Director	Siou-Ming Huang	7	-	100%	Re-elected on June 14, 2019
Independent Director	Han-Liang Hu	7	-	100%	Newly-elected on June 14, 2019

Attendance of independent directors in the 7 Board meetings in 2021:

2021	2021.03.24	2021.04.29	2021.06.23	2021.07.26	2021.08.06	2021.11.10	2021.12.22
Jiang-Long Guo	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person
Siou-Ming Huang	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person
Han-Liang Hu	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person

Other matters that require reporting:

1) If any of the following circumstances occurs in the operation of the Board of Directors, the date, period, content of the motions, the opinions of all independent directors, and the Company's handling of independent directors' opinions shall be stated:
   (a) ters referred to in Article 14 -3 of the Securities and Exchange Act.
   (b) addition to the aforementioned matters, other Board meeting resolutions with independent directors' dissenting and unqualified opinions in records or written statements: No such incident occurred.
2) Directors recused from themselves from discussion or voting on an agenda item in which they have an interest:
   (a) 2021/08/06 The Company’s 2020 manager and staff bonus distribution and salary adjustment, directors had avoided: CHEN, CHENG-FANG, TU, HUAI-CHI.
   (b) 2021/12/22 The Company’s 2021 manager year-end bonus distribution motion, directors had avoided: CHEN, CHENG-FANG, TU, HUAI-CHI
3) Objectives for strengthening the Board's functions in the current and recent years (e.g., setting up the Audit Committee, improving the information transparency, etc.) and performance evaluation
   (a) In order to improve the corporate governance and strengthen the relevant functions of the Board of Directors, the Company has established three independent directors in accordance with the Articles of Incorporation and Article 14-2 of the Securities and Exchange Act, and has established the Remuneration Committee since December 16, 2011 to assist the Board of

Directors in the execution of relevant remuneration management; since June 14, 2019, the Audit Committee has been established to perform relevant operations and act as a supervisor in accordance with Article 14-5 of the Securities and Exchange Act.

(b) Since the establishment of the Remuneration Committee on December 16, 2011, its operation has been smooth.

Since the establishment of the Audit Committee on June 14, 2019, the Audit Committee has performed related operations in accordance with Article 14-5 of the Securities and Exchange Act and acted as a supervisor.

4) Implementation of self-evaluations by the Company's Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	Performance evaluation for January 1, 2021 to December 31, 2020	Performance assessments on Board of Directors, individual director member, audit committee and remuneration committee	Board of Directors' internal assessment and director member's self assessment	Self-assessment on board of directors' performance: ■ Master of company targets and tasks ■ Upgrade board of directors' decision-making quality ■ Composition and structure of board of directors ■ Director appointment and educating ■ Internal control Self-assessment on individual director members performance: ■ Master of company targets and tasks ■ Cognition of director responsibilities ■ Participation in company operation ■ Internal relation management and communication ■ Director specialty and educating ■ Internal control Self-assessment on audit committee performance ■ Participation in company operation ■ Cognition of committee responsibilities ■ Upgrade committee decision-making quality ■ Composition and structure of committee ■ Internal control Self-assessment on compensation committee: ■ Participation in company operation ■ Cognition of committee responsibilities ■ Upgrade committee decision-making quality ■ Composition and appointment of committee ■ Internal control

The Company has finished the 2021 performance self-assessment on board of directors, with results submitted and reported to the Board of Directors on 2021/12/22; of which, the overall average self-assessment score of Board of Directors is 4.89 (full mark is 5), the overall average self-assessment score of individual director members is 4.86 (full mark is 5), the overall average self-assessment score of audit committee is 4.94 (full mark is 5), and the overall average self-assessment score of remuneration committee is 4.89 (full mark is 5). To sum up, the Board of Directors' functions well, and it will continue to strengthen according to this results, and promote company's management achievements.

Table 1

Period	Date	Content of motion and follow-up actions	Items listed in Article 14-3 of Securities and Exchange Act	Opinions of Independent Directors
11th meeting of the 12th-term Board of Directors	2021.03.24	In response to company’s operation demands, the Company planed to apply for a line of credit from banking institution motion	V	None
		The Company’s 2020 director/supervisor and staff remuneration motion	V	None
		The Company’s 2020 Year statement of operations, financial statement and consolidated financial statement motion	V	None
		The Company’s 2020 Year “Internal Control Statement”report motion	V	None
		The Company’s 2020 Year Distribution of Earnings motion	V	None
		The Company’s 2021 Year first quarter issue of new shares motion	V	None
		Revised the Company’s “Articles of Association” motion	V	None
		Revised the Company’s “Rules of Procedure of Shareholders' Meeting” motion	V	None
		Organized the Company’s 2021general shareholders' meeting motion	V	None
		Accepted shareholders’ examination standard and operation procedures related terms motion	V	None
		The Company’s certified accountant independence assessment motion	V	None
		The Company’s accountant replacement motion	V	None
		Helped BYD Hong Kong Limited and paid $6 million for original factory AOS, as guaranteed deposits paid motion	V	None
		Independent director: No objections or reservations		
		The Company's treatment opinion on independent director: No		
		Resolution results: approved and passed by all attended shareholders		
12th meeting of the 12th-term Board of Directors	2021.04.29	The Company’s 2021 first quarter consolidated financial statement	V	None
		Helped Compal Computer Co. Ltd. And paid $10 million for original factory AOS, as guaranteed deposits paid motion	V	None
		The Company planed to invest $5 million to participate in Esquarre IOT Landing Fund’s Private Fund Raising motion	V	None
		Independent director: No objections or reservations		
		Company's treatment opinion on independent director: No		
		Resolution results: approved and passed by all attended shareholders		
13th meeting of the 12th-term Board of Directors	2021.06.23	In response to company’s operation demands, the Company planed to apply for a line of credit from banking institution motion	V	None
		Stipulated 2021 general shareholders' meeting postponed date and place motion	V	None
		Helped Shunda Technology Co., LTD and paid $5 million for original factory AOS, as guaranteed deposits paid motion	V	None
		Independent director: No objections or reservations		
		Company's treatment opinion on independent director: No		
		Resolution results: approved and passed by all attended shareholders		

14th meeting of the 12th-term Board of Directors	2021.07.26	In response to company's operation demands, the Company planed to apply for a line of credit from banking institution motion	V	None
		Formulated the Company's cash dividends NT$501,552,909 payment date and base date motion	V	None
		The Company's 2021 Year second-quarter issue of new shares motion	V	None
		Independent director: No objections or reservations		
		Company's treatment opinion on independent director: No		
		Resolution results: approved and passed by all attended shareholders		
15th meeting of the 12th-term Board of Directors	2021.08.06	In response to company's operation demands, the Company planed to apply for a line of credit from banking institution motion	V	None
		The Company's 2021 second quarter consolidated financial statement	V	None
		The Company's 2020 Year manager and staff bonus distribution and salary adjustment motion	V	None
		Independent director: No objections or reservations		
		The Company's treatment opinion on independent director: No		
		Resolution results: approved and passed by all attended shareholders		
16th meeting of the 12th-term Board of Directors	2021.11.10	In response to company's operation demands, the Company planed to apply for a line of credit from banking institution motion	V	None
		The Company's 2021 third quarter consolidated financial statement	V	None
		Revised the Company's "Risk Management Policies and Methods" motion	V	None
		The Company's 2021 Year third-quarter issue of new shares motion	V	None
		Stipulated the Company's "Organization Rules of Nominating Committee"motion	V	None
		Re-stipulated the Company's "Code of Practice on Corporate Social Responsibility"motion	V	None
		Independent director: No objections or reservations		
		Company's treatment opinion on independent director: No		
		Resolution results: approved and passed by all attended shareholders		
17th meeting of the 12th-term Board of Directors	2021.12.22	In response to the Company's operation demands, the Company planed to apply for a line of credit from banking institution motion	V	None
		The Company's 2022 Year audit plan motion	V	None
		The Company's 2022 Year operating plan (2022 Year Budget) motion	V	None
		The Company's 2021 Year manager year-end bonus distribution motion	V	None
		Helped HUAQIN TELECOM HONG KONG LIMITED and paid $5 million for original factory AOS, as guaranteed deposits paid motion	V	None
		Independent director: No objections or reservations		
		The Company's treatment opinion on independent director: No		
		Resolution results: approved and passed by all attended shareholders		

(2) Operation of the Audit Committee: The Company established Audit Committee on June 14, 2019

In the most recent year (2021), the Audit Committee convened 6 meetings [A], and the attendance of independent directors in the meetings is as follows:

Title	Name	Attendance in person [B]	Attendance in person (%) [B/A]	Notes
Independent Director	Han-Liang Hu	6	100%	Newly-elected on June 14, 2019
Independent Director	Jiang-Long Guo	6	100%	Re-elected on June 14, 2019
Independent Director	Siou-Ming Huang	6	100%	Re-elected on June 14, 2019

Other matters that require reporting:

1. In case any of the following circumstances occurs, shall state the date and stage of audit committee meeting, motion contents, independent director's counterview, reservation or significant suggestions, audit committee's resolution results as well as the company's treatment suggestion on audit committee:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Agenda items and resolutions
The 9th Meeting of First Session 2021/03/24	Motion 1, The Company's 2020 Year staff and director remuneration motion. Motion 2, The Company's 2020 Year statement of operations and financial statement. Motion 3, The Company's 2020 Year "Internal Control Statement" motion. Motion 4, The Company's 2020 Year Distribution of Earnings motion. Motion 5, The Company certified accountant independence assessment motion. Motion 6, The Company's accountant replacement motion.
	Opinion of audit committee: No objections or reservations. Company's treatment opinion on opinion of audit committee: Not Applicable. Resolution results: Approved Unanimously by All Independent Directors in Attendance.
The 10th Meeting of First Session 2021/04/29	Motion 1, The Company's 2021 first quarter consolidated financial statement. Motion 2, The Company planed to invest $5 million to participate in Esquarre IOT Landing Fund's Private Fund Raising motion.
	Opinion of audit committee: No objections or reservations. Company's treatment opinion on opinion of audit committee: Not Applicable. Resolution results: Approved Unanimously by All Independent Directors in Attendance.
The 12th Meeting of First Session 2021/08/06	Motion 1, The Company's 2021 Year second quarter consolidated financial statement .
	Opinion of audit committee: No objections or reservations. Company's treatment opinion on opinion of audit committee: Not Applicable. Resolution results: Approved Unanimously by All Independent Directors in Attendance.
The 13th Meeting of First Session 2021/11/10	Motion 1, The Company's 2021 Year third quarter consolidated financial statement.
	Opinion of audit committee: No objections or reservations. Company's treatment opinion on opinion of audit committee: Not Applicable. Resolution results: Approved Unanimously by All Independent Directors in Attendance.

The 14th Meeting of First Session 2021/12/22	Motion 1, The Company's 2022 Year audit plan motion. Motion 2, The Company's 2022 Year operating plan (2022 Year Budget) motion.
	Opinion of audit committee: No objections or reservations. Company's treatment opinion on opinion of audit committee: Not Applicable. Resolution results: Approved Unanimously by All Independent Directors in Attendance.

(2) Besides the matters above, other resolutions adopted with the approval of two-thirds or more of all directors, without having been passed by the Audit Committee: None.

2. If independent directors recused from themselves from an agenda item in which they have a conflict of interest, specify the name of the independent director, agenda item, reason for -39- recusal, and participation in voting: None.
3. Communication between independent directors and the chief internal auditor and CPAs (must include material matters of communication, methods, results relating to the Company's financial reports and business conditions):
   (1) The shareholders' meeting of the Company on June 14, 2019 elected three independent directors and established the Audit Committee.
   (2) The independent director communicates directly with the internal audit supervisor and accountant through E-mail, telephone or meeting if necessary, and the communication is satisfactory.
   (3) The Company's audit unit shall, in addition to regularly submitting various internal audit reports to the independent directors, attend the audit committee meeting at least once a quarter after the establishment of the audit committee to explain the findings and improvements of the last quarter to the independent directors, and report the results of the meeting to the Board of Directors. In case of internal audit, the "Internal Control System" and "Rules for Implementation of Internal Audit" shall be amended, and the relevant contents shall be discussed and approved by the audit committee before being submitted to the Board of Directors for approval.
   (4) The accountant shall check and audit the Company's financial situation, adjust the entries and revision of IFRSs bulletin, publish the influence of comprehensive strategy to the Company against with the company act, tax law and labor law and other fiscal and taxation issues, explain to independent directors in the audit committee at least once a year; in case of serious matters, the meeting could be convened at any time. The accountant and independent director shall communicate on the important and key audit matters of the Company every year and reach a consensus.
   (5) The communication between the independent directors of the Company and the internal audit supervisor as well as the accountant (the way, matters and results of the communication regarding the Company's financial report and financial business situation, etc.) has been disclosed in the Corporate Governance section of the Company's website.
   (6) Please see the table below for an abstractof communications between the Independent Directors and the Internal Audit Manager and CPAs:

Participant	Meeting date	Nature and subject of communication	Independent Directors' Opinions
Audit supervisor	110/03/24	.The Company's 2020 Year "Internal Control Statement" report .2021 first quarter audit condition report	Without deficiency, and independent director has no comment and suggestion
Audit supervisor	110/06/23	.2021 second quarter audit condition report	Without deficiency, and independent director has no comment and suggestion
Audit supervisor	110/08/06	.2021 third quarter audit condition report	Without deficiency, and independent director has no comment and suggestion
Audit supervisor	110/10/13	.Explanation for internal control system test and result on company fraud risk	Without deficiency, and independent director has no comment and suggestion
Audit supervisor	110/11/10	2021 Fourth quarter audit condition report	Without deficiency, and independent director has no comment and suggestion
Audit supervisor	110/12/22	.The Company's 2022 audit plan motion	Without deficiency, and independent director has no comment and suggestion
Accountant	110/03/24	.Accountant's explanation and communication on 2020 Year Consolidated Financial Statements in terms of audit results, key audit events and operating performance analysis	Independent director has no comment and suggestion

Accountant	110/10/13	.Explanation for internal control system test and result on company fraud risk	Independent director has no comment and suggestion
Accountant	110/12/22	Accountant's explanation and communication on 2021 Year Individual and Consolidated Financial Statements in terms of pre-audit planing, key audit events and operating performance analysis	Independent director has no comment and suggestion

4. Annual Work Priorities of Audit Committee:
   (1) Discuss the annual operating plan.
   (2) Discuss the business report and the proposals on the distribution of earnings or the allocation and compensation of losses.
   (3) Review the annual financial report and interim financial report.
   (4) Assess the remuneration and independence of visa accountant.
   (5) Communicate with the accountant and audit supervisor every six months.
   (6) Company risk management.
   (7) audit committee performance assessment.
   (8) Other or significant events as stipulated by competent authority.
5. Financial report review
   The Company's Board of Directors has issued 2021 year statement of operations, financial statement and surplus distribution motion, etc., of which the financial statement had been verified by DELOITTE & TOUCHE FIRM's accountants WENG, PO-JEN and CHEN, HUI-MING, with audit report. The aforesaid statement of operations, financial statement and surplus distribution motion was also verified by audit committee, with no disagreement.
6. Effectiveness evaluation of internal control system
   According to the judgment items on the effectiveness of internal control system specified in "Guidelines for handling the establishment of internal control system for public offering companies", the Company judges the design and implementation of internal control system to be effective, which can reasonably ensure the achievement of the objectives of internal control system. The Audit Committee found that the Company's risk management and internal control systems were effective and that the Company had put in place the necessary control mechanisms to monitor and correct the non-compliance.
7. Visa accountant appointment
   According to "Code of Practice on Listed Corporate Governance" and Article 31 of the Company's "Code of Practice on Corporate Governance", the Company shall make regular (once every year) assessment on its appointed accountant's independence and adaptability, and appoint the certified accountants WENG, PO-JEN and CHEN, HUI-MING from DELOITTE & TOUCHE FIRM. Certified accountants' independence statements are consistent with independence and adaptability, which are deliberated and passed in 2021/03/24 by audit committee and Board of Directors.

Note 1: If any independent director resigns before the end of the year, the resignation date shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of audit committee meetings and actual attendance during his/her term of office.

Note 2: Before the end of the year, if any independent director is re-elected, the new and former independent directors shall be listed, and the former, new or re-elected independent director and the date of re-election shall be indicated in the remarks column. Actual attendance rate (%) is calculated on the basis of the number of meetings of the Audi Committee during his/her tenure and his/her actual attendance.

(3) Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons:

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
1. Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has adopted the "Code of Practice on Corporate Governance for Listed Companies" by resolution of the Board of Directors on May 12, 2020, which is disclosed on the Company's website and public information observatory.	No difference
2. Shareholding structure & shareholders' rights				
(1) Does the company establish internal operating procedures for handling shareholder suggestions, questions, complaints or litigation and handled related matters accordingly?	✓		(1) The Company has set up a spokesman, an acting spokesman and a stock affair unit to deal with the issues such as shareholders' motions or disputes.	No difference
(2) Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	✓		(2) The Company keeps track of the shareholding situation of directors, managers and major shareholders holding more than 10% shares, and reports the shareholding changes of major shareholders on time.	No difference
(3) Does the company establish and implement risk management and firewall systems within its conglomerate structure?	✓		(3) The finance and business of the Company with each affiliated enterprise are operated independently, and the "Related financial business regulations between affiliated enterprises" have been established.	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4) The Company has established the "Management measures for insider trading prevention", and shows the cases related to insider trading.	No difference
3. Composition and duties of the board of directors				
(1) Whether the Board of Directors having stipulated diversity policy, specific management target and implementation status?	✓		(1) Please refer to Page 21-22 “Board of Directors Diversity and Independence” for the Company Boards’ diversity policies, specific management objectives and implementation status.	No difference
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee?		✓	(2) In addition to the Remuneration Committee and the Audit Committee, other corporate governance functions are operated by various departments according to their responsibilities and functions, and will be set up according to future needs assessment.	Expected to set up “Nomination Committee” in 2022
(3) Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination	✓		(3) On May 12, 2020, the Board of Directors of the Company adopted the "Operational procedure for performance evaluation of the Board of Directors", covering the performance evaluation of the Board of Directors as a whole, individual directors and functional committees. Evaluation methods including internal self-evaluation of the Board,	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
of individual directors?			self-evaluation of directors, peer evaluation, and performance evaluation of external professional institutions, experts, or other appropriate ways, should be completed before the end of the first quarter in the next year for the director performance evaluation, and collected by the execution unit of the Board activities related information to complete the evaluation report and submit to the Chairman for summary, and then send to the Board of Directors to review the report, and make improvements. The measurement items for performance evaluation of the Board of Directors of the Company include the following five aspects: 1. Participation in the operation of the Company 2. Improvement in the decision-making quality of the Board of Directors 3. Composition and structure of the Board of Directors 4. Director selection and continuing education 5. Internal controls The measurement items of the Company's functional committee performance evaluation include the following five	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			aspects: 1. Participation in the operation of the Company 2. Cognition of the responsibilities of functional committees 3. Improvement in the decision-making quality of functional committees 4. Composition and selection of members of the functional committees 5. Internal controls The measurement items for performance evaluation of directors include the following items: 1. Mastering the Company's objectives and tasks 2. Cognition of directors' responsibilities 3. Participation in the operation of the Company 4. Internal relationship management and communication 5. Professional and continuing education of Directors 6. Internal controls The evaluation results were reported to the Board of Directors on December 22, 2021, and the result will be used as a basis for future selection or nomination of directors and	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			compensation for individual directors, with a view to implementing the corporate governance and enhancing the participation and communication channels of directors in the operation of the Company.	
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) In accordance with the contents of "Integrity, impartiality, objectivity and independence" in the Notice No. 10 of the Code of independence and professional ethics stipulated in Article 47 of the CPA Law, the Company develops the evaluation items, and evaluates the independence of accountants regularly every year 1. Report to the Audit Committee on March 24, 2021, acquire the declaration of independence of the accountants, and submit the result to the Board of Directors on March 24, 2021. 2. The evaluation objects include the accountants, their spouses and dependant relatives, and the assessment items and scope are: whether there is direct or indirect financial interest relationship with the Company, financing or guarantee behavior with the Company or the directors,	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			close business relationship and employment relationship with the Company, serving as director, manager, or in the post with significant influence on audit work of the Company in current year or recent two years, providing the non-audit services directly affecting the audit work, intermediating the stock or other securities issued by the Company, acting as a defender of the Company or coordinating the conflicts between the Company and other third parties on behalf of the Company, or with kinship to any director, manager or person who has significant influence on the audit of the Company. 3. Evaluation result: all of them meet the independence evaluation criteria of the Company and are qualified to serve as a visa accountant of the Company.	
4. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information	✓		Through the resolution of the Board of Directors on May 12, 2020, the Company shall designate the accounting department manager Qiu, Hui-Ling as the corporate governance director, to whom the stock affair unit report, so as to protect the shareholders' rights and interests and strengthen the function of the Board of Directors, with	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?			the work experience of more than three years in finance, stock affairs or deliberations and other management in the public offering company. The main duties of the corporate governance officer are to handle matters related to the meetings of the Board of Directors and the Board of Shareholders, prepare the proceedings of the Board of Directors and the Board of Shareholders, assist the directors in their appointment and continuing education, and provide the information necessary for the directors to carry out their business and other matters stipulated in the Articles of Incorporation or the deeds of the Company. Operational performance in 2021 was as follows: • Regularly informing the Board of Directors of the latest changes and developments of laws and regulations related to the Company's business field and corporate governance. • Handling the operation of the Board of Directors and the functional committees according to laws. • Planning and implementing the director education courses. • Insurance and maintenance of directors liability insurance. • 2021 performance evaluation of the Board of Directors shall be	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			carried out in accordance with the "Performance Evaluation Method of the Board of Directors" established by the Company. • Responsible for all matters related to the shareholders' meeting. • Reviewing the achievement of corporate governance evaluation indicators and proposing the improvement plans and countermeasures for the indicators that are not achieved. • Planned 2021 Year Sustainability Report Compilation. • 12 hours of study have been completed in 2021 according to laws. Please refer to Note 1 for details	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and properly respond to corporate social responsibility issues of concern to the stakeholders?	✓		(1) The Company has a spokesperson and an acting spokesperson, and relevant contact information is announced on the Open Information Observatory in accordance with the regulations. Meanwhile, the financial and stock affair information is regularly announced on the Open Information Observatory and the Company's website, so as to establish a good communication mode with investors. (2) At present, all information is placed in corresponding area of	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			the Company’s website, and a special area for interested parties is also set up on the Company’s website.	
6. Does the company designate a professional shareholder service agency to deal with shareholder affairs?	✓		The Company appoints the professional stock affair agency: the stock affairs agency department of Yuanta Securities Co., Ltd., and has formulated the "Management method of stock affairs".	No difference
7. Information disclosure				
(1) Does the company establish a corporate website to disclose information regarding the company's financial, business and corporate governance status?	✓		(1) The Company shall declare its financial business and corporate governance on the Public Information Observatory in accordance with the law, and disclose them simultaneously on the Company's website (www.promate.com.tw).	No difference
(2) Does the company have other information disclosure channels (e.g., maintaining an Englishlanguage website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	✓		(2) The Company has a special person responsible for the disclosure of all information of the Company, and has set up a spokesman system according to the provisions. If there is a legal person to explain the information of meeting, it will also be placed on the Company’s website.	No difference
(3) Does the company announce and report annual financial statements within two monthsafter	✓		(3) The Company is still announcing and reporting the financial reports and monthly operations in accordance with the time	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			limit stipulated in Article 36 of the Securities and Exchange Act.	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(1) Employee right and care: The Company attaches great importance to the rights and interests of colleagues; in addition to the statutory protection, there are many welfare measures and multiple appeal channels. Salary: annual salary adjustment, performance bonus, year-end bonus, employee dividend Training: annual educational training, professional training Off-days: 2 off-days per week, annual leave, paternity leave Welfare: enjoying the labor insurance, health insurance and group insurance, staff travel allowance, staff fellowship hall - vegetable restaurant, staff birthday gift certificate, funeral and illness allowance, Christmas Party, year-end activities, staff library, and club activities, etc. (2) Investor relationship: Full disclosure of information through the public information	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			observatory and the Company’s website, to enable the investors to understand the Company's operating conditions, and through the shareholder meeting and spokesperson channels to communicate with investors. (3) Supplier relationship: The Company is the electronic component agency, stipulates the code of conduct for supplier, and has signed relevant contracts with all suppliers; the orders and purchases are handled according to the contract, to ensure the full source of goods. (4) Rights of interested parties: 1. As for shareholders' responsibilities: the Company strives to fully safeguard the shareholders' rights and interests. 2. As for customer responsibilities: in addition to providing the professional design services with added value, the Company also provides sufficient stock according to the customer's order to meet the customer's needs. (5) Training of Directors and Supervisors: The Company complies with the "Key points for directors and	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			supervisors of listed companies" and regularly provides relevant refresher courses for directors and supervisors. Directors and supervisors may enroll in relevant refresher courses upon their personal needs. Please refer to the Open Information Observatory for further study of directors and supervisors. (6) Implementation of risk management policies and risk measurement standards: The Company has the risk management policy, and each department must analyze the identified risk events according to the actual situation, use the information to determine the occurrence possibility of risk events, and analyze the impact of the results on the Company; the audit office shall audit and regularly issue reports to the Board of Directors and Audit Committee. (7) Implementation of customer policies: The Company constantly enriches professional skills and strengthen the partnership with manufacturers with professional technical team and clear product market	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			positioning, to jointly create the added value. (8) Liability insurance purchased by the Company for directors and supervisors: The Company purchases the liability insurance for directors and supervisors every year with an underwriting amount of NT$150 million. The renewal of insurance will be completed before the expiration of May 31 of this year and reported to the Board of Directors in the near future.	

9. Specify the improvement of corporate governance with reference to the evaluation of corporate governance by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the measures prioritized for issues that require improvement.
   (1) The indicators of the eighth corporate governance evaluation of the Company are gradually improved, and most of the self-evaluation operations participated in and completed in accordance with the corporate governance methods have been in line with the spirit of corporate governance, and there is no significant difference.
   (2) Items that have not been improved in the eighth corporate governance indicators and will be prioritized to be strengthened in 2022:

NO.	Indicator Item	Priority Matters the Require Strengthening and Measures
2.14	Whether the Company has set up any functional committee other than statutory above 3 members, of which, more than half are independent directors with professional ability as required, and disclosed its composition, responsibility and operation status?	Expected to set up in 2022
4.4	Whether the Company has complied its social responsibility report in accordance with international common report compilation guidelines before the end of September and uploaded to the public information observation station and company website?	Excepted to finished in the end of 2022/09.

Note 1：2021 further education of corporate governance manager is as below:

Corporate governance manager: Mandy Chiu			
Date	Organizer	Course	Hours
110.09.10	China Securities and Futures Market Development Foundation	Network safe value under post-epidemic era and China-United States trade war	3
110.08.20	China Accounting Research and Development Foundation	“Whistleblower Protection” legal responsibility and practical case analysis	3
110.08.20	China Accounting Research and Development Foundation	Independent Director’s management role and operation practice	3
110.08.19	China Accounting Research and Development Foundation	ESG sustainability practice: How to construct culture and accomplish report	3

(4) If the company has a Remuneration Committee, disclose its composition, responsibilities and operations:

1) Composition: The Company has the Remuneration Committee, which consists of three independent directors.
2) Responsibilities: The Company has established the "Organizational Rules for Remuneration Committee", whose main powers and responsibilities are as follows:
   (a) To review the rules and regulations of the organization on a regular basis and propose the amendments.
   (b) To formulate and regularly review the policies, systems, standards and structures for annual and long-term performance evaluation and remuneration of directors, supervisors and managers.
   (c) To regularly evaluate the achievement of performance objectives of directors, supervisors and managers, and determine the contents and amounts of their individual salaries and rewards.
3) Operations: The committee is required to convene at least two meetings each year, and convened four meetings in 2021.

(1) Members of the Remuneration Committee

December 31,2021

Identity	Name / Condition	Professional qualification and experience	Independence condition	Additional posts in other public Company remuneration committee
Independent Director-Convener	Jiang-Long Guo	Note 1	Note 1	-
Independent Director	Siou-Ming Huang	Note 1	Note 1	-
Independent Director	Han-Liang Hu	Note 1	Note 1	-

Note 1: Please state each remuneration committee member's period of service, professional qualification and experience as well as independence condition in the table, and may refer to Page 14-20 for directors' professional qualification and independent director's independence information disclosure.

(2) Operations of the Remuneration Committee

1. There are three members in the Company's Remuneration Committee.
2. Current term of office: From June 14, 2019 to June 13, 2022. In the most recent year the Remuneration Committee met four times [A], and the members' qualifications and attendance are as follows:

Title	Name	Attendance in person [B]	By proxy	Attendance rate (%) [B/A] (Note)	Notes
Convener	Jiang-Long Guo	4	-	100	
Committee Member	Siou-Ming Huang	4	-	100	
Committee Member	Han-Liang Hu	4	-	100	Newly-elected on June 14, 2019

Other matters that require reporting:
If the board of directors did not adopt or revised the recommendations of the compensation committee, describe the date of board meeting, term of the board, agenda item, resolutions adopted by the board, and actions taken by the company in response to the opinion of the compensation committee (if the remunerations approved by the board of directors are better than those recommended by the compensation committee, describe the difference and reasons): None.
If with respect to any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of members: None.
Proposals and resolutions of the Remuneration Committee meetings and the Company's handling of the members' opinions in the most recent year:

Remuneration Committee	Agenda items and resolutions
The 6th Session of 4th Meeting 2021.03.24	1.Formulated 2021 remuneration committee calendar 2.Reviewed the Company’s current reward system and evaluated and analyzed performance measurement system 3.The Company’s 2020 Year director remuneration and staff bonus payment
	Remuneration committee resolution results: approved and passed by all remuneration committee members. Company's treatment opinion on remuneration committee: approved and passed by all attended shareholders.
The 7th Session of 4th Meeting 2021.07.26	1.The Company’s manager appointment motion
	Remuneration committee resolution results: approved and passed by all remuneration committee members. Company's treatment opinion on remuneration committee: approved and passed by all attended shareholders
The 8th Session of 4th Meeting 2021.08.06	1.Distribution of 2020 bonus and payment time according to the Company’s manager performance
	Remuneration committee resolution results: approved and passed by all remuneration committee members. Company's treatment opinion on remuneration committee: approved and passed by all attended shareholders
The 9th Session of 4th Meeting 2021.12.22	1.Distribution of 2021 year-end bonus proportion and year-end bonus payment time according to the Company’s manager performance
	Remuneration committee resolution results: approved and passed by all remuneration committee members. Company's treatment opinion on remuneration committee: approved and passed by all attended shareholders.

Note:
(1) If a member of the Remuneration Committee leaves before the end of the year, the resignation date shall be indicated in the remarks column, and the attendance rate (%) shall be calculated based on the number of meetings of the Remuneration Committee and the attendance in person times during his/her term in office.
(2) Before the end of the year, if any member of the Remuneration Committee is re-elected, the new member and the former member shall be filled in. The former member, new member, or re-elected member and the re-election date shall be indicated in the remark column. The attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during his/her term of office and his/her attendance in person.

(5) Promotion of sustainable development implementation and differences/reasons between market-listed and public limited company's Code of Practice on Sustainable Development:

Promotion items	Implementation status			Situation and Reasons for Differences from Code of Practice on Corporate Social Responsibility for Listed Companies
	Yes	No	Summary	
1. Whether the Company has established and promoted sustainable development management structure, as well as set up relevant special (part-time) unit to follow up through Board of Directors authorization to high-order management level for handling, as well as under Board of Directors supervision?	✓		The Company has already appointed the chairman office to take charge of the proposal and implementation of sustainable development policy and system, and also disclosed its implementation status in financial statement and reported to the Board of Directors once every year.	No difference
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		1. This disclosure data covers sustainable development performance and risk assessment boundary of the Company's major bases from 2021/01 to 2021/12 mainly in Taiwan. 2. The Company has regularly identified and evaluated the major issues and formulated relevant risk management policies and strategies according to sustainable development principles, as below: (1) Environment and society: ■ Product responsibility: The Company requires its suppliers to identify and manage the chemicals and other substances that may cause harm to the environment, so as to ensure that these substances are safely handled, transported, stored, used, recovered or reused and disposed to minimize the harm to the environment, by the rigorous quality management, to provide customers with good product quality and service quality, so as to improve the customer satisfaction, which is the cornerstone of sustainable development of theCompany. ■ Occupational safety: The Company has the occupational safety staff to conduct the hazard assessment and continuous risk improvement for all work contents and work areas of the Company. Through various related occupational safety training, it can reduce the occupational safety accidents and fulfill the responsibility of protecting the employees. (2) Corporate governance: The Company has stipulated the "Codes of Integrity Management", "Code of Ethics" and "Measures for Preventing Insider Trading", to standardize its internal operation and management, as well as relevant internal control system, and fulfill its social abilities.	No difference
3. Environmental issues				

Promotion items	Implementation status			Situation and Reasons for Differences from Code of Practice on Corporate Social Responsibility for Listed Companies
	Yes	No	Summary	
(1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(1) In addition to the demand for quality regarding the IC components that the Company represents, the products of our upstream original manufacturers are also considered based on their life cycle. From raw material production, transportation, production, product transportation, product use to product disposal after discarding, etc., their impact on the environment during the entire process is taken into consideration. Therefore, the Company also effectively executes criteria regarding the management of hazardous substances, pollution prevention, energy-saving, water-saving, and waste reduction, etc., in its own operating office areas and storage centers. Hoping to gradually form a green supply chain from our upstream (original supplier), midstream (the Company) to downstream (customers).	No difference
(2) Does the company endeavor to improve the efficiency of resource utilization and use recycled materials which have a low impact on the environment?	✓		(2) The Company is committed to the recycling and utilization of various recyclable materials and uses recycled materials with a low impact on the environment.	No difference
(3) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	✓		(3) The Company is not in the manufacturing industry and faces potential risks of climate change mainly at environmental and operational levels. For example, as extreme climate change causing resource shortages and personnel having difficulties adapting physically, resulting in increased raw material costs, suppliers struggling to complete production, and increased transportation costs, etc. These could all potentially lead to climate change directly or indirectly impacting our operating results. The Company recognizes that climate change is a major issue, hence adopting countermeasures including improving the efficiency of resource utilization, reducing water consumption, and practicing solar power generation.	No difference

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Implementation status</th><th rowspan="2">Situation and Reasons for Differences from Code of Practice on Corporate Social Responsibility for Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(4) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?</td><td>✓</td><td></td><td>(4) To response the influence from climate change on operating activities, the Company, except for actively introducing new products, continues to promote its energy conservation and carbon deduction policies. The implementation status of 2021 are as follows: (covering Taipei Head Office and Taoyuan Factory in Taiwan District)
1) Greenhouse gases:
(a) Scope 1: Office electricity consumption of recent two years
<table>
<tr><td>Year</td><td>2021</td><td>2020</td></tr>
<tr><td>Electricity consumption</td><td>747,991</td><td>750,895</td></tr>
<tr><td>Carbon emissions KG CO2e</td><td>375,491</td><td>376,949</td></tr>
</table>
(b) Scope 2: Solar-powered electricity production and carbon emissions deduction of two years
<table>
<tr><td>Year</td><td>2021</td><td>2020</td></tr>
<tr><td>Electricity consumption</td><td>507,481</td><td>459,417</td></tr>
<tr><td>Carbon emissions KG CO2e</td><td>254,755</td><td>230,627</td></tr>
</table>
Note: The calculation basis for 2021 and 2020is abided by MOE Energy Bureau’s published 2020 Year eletricity carbon emission coefficient: 0.502 KG CO2e/kWh</td><td>No difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Implementation status</th><th rowspan="2">Situation and Reasons for Differences from Code of Practice on Corporate Social Responsibility for Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>2) Water consumption:
<table><tr><td>Year</td><td>2021</td><td>2020</td></tr><tr><td>kWh</td><td>3,471</td><td>6,563</td></tr></table>3) Wastes:
<table><tr><td>Year</td><td>2021</td><td>2020</td></tr><tr><td>Enterprise wastes (Kg)</td><td>4,980</td><td>6,390</td></tr><tr><td>Carton recycling (Kg)</td><td>3,500</td><td>3,310</td></tr></table>4) Paper sheets:
<table><tr><td>Year</td><td>2021</td><td>2020</td></tr><tr><td>Amount of sheets</td><td>200,000</td><td>250,000</td></tr></table></td><td></td></tr>
<tr><td>4. Social issues</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>✓</td><td></td><td>(1) The Group supports and voluntarily abide to the “UN Global Covenant”, “United Nations Universal Declaration of Human Rights” and “ILO Declaration on Fundamental Principles and Rights of Work” and principles that disclosed on international covenants of human rights, stipulates staff working rules and management measures in accordance with labor laws, to maintain and safeguard staff’s legal rights, and through its Staff Welfare Committee.</td><td>No difference</td></tr>
</table>

Promotion items	Implementation status			Situation and Reasons for Differences from Code of Practice on Corporate Social Responsibility for Listed Companies
	Yes	No	Summary	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(2) In addition to labor laws, the Company pays according to staffs' education and experience backgrounds, professional knowledge and abilities, individual performances and other additional conditions, and equal to male and female. In addition to basic salaries, it also provides bonuses by referring staffs' performances. As stipulated in the *Articles of Association*, the Company shall allocate 7.5~10% as staff remunerations, and offer holiday allowances in domestic and overseas. To promote occupational diversity and equity, Female employees in the company of 2021 account for 52%.	No difference

Promotion items	Implementation status			Situation and Reasons for Differences from Code of Practice on Corporate Social Responsibility for Listed Companies
	Yes	No	Summary	
(3) Does the company provide a safe and healthy working environment and provide employees with regular safety and health training?	✓		(3) The Company has formulated the Code of Practice for Safety and Sanitation, and assigns labor safety personnel for performing regular safety inspection pursuant to laws and regulations, inspection and declaration on building public safety, as well as monitoring on drink water, illumination, concentrations of carbon dioxide, etc. every year, with retrofitted air regenerating device to improve operating environment quality and safety. In addition, to implement occupational safety policy, the Company also organizes 4-hour occupational safety training, to assist site medicare workers in work environment hazards identification (including maternal health protection, unlawful infringement prevention in workplace, etc.), and conducts overload and human factor assessments every year specific to high-risk case for assessment and management. It as well attaches importance to staffs' health through organizing health lectures, and offer health examination once every two years which is superior to the laws and regulations. The Company also set up first-aid personnel and emergency response team, to guarantee staff work environment safety and promote employee health. Furthermore, it also carries sterile working environment, and provides its staffs with non-toxic and free-from-care places for eat, with regular or irregular outdoor activities to adjust their mental and physical states, as well as encourages them to set up clubs within the company. The Company has also set up occupational safety verification team, led by the general manager, to verify occupational safety every year, and report to Ministry of Labour pursuant to occupational safety laws and regulations. Any suggested improvements will be submitted by the team for a specific implementation. Statistics of the Company's 2021 year staff occupational accident events are as follows: Event number: - Persons: - Total staffs: 210 Ratio in total staffs (%): -	No difference

Promotion items	Implementation status			Situation and Reasons for Differences from Code of Practice on Corporate Social Responsibility for Listed Companies
	Yes	No	Summary	
(4) Does the company set up effective career development and training programs for its employees?	✓		(4) In addition to creating a good working environment, the Company also encourages employees to take on-the-job training to enrich their relevant professional skills. 1) Internal training Unit supervisor and colleagues may act as the lecturers in their professional fields and share their experience and professional knowledge through job training, to enhance colleagues' professional skills and improve competences in solving problems. 2) Newly-employed staff training Upon registration, Human Resources Department will introduce the company profile, organizational profile, office environment, administrative regulations, company welfare, etc. (2h for every person), and organize regular trainings (6h) on new employees to present company operating conditions and corporate culture and promote their sense of belonging and identity. 3) External training Arrange colleagues to participate in external courses to improve their work abilities, competences and management abilities. 4) Further education and subsidy Provide full subsidy to encourage colleagues to participate in further education and thereby improve their work knowledge and abilities. Please mark relevant talent training hours of 2021 in Note 1.	No difference

Promotion items	Implementation status			Situation and Reasons for Differences from Code of Practice on Corporate Social Responsibility for Listed Companies
	Yes	No	Summary	
(5) Whether the Company obeys relevant rules and international codes in terms of product and service, client health and safety, client privacy, marketing and labeling, etc., and formulates corresponding consumer protection or equity policy as well as complaint procedures?	✓		(5) The Company plays the role of connecting technology and creating value through providing services. To practice relevant sales and technical services, we must sign agency sales contracts that meet laws and international regulations with our domestic and foreign upstream manufacturers, before proceeding with relevant sales and services. Because the intellectual property rights of the products sold belong to our upstream original manufacturers, the product labels must also comply with the original manufacturers' specifications. Additionally, the company's website has a designated area for stakeholders to protect policies of consumer rights and keep appeal procedures smooth.	No difference
(6) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	✓		(6) The Company has set up a "Supplier Control Procedure" and disclosed the "Supplier Control Policy" on the company website, which requires suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, and labor rights. The Company evaluates suppliers annually based on quality, delivery, and service then determines the frequency of dealing with each supplier according to the evaluation results.	No difference
5. Whether the Company has referred international standards or guidelines for the preparation of reports, sustainable development report and other disclosure reports for company's non-financial information? Whether the aforesaid report is with any certainty or guarantee from a third verification unit?		✓	The Company's "Code of Practice on Corporate Social Responsibility" which was formulated in 2014/02/18 , has been renamed as "Sustainable Development Practice Codes" since 2022/03/16 to cooperate with international development tendency and achieve its sustainable development target. For this reason, "pure heart for humanity, forward-looking science and technology, value-added partnerships, feedback to society" is the quality policy we always adhere to implement the sustainable operation and create fine working environment. Under the pursuit of competitive power and stable profit growth, the Company, except for feedback to its shareholders, clients and staffs, also keeps social responsibilities in mind, observes laws and disciplines, as well as respects human, community and environment related policies.	The Company expects to prepare and file perpetual reports in accordance with the "Operational Measures for the Preparation and Filing of Perpetual Reports by Listed Companies" and the "GRI Standards" in 2022.

Promotion items	Implementation status			Situation and Reasons for Differences from Code of Practice on Corporate Social Responsibility for Listed Companies
	Yes	No	Summary	
6. In case of the company has stipulated its sustainable development codes according to the Market Listed Corporate Code of Practice on Sustainable Development, please state its functions and differences: the Company has already stipulated Sustainable Development Codes in its website, and strictly abides by during daily operation.				
7. Other Important information which are helpful for promoting sustainable development implementation: ■ The Company highly regards the importance of social responsibility and actively participates in community activities. We interact amicably with suppliers and stakeholders, ensuring the protection of our consumers' rights. ■ The Company supporting local agricultural products with substantial actions. Selecting local small farmers to supply seasonal and local ingredients; encouraging employees to primarily purchase these agricultural products and extending the concept to the ingredients of the employee cafeteria in hopes of helping disadvantaged farmers in rural or specific areas with these actions; also reducing food miles at the same time, achieving energy conservation and carbon reduction; as of 2021, the purchased items have summed up about 150 items and the revenue on average of ~$228 million/year. ■ Promate Group actively implements corporate social reciprocation and supports baked goods made by mentally challenged children with substantial actions, hoping to distribute income to disadvantaged groups and achieve long-term care. Therefore, the Group always orders gifts from the Children Are Us bakery on Mid-Autumn Festival or other major festivals; as of 2021, the purchases have summed up to exceed NTD 240,000. The Group also encourages employees and the general public to join and help disadvantaged groups operate more smoothly, spreading love to the corners in need. ■ The Company had organized “Mid-Autumn Gift-Bulk Rice” activity before the Mid-Autumn Festival of 2021, which was ideated from environmental protection and recycling, namely staffs “provided containers” to collect rice to home. The activity was not only beneficial to staffs’ health, but reduced plastic pollution, and brought us one step closer to world “plastic-free” status.				

Note 1：

Items	Participants	Hours	Average score
Internal training	180	720	4.0
New employee training	51	408	8.0
External training	74	800	10.8

(6) Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policy and approaches				
(1) Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	✓		(1) The Company has a "Code of Ethical Operation" established by the Board of Directors, which applies to the companies and organizations in our group. It is strictly implemented in our internal management and external business activities.	No difference
(2) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes (II) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes?	✓		(2) The companies and organizations in our group conduct the mentioned matters following the relevant provisions and operating procedures stipulated in the corporation's "Code of Ethical Operation."	No difference
(3) Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	✓		(3) To enhance the management of ethical operations, the Company has set up a dedicated unit under the Board of Directors, allocating sufficient resources and qualified personnel to it. It is responsible for the formulation and supervision of ethical management policies and precautionary measures. It primarily administers the following affairs and regularly reports to the Board of Directors (at least once a year).	No difference
2. Implementation of ethical corporate management				
(1) Does the company evaluate the ethical records of parties it does business with and stipulate ethical conduct clauses in business contracts?	✓		(1) Contracts signed between the Company and suppliers or manufacturers are performed in good faith. Generally, there are provisions in place that prohibit the receiving of kickbacks.	No difference

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(2) Did the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan?	✓		(2) T he Company has set up a dedicated (part-time) unit under the Board of Directors to implement ethical corporate management. It regularly reports to the Board of Directors regarding its operation. The primary focus when it comes to the promotion of company managers and the appointment of employees is their integrity records, and these are one of the focal points in the consideration for promotions. On December 22, 2021, the Board of Directors completed the 2021 annual reporting on the implementation of ethical management.	No difference
(3) Does the company establish policies to prevent conflict of interests, provide appropriate channels for filing related complaints and implement the policies accordingly?	✓		(3) The Company has a "Code of Ethical Operation" and "Code of Moral Conduct" to prevent conflicts of interest and avoid personal gain. If the directors or their legal representatives have a stake in the motions set forth by the Board of Directors, the shall disclose the nature of their interest and not be included in the related discussion or vote on the said motion, or represent other directors in exercising their voting rights.	No difference
(4) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?	✓		(4) The accounting system of the Company is based on the Securities and Exchange Act, the Company Act, the Business Entity Accounting Act, the Regulations Governing the Filing of Financial Reports by Public Companies, and other relevant legislation, then devised according to the actual situation of the company's business; the internal control system is based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" and other relevant regulations, which are all thoroughly implemented. The audit department also regularly examines the status of the accounting system and internal control system and reports to the Board of Directors.	No difference
(5) Does the company regularly hold internal and external educational trainings on ethical corporate management?	✓		(5) The Company periodically organizes promotions and training on ethical management at appropriate times.	No difference
3. Operation of whistleblowing system				
(1) Does the company establish concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	✓		(1) The Company has "Employee Work Rules" and "Reporting System Management Measures," which clearly stipulates the relevant content, and will assign designated personnel to handle each of the reported cases.	No difference

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(2) Does the company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation?	✓		(2) The Company has relevant employee reporting procedures in place, along with confidentiality mechanisms.	No difference
(3) Does the company provide proper whistleblower protection?	✓		(3) Designated personnel will be appointed to handle each of the reported cases. During the appeal process, the informant will be protected from improper punishment due to the reporting.	No difference
4. Enhancing information disclosure				
(1) Does the company disclose information regarding the company's ethical corporate management principles and implementation status on its website and the Market Observation Post System?	✓		The Company has established the "Code of Ethical Operation" to enhance the management of ethical operations and placed it on our company website. With the chairman's office as a designated unit, we allocate sufficient resources and qualified personnel to it. It is responsible for the formulation and supervision of ethical management policies and precautionary measures and regularly reports to the Board of Directors (at least once a year). At the same time, we set up a designated area for stakeholders on our website, establishing a communication platform. In 2021, no illegal, unethical, or untrustworthy conduct has been reported.	No difference
5. If the company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", describe difference with the principles and implementation status:				
6. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: In addition to the "Code of Ethical Operation," the Company also establishes relevant regulations of ethical management in the contracts with manufacturers. Employees are also required to adhere to the code of ethical conduct when they take up their posts. In 2021, the Company held internal and external education training with a collective attendance of 12 people for a total of 114 hours (the scope covers compliance with ethical management, the accounting system, and the internal control system).				

(7) If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information: Please refer to the Company’s website.

(8) Other Significant Information that will Provide a Better Understanding of the State of the Company's Implementation of Corporate Governance may also be Disclosed:Please refer to the Company’s website.

(9) Implementation of internal control system should disclose the following matters:

1) Internal control statement

Promate Electronic Co., Ltd.

Statement of internal control system

Date: March 16, 2022

Based on the results of self-inspection, we hereby declare as below for the internal control system in 2021:

I. The Company acknowledges that the establishment, implementation and maintenance of internal control system is the responsibility of the Board of Directors and managers of the Company, and the Company has established such system. The objective is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and asset safety, etc.), reliability, timeliness, transparency of reporting, and compliance with relevant regulations.

II. The internal control system has its innate limitations; no matter how perfect the design is, the effective internal control system can only provide reasonable guarantee for the achievement of the above three objectives; moreover, due to the change of environment, the effectiveness of internal control system may change too. However, the Company's internal control system has the self-monitoring mechanism, and the Company will take corrective action if any deficiency is identified.

III. The Company judges whether the design and implementation of internal control system is effective or not according to the judgment items on the effectiveness of internal control system stipulated in the "Guidelines for Handling the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "Guidelines"). The internal control system used in the "Guidelines" is the process of management control. The internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervision. Each component includes a number of items. For the foregoing items, please refer to the "Guidelines".

IV. The Company has adopted the above internal control system’s judgement items and check the effectiveness of design and implementation of internal control system.

V. Based on the results of the foregoing inspection, the Company considers that the internal control system of the Company (including the supervision and management of its subsidiaries) as of December 31, 2021, includes to understand the effectiveness of operations and the extent of efficiency objectives achieved, and the report is reliable, timely, transparent and in accordance with relevant regulations and relevant laws; the design and implementation of internal control system is effective, which can reasonably ensure to the achieve the above objectives.

VI. This Statement will be the main content of the Company's annual report and disclosure statement and will be made public. Any false or concealment of the above information will be subject to the legal liability of Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This Statement has been approved by the Board of Directors of the Company on March 16, 2022. None of the seven directors present have any objection to this Statement and hereby declare that they agree to the contents of this Statement.

Promate Electronic Co., Ltd.

Chairman: Eric Chen Signed or Sealed

General Manager: Eric Chen Signed or Sealed

2) If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None.

(10) The Company and its internal staff being punished lawfully, the punishment given by the Company to the violators of internal control system, major nonconformity,and the improvement in the most recent year and as of the publication of the annual report:None.

(11) Important resolutions adopted in shareholders meeting and board of directors' meeting in the past year and as of the date of report:

1) Major resolutions of the shareholders' meeting and implementation

Date	Important Resolutions
2021.07.26	1. Acknowledged 2020 Year statement of operations and financial statement motion 2. Acknowledged 2020 Year surplus distribution motion Implementation status: except the equity (interest) base date was 2021/08/29, the surplus distribution had been allocated in 2020/09/10 3. Passed the amendment to Articles of Association. Implementation status: has been finished the change of registration in 2021/08/16 4. Passed to revise the Company's "Rules of Procedure of Shareholders' Meeting" motion Implementation status: has been uploaded and updated in company's website (Company Important Measures)

2) Major resolutions of the Board of Directors

Date	Major resolutions
2021.03.24	1. Passed the Company's application for a line of credit from banking institution motion 2. Passed the Company's 2020 Year director/supervisor and staff remuneration 3. Passed the Company's 2020 Year statement of operations, financial statement and consolidated financial statement 4. Passed the Company's 2020 Year "Internal Control Statement" report 5. Passed the Company's 2020 Year Distribution of Earnings 6. Passed the Company's 2021 Year first quarter issue of new shares 7. Passed to revise the Company's "Articles of Association" 8. Passed to revise the Company's "Rules of Procedure of Shareholders' Meeting" 9. Passed to organize the Company's 2021 general shareholders' meeting 10. Passed to accept shareholders' examination standard and operation procedure related issues 11. Passed the Company's certified accountant independence assessment 12. Passed the Company's accountant replacement motion 13. Passed to help BYD Hong Kong Limited and pay for $6 million for original factory AOS, as guaranteed deposits paid motion
2021.04.29	1. Passed The Company's 2021first quarter consolidated financial statement 2. Passed to help Compal Computer Co. LTD and pay $10 million for original factory AOS, as guaranteed deposits paid motion 3. Passed the Company's investment with $5 million to participate in Esquarre IOT Landing Fund's Private Fund Raising motion
2021.06.23	1. Passed the Company's application for a line of credit from banking institution motion 2. Passed to stipulate 2021 Year general shareholders' meeting postponement date and place 3. Passed to help DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION and pay $5 million for original factory AOS, as guaranteed deposits paid motion
2021.07.26	1.Passed the Company's application for a line of credit from banking institution motion 2.Passed to stipulate the Company's cash dividends NT$ 501,552,909 payment date and base date 3.Passed the Company's 2021 Year second quarter issue of new shares 4.Passed the Company's manager appointment

Date	Major resolutions
110.08.06	1.Passed the Company's application for a line of credit from banking institution motion 2.Passed the Company's 2021 Year second quarter consolidated financial statement 3.Passed the Company's 2020 Year manager and staff bonus distribution and salary adjustment 4.Passed to adjust the Company's surplus dividend ratio
110.11.10	1.Passed the Company's application for a line of credit from banking institution motion 2.Passed the Company 2021 third quarter consolidated financial statement 3.Passed to revise The Company "Risk Management Policies and Methods" 4.Passed the Company 2021 Year third quarter issue of new shares 5.Passed to stipulate The Company's "Organization Rules of Nominating Committee" 6.Passed to re-stipulate the Company's "Code of Practice on Corporate Social Responsibility"
110.12.22	1.Passed the Company's application for a line of credit from banking institution motion 2.Passed the Company's 2022 Year audit plan 3.Passed the Company 2022 Year operating plan (2022 Year Budget) 4.Passed the Company's 2021 Year manager year-end bonus distribution 5.Passed to help HUAQIN TELECOM HONG KONG LIMITED and pay $5 million for original factory AOS, as guaranteed deposits paid motion

(12) Dissenting or qualified opinion of directors or supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and as of the date of report: None.

(13) As of the annual report publication date, resignation condition of the Company's financial and business related staffs (including chairman, general manager, accounting supervisor, financial supervisor, internal auditing supervisor, corporate management supervisor and R&D supervisor, etc.): None.

5. Information on fees to CPA

(1) Certified accountant fees information

Unit:NT$1,000

Name of accounting firm	Name of CPA	Accountant's verification period	Auditing fees	Non-auditing fees	Total	Notes
Deloitted & Touche	Wong, Bo-Ren	2021.01.01~ 2021.12.31	3,400	175	3,575	
	CHEN, HUI-MING					

Note: Service contents from non-auditing fees: NT$ 175,000 for transfer pricing research and analysis.

1) If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed: None.
2) If the audit fees were reduced more than 15% from that of the prior year, the reduction amount, percentage and reasons for the reduction of audit fees shall be disclosed: None.

6. Information on the replacement of CPA

(1) About former accountant

<table>
<tr><td>Date of re-appointment</td><td colspan="4">2021.03.04</td></tr>
<tr><td>Reasons and descriptions for re-appointment</td><td colspan="4">Job rotation within accountant firm</td></tr>
<tr><td rowspan="3">State whether it is terminated by appointer or accountant or no longer accept appointment</td><td colspan="2">Person concerned / Condition</td><td>Accountant</td><td>Appointer</td></tr>
<tr><td colspan="2">Actively terminate</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td colspan="2">No longer accept appointment</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>Verification report opinions and reasons in addition to clean opinion that issued of recent two years</td><td colspan="4">No</td></tr>
<tr><td rowspan="6">Opinions different from issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Financial reports disclosure</td></tr>
<tr><td></td><td colspan="2">Verification scope or step</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosed information
(To be disclosed in this Code's Article 10 Item 6 (1)-(4) and (1-7))</td><td colspan="4">None</td></tr>
</table>

(2) About succeeded accountant

Name of accountant office	Deloitted & Touche
Accountant name	Wong, Bo-Ren, CHEN, HUI-MING
Date of appointment	2021.03.04
Advisories and results on specific transaction accounting treatment method or accounting principles as well as opinions on financial report before appointment	None
Succeeded accountant's different written opinions on former accountant	None

7. The Company's Chairman, President, and Finance or Accounting Officer have held a position in the independent auditing firm or its affiliates over the past year: None

8. Share transfer by directors, supervisors, managers and shareholders holding more than 10% interests and changes to share pledging by them in the past year and as of the date of report:
   (1) Changes in the equity of directors, supervisors, managers, and major shareholders

Title	Name	2021		As of April 16, 2022	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Director	Eric Chen	(50,000)	-	-	-
Director	Cheer Du	-	-	-	-
Director	Ciou-Jiang Hu	-	-	-	-
Director	Chuang Fong investment Co., Ltd.(Representative: Ming-Jhen Jhu)	-	-	-	-
Independent Director	Han-Liang Hu	-	-	-	-
Independent Director	Jiang-Long Guo	-	-	-	-
Independent Director	Siou-Ming Huang	-	-	-	-
Senior Executive Vice President	Mark Chen	-	-	-	-
Senior Executive Vice President	Jin-Long Sie	-	-	-	-
Vice President	Fu-Long Deng	-	-	-	-
Vice President	Andy Chang	-	-	-	-
Vice President	Chu-Ying Yang	-	-	-	-
Finance Manager	Jasmine Wu	(14,000)	-	-	-
Accounting Manager	Mandy Chiu	-	-	-	-

   (2) Shares Trading with Related Parties: None.
   (3) Shares Pledge with Related Parties: None.

9. Top 10 Shareholders Who are Related Parties, Spouses, or within Second Degree of Kinship to Each Other

April 16, 2022

Name	Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Eric Chen	8,667,851	4.37%	3,385,088	1.71%	609,000	0.31%	Chuang Fong investment Co., Ltd. Cheer Du	Owner Man and Wife	
Chuang Fong investment Co., Ltd. (Representative: Eric Chen)	3,694,901	1.86%	-	-	-	-	Eric Chen	Owner	
	8,667,851	4.37%	3,385,088	1.71%	609,000	0.31%	Chuang Fong investment Co., Ltd. Cheer Du	Owner Man and Wife	
Cheer Du	3,385,088	1.71%	8,667,851	4.37%	609,000	0.31%	Eric Chen	Man and Wife	
Yi-Lin Song	2,607,000	1.32%	-	-	-	-	Nai-Ke Song	son	
Nai-Ke Song	2,408,688	1.22%	-	-	-	-	Yi-Lin Song	father	
Ciou-Jiang HU	2,248,949	1.13%	1,505,036	0.76%	-	-	-	-	
Bei-Ling Chen	1,698,175	0.86%	-	-	-	-	-	-	
Heng-Huang Wu	1,640,000	0.83%	-	-	-	-	-	-	
Standard Chartered International Commercial Bank Business Department is commissioned to custody of SPDR (R) index share fund belonging SPDR portfolio emerging market ETF special investment account	1,570,000	0.79%	-	-	-	-	-	-	
Man-Li Song	1,531,354	0.77%	-	-	-	-	-	-	

10. The shares of the invested company held by the Company, the Company's directors, supervisors, managers, and companies controlled directly or indirectly, and the aggregated overall shareholding ratio: None.

April 15, 2022 Unit: thousand shares; %

Reinvestment Entities	Investments by the Company		Directors, supervisors, managers and direct or indirect control of investment in the business		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
PROMATE INTERNATIONAL CO., LIMITED(Note)	12,360,000	100.00	-	-	12,360,000	100.00
Promate Solutions Corporation (Note)	25,327,500	66.21	963,981	2.52	26,291,481	68.73
HAPPY ON SUPPLY CHAINMANGEMENT LTD.(Note)	3,000,000	100.00	-	-	3,000,000	100.00
PROMATE ELECTRONICS COMPANY USA(Note)	20,000	100.00	-	-	20,000	100.00
Promate Electronic(Shenzhen)Co., Ltd.	-	100.00	-	-	-	100.00
Promate Electronic(Shanghai)Co., Ltd.	-	100.00	-	-	-	100.00
CT Continental Corporation (Note)	5,400,000	90.00	-	-	5,400,000	90.00
PROMATE JAPAN	66,210	66.21	-	-	66,210	66.21

Note: Long-term equity investments made by the Company using equity method.

IV. Capital overview

1. Capital and shareholding

(1) Sources of capital

1) Types of Shares

April 16 , 2022；Unit: Share

Types of Shares	Authorized capital			Notes
	Outstanding Shares	Unissued Shares	Total	
Common Shares	197,966,446 (Listed on the market) (Note)	52,033,554	250,000,000	

Note: It includes 4,552,348 shares of convertible corporate bonds, and the registration of change has not been completed.

2) Capital stock formation process

Unit: Shares/NT$ thousand

Year/Month	Issue price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Capital Source	Subscriptions paid with property other than cash	Other
1986.05	10,000	600	6,000,000	600	6,000,000	Establishment capital	None	–
1988.11	10,000	1,600	16,000,000	1,600	16,000,000	Seasoned equity offering	None	–
1992.09	10,000	2,800	28,000,000	2,800	28,000,000	Seasoned equity offering	None	–
1995.10	10	5,600,000	56,000,000	5,600,000	56,000,000	Capital increase by merger	None	–
1997.12	10	8,000,000	80,000,000	8,000,000	80,000,000	Seasoned equity offering	None	–
1998.06	10	10,000,000	100,000,000	10,000,000	100,000,000	Seasoned equity offering Capital increase by retained earning	None	–
1999.09	10	30,000,000	300,000,000	15,000,000	150,000,000	Seasoned equity offering Capital increase by retained earning	None	–

Year/Month	Issue price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Capital Source	Subscriptions paid with property other than cash	Other
2000.06	18 10	30,000,000	300,000,000	23,500,000	235,000,000	Seasoned equity offering Capital increase by retained earning	None	—
2001.07	10	30,800,000	308,000,000	30,200,000	302,000,000	Capital increase by retained earning	None	—
2002.07	10	110,000,000	1,100,000,000	41,200,000	412,000,000	Capital increase by retained earning	None	—
2003.02	40	110,000,000	1,100,000,000	46,375,000	463,750,000	Seasoned equity offering	None	—
2003.06	10	110,000,000	1,100,000,000	60,062,675	600,626,750	Capital increase by retained earning Capital Surplus Transferred to common stock	None	—
2004.07	10	110,000,000	1,100,000,000	77,194,850	771,948,500	Capital increase by retained earning	None	—
2004.11	11.5	110,000,000	1,100,000,000	77,703,850	777,038,500	Exercising employee stock warrant	None	—
2005.01	11.5	110,000,000	1,100,000,000	77,882,850	778,828,500	Exercising employee stock warrant	None	—
2005.05	11.5/40.1	110,000,000	1,100,000,000	78,142,538	781,425,380	Exercising employee stock warrant Shares converted from corporate bonds	None	—
2005.08	11.5/40.1/10	110,000,000	1,100,000,000	95,621,932	956,219,320	Exercising employee stock warrant Shares converted from corporate bonds Capital increase by retained earning Capital Surplus Transferred to common stock	None	—
2005.11	10/32.8	110,000,000	1,100,000,000	98,929,068	989,290,680	Exercising employee stock warrant Shares converted from corporate bonds	None	—
2006.03	10/32.8	200,000,000	2,000,000,000	99,073,896	990,738,960	Exercising employee stock warrant Shares converted from corporate bonds	None	—
2006.12	10/27.6	200,000,000	2,000,000,000	119,040,884	1,190,408,840	Exercising employee stock warrant Shares converted from corporate bonds	None	—

Year/Month	Issue price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Capital Source	Subscriptions paid with property other than cash	Other
2007.03	10/27.5/25	200,000,000	2,000,000,000	125,852,429	1,258,524,291	Exercising employee stock warrant Shares converted from corporate bonds Seasoned equity offering	None	–
2007.10	10/27.5/31.26	200,000,000	2,000,000,000	164,041,139	1,640,411,390	Capital increase by retained earning Capital Surplus Transferred to common stock Exercising employee stock warrant Shares converted from corporate bonds	None	–
2007.12	10/22.81/25.14	200,000,000	2,000,000,000	168,281,248	1,682,812,480	Exercising employee stock warrant Shares converted from corporate bonds	None	–
2008.08	10/22.81/25.14	200,000,000	2,000,000,000	181,409,101	1,814,091,010	Capital increase by retained earning Capital Surplus Transferred to common stock Shares converted from corporate bonds	None	–
2010.01	18.39	250,000,000	2,500,000,000	182,317,194	1,823,171,940	Shares converted from corporate bonds	None	–
2011.07	10	250,000,000	2,500,000,000	181,810,194	1,818,101,940	Cancellation of treasure stocks	None	–
2012.07	10	250,000,000	2,500,000,000	179,045,194	1,790,451,940	Cancellation of treasure stocks	None	–
2021.04	10/32.16	250,000,000	2,500,000,000	179,126,039	1,791,260,390	Shares converted from corporate bonds	None	–
2021.08	10/32.16	250,000,000	2,500,000,000	182,944,438	1,829,444,380	Shares converted from corporate bonds	None	–
2021.11	10/32.16/30.16	250,000,000	2,500,000,000	190,237,728	1,902,377,280	Shares converted from corporate bonds	None	–
2022.04	30.16	250,000,000	2,500,000,000	193,414,098	1,934,140,980	Shares converted from corporate bonds	None	–

Note: The Company held an interim shareholders' meeting on March 1, 2006, to amend the Articles of Incorporation and increase the rated capital to NT$ 2 billion.
Note 1: Approved by SFRC (2000) Taiwan Finanncial Certificate (1) No. 50726 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated June 20, 2000.
Note 2: Approved by SFRC (2001) Taiwan Financial Certificate (1) No. 142196 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated July 2, 2001.
Note 3: Approved by SFRC (2002) Taiwan Financial Certificate (1) No. 0910132187 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated June 13, 2002.
Note 4: Approved by SFRC (2002) Taiwan Financial Certificate (1) No. 0910154527 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated Nov. 26, 2002.
Note 5: Approved by SFRC (2003) Taiwan Financial Certificate (1) No. 0920125694 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated June 11, 2003.
Note 6: Approved by Financial Management Certificate (1) No. 0930131408 of the Financial Supervisory Commission of the Executive Yuan dated July 14, 2004.
Note 7: Jing-Shou-Shang-Zi No. 09301208080 dated Nov. 9, 2004
Note 8:Jing-Shou-Shang-Zi No. 09401015760 dated Jan. 26, 2005
Note 9:Jing-Shou-Shang-Zi No. 09401073410 dated May 3, 2005
Note 10: Jing-Shou-Shang-Zi No.09401168320 dated Aug. 26, 2005
Note 11: Jing-Shou-Shang-Zi No. 09401219600 dated Nov. 2, 2005
Note 12: Jing-Shou-Shang-Zi No. 09501052320 dated Mar. 27, 2006
Note 13: Jing-Shou-Shang-Zi No.09601081980 dated Apr. 23, 2007
Note 14: Jing-Shou-Shang-Zi No. 09601231670 dated Oct. 1, 2007
Note 15: Jing-Shou-Shang-Zi No. 09601296060 dated Dec. 3, 2007
Note 16: Jing-Shou-Shang-Zi No. 09701028720 dated Feb. 1, 2008
Note 17: Jing-Shou-Shang-Zi No. 09701113220 dated May 15, 2008
Note 18: Jing-Shou-Shang-Zi No. 09701202430 dated Aug. 13, 2008
Note 19: Jing-Shou-Shang-Zi No. 09901014070 dated Jan. 22, 2010
Note 20: Approved by Tai-Zheng-Shang-Zi No. 10000237711 of the stock exchange dated July 18, 2011.
Note 21: Jing-Shou-Shang-Zi No. 10101137610 date Jul. 11, 2012
Note 22: Jing-Shou-Shang-Zi No. 11001061810 date Apr.9, 2021
Note 23: Jing-Shou-Shang-Zi No. 11001138650 date Aug.16, 2021
Note 24: Jing-Shou-Shang-Zi No. 11001213360 date Nov.17, 2021
Note 25: Jing-Shou-Shang-Zi No. 11101050130 date Apr.11, 2022

(2) Shareholder structure

2022.4.16; Unit: Share

Shareholder structure / Quantity	Government institutions	Financial institution	Other institutions	Individuals	Foreign institutions and foreigners	Total
Head count	-	-	218	36,123	86	36,427
Number of shares held	-	-	13,082,792	169,643,297	15,495,660	198,221,749
Shareholding percentage	-	-	6.60	85.59	7.81	100.00

(3) Dispersion of equity ownership

2022.4.16; Unit: Share

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding percentage%
1 to 999	17,223	604,897	0.31
1,000 to 5,000	14,326	30,371,521	15.32
5,001 to 10,000	2,448	19,152,829	9.66
10,001 to 15,000	790	10,069,306	5.08
15,001 to 20,000	448	8,220,311	4.15
20,001 to 30,000	451	11,303,047	5.70
30,001 to 40,000	204	7,179,709	3.62
40,001 to 50,000	143	6,568,319	3.31
50,001 to 100,000	210	14,497,723	7.31
100,001 to 200,000	87	12,059,934	6.08
200,001 to 400,000	41	11,667,984	5.89
400,001 to 600,000	16	7,679,502	3.87
600,001 to 800,000	10	7,249,935	3.66
800,001 to 1,000,000	8	6,900,187	3.48
1,000,001 or more	22	44,696,545	22.56
Total	36,427	198,221,749	100

(4) List of Major Shareholders: Repurchasing shares of the Company during the most recent fiscal year or as of the date of printing of the annual report

April 16，2022

Shares / Name of major shareholder	Number of shares held	Shareholding percentage
Eric Chen	8,667,851	4.37%
Chuang Fong investment Co., Ltd.	3,694,901	1.86%
Cheer Du	3,385,088	1.71%
Yi-Lin Song	2,607,000	1.32%
Nai-Ke Song	2,408,688	1.22%
Ciou-Jiang HU	2,248,949	1.13%
Bei-Ling Chen	1,698,175	0.86%
Heng-Huang Wu	1,640,000	0.83%
Standard Chartered International Commercial Bank Business Department is commissioned to custody of SPDR (R) index share fund belonging SPDR portfolio emerging market ETF special investment account	1,570,000	0.79%
Man-Li Song	1,531,354	0.77%

(5) Stock price, net worth, earnings, dividends and related information for the previous two years

Unit: Shares/NT$ thousand

Year / Item			2020 (Distributed in 2019)	2021 (Distributed in 2020)	As of March31, 2022 (Note 8)
Stock price(Note 1)	Max		38.30	43.70	46.10
	Low		25.80	34.25	41.05
	Average		33.83	39.49	43.68
Net worth per share (Note 2)	Before distribution		21.69	24.39	27.63
	After distribution		21.00	Note 9	-
Earnings per share	Weighted Average Shares		179,059	184,310	194,237
	Earnings Per Share (Note3)	Before Retrospective Adjustment	2.99	4.31	1.56
		After Retrospective Adjustment	2.99	4.31	1.56
Dividends per share	Cash dividends		2.80	Note 9	-
	Stock dividends	Earnings	-	Note 9	-
		Capital surplus	-	Note 9	-
	Accumulated unpaid dividend (Note4)		-	-	-
Return analysis	Price-earnings ratio (Note 5)		11.31	9.16	-
	Price-dividend ratio (Note 6)		12.08	Note 9	-
	Cash dividend yield (Note 7)		8.28%	Note 9	-

Note 1: List the highest and lowest prices of common share in each year, and calculate the market average based on make a bargain and volume.

Note 2: List subject to year-end total shares outstanding and distribution condition from Board of Directors' resolution or next year shareholders' meeting.

Note 3: The earnings per share before and after the adjustment should be shown in case of retroactive adjustment due to free allotment.

Note 4: If the conditions of issuance of equity securities stipulate that the accrued dividends of current year shall be paid in a year with surplus, the accrued dividends as of current year shall be disclosed separately.

Note 5:Price-earnings ratio = Year's average per share closing price / earnings per share.

Note 6:Price-dividend ratio = Year's average per share closing price / cash dividend per share.

Note 7:Cash dividend yield = Cash dividend per share / year's average per share closing price.

Note 8: net worth per share and earnings per share must be listed with accountant auditing (check and approve) data of the latest quarter as of the annual report publication date;

The rest column must list the current year data as of the annual report publication date.

Note 9: 2021 surplus distribution motion is to be discussed under general shareholders' meeting, and relevant information is not disclosed after adjustment..

(6) Dividend policy and implementation status

1. Dividend policy stipulated in the Company's Articles of Incorporation:

   In accordance with Company Act and the Company's Articles of Incorporation, the annual total surplus, if any, should be withdrawn for the tax firstly, to make up the losses of the past year, then allocated by 10% for the statutory surplus reserves from the balance;

after listing and returning the special surplus reserves according to the laws or regulations, if there are balance, together with the accumulated undistributed earnings, the Board of Directors shall formulate the distribution proposal, and the shareholders' meeting resolution shall determine the distribution. Distribution policy is stipulated based on company's capital budgeting, medium and log term operation planning and financial condition, and by referring the average levels of same trade and capital market dividend on shares. Earnings distribution is subject to the not less than 50% of divisible surplus in current year in stock or cash. Only cash dividends distribution proportion shall not be less than 20% of total dividends, which might also be increased in case of future surplus and capital are sufficient
The Company was approved by the Board of Directors on March 16, 2022 to pay a cash dividend equal to 93% of the current net profit.

2. Distribution of dividend proposed for approval at the Shareholders' Meeting:
The 2021 annual earnings distribution plan of the Company has been approved by the Board of Directors on March 16, 2022, and it is proposed to distribute the cash dividends of NT$ 737,021,000 (NT$ 3.78 per share) to the shareholders, pending the resolution of the shareholders' meeting.

(7) Effect of Stock Dividends to Operating Performance and EPS:
Not applicable. There is nostock dividend this year

(8) Remuneration of directors, managers and employees:
For the directors, managers and employees remuneration system, Promate's Remuneration Committee shall evaluate the remuneration policy and system of Promate's directors, managers, and employees with professional objective status, at least twice meetings a year, and may hold a meeting at any time depending on the need, to assist the Board of Directors to evaluate and supervise the remuneration policy of the Company as a whole, for reference of its decision-making. The Committee shall take into account the usual salary level of the same industry, and consider the performance of Promate's operation and employees' personal performance appraisal as well as the future operational risks. It shall not guide the directors, managers and employees to pursue higher salary and reward and engage in the behaviors beyond the Company's risk. On the basis of the principle of determining the proportion of remuneration to be paid to directors, managers and employees for short-term performance and the time of partial variable remuneration, taking into account the characteristics of the industry and the nature of the Company's business, it shall faithfully perform the following functions and powers, and submit the suggestions to the Board of Directors for discussion:

a. To ensure that the Company's remuneration level is in line with relevant labor laws and regulations and sufficient to attract the talented people.
b. To formulate and regularly review the policies, systems, standards and structures for performance appraisal and remuneration levels of directors, managers and employees.
c. To determine and regularly evaluate the performance and remuneration of directors, managers and employees.
d. The content and amount of remuneration for directors, managers and employees shall consider their reasonability. The determination of remuneration for directors, managers and employees shall not be materially inconsistent with the financial performance.

1) Percentage or scope of remuneration to employees, directors and supervisors provided in Company's Articles of Incorporation:
According to the provisions of Article 235-1 of the Company Act, the Company's Articles of Incorporation were revised by the interim shareholders' meeting on

December 16, 2015. If the Company makes profits in the year, it shall allocate 7.5%~10% for the remuneration of employees, and the remuneration of directors and supervisors shall not be higher than 3%. However, if the Company still has accumulated losses, it shall reserve to make up for them in advance.

2) Basis for estimating the amount of compensation for employees, directors and supervisors, basis for calculating the number of shares to be distributed as stock compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

   The Company estimated the remuneration for employees, and remuneration for directors and supervisors as of December 31, 2021 to be NT$ 80.5 million and NT$ 16.5 million respectively. After the end of the year, if there is a significant change in the distribution amount decided by the Board of Directors prior to the adoption of annual financial report, such change shall adjust the original annual expenses. If there is still any change in the amount after the adoption of annual financial report, it will be adjusted and recorded in the next year according to changes in accounting estimates.

3) Distribution of compensation passed by the Board of Directors:

   (a) Employee and directors' remuneration will be distributed in cash or stocks.If there is any difference from the annual estimated amount of recognized expenses, the amount of the difference, the reasons for the difference and the treatment shall be disclosed:

   The Board of Directors of the Company has determined that the remuneration for employees, directors and supervisors in 2021 is NT$80.5 million and NT$16.5 million respectively, and the difference between the remuneration for employees and directors and supervisors recognized in the financial report of 2021 is adjusted to the profit and loss of 2021.

   (b) Amount of employee compensation distributed in the form of stock and as a percentage of the after-tax profit provided in this year's standalone financial statements and total employee compensation combined: None.

4) Actual distribution of employee bonus and remuneration of board directors and supervisors in the previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors and supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies:

   The remuneration of the Company's employees and directors and supervisors in 2020 as determined by the Board of Directors is NT$52 million and NT$10.5 million respectively, and there is no difference between the compensation of the employees, directors and supervisors recognized in the financial report of 2020.

(9) Repurchasing shares of the Company during the most recent fiscal year or as of the date of printing of the annual report: None.

2. Issuance of corporate bonds (include overseas corporate bond)
   (1) Issuance of corporate bonds:

<table>
<tr><td colspan="2">Type of Corporate Bonds</td><td>Third domestic unsecured convertible corporate bonds</td></tr>
<tr><td colspan="2">Issuance date</td><td>June 8, 2020</td></tr>
<tr><td colspan="2">Par value</td><td>NT$100,000</td></tr>
<tr><td colspan="2">Place of issue and trading</td><td>(Note)</td></tr>
<tr><td colspan="2">Issue price</td><td>NT$101,000</td></tr>
<tr><td colspan="2">Total amount</td><td>NT$1.0 billion</td></tr>
<tr><td colspan="2">Interest Rate</td><td>Coupon rate of 0%</td></tr>
<tr><td colspan="2">Interest Rate</td><td>3 years: Matures on June8, 2023</td></tr>
<tr><td colspan="2">Guarantor agency</td><td>None</td></tr>
<tr><td colspan="2">Trustee</td><td>Trust Department, Chang Hwa Commercial Bank, Ltd.</td></tr>
<tr><td colspan="2">Underwriting institution</td><td>CAPITAL SECURITIES CORP.</td></tr>
<tr><td colspan="2">Certified lawyer</td><td>N/A</td></tr>
<tr><td colspan="2">CPA</td><td>N/A</td></tr>
<tr><td colspan="2">Repayment method</td><td>Except for the holders of this converted corporate bond who convert the ordinary shares of the Company in accordance with Article 10 of the Issue and Conversion Measures, the early redeemer of the Company in accordance with Article 18 of the Same Law, or the write-off of the Company's purchase and write-off by the Securities Dealer's Office, the Company shall repay the converted corporate bonds held by the bondholders in cash at the maturity of the bonds.</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$411,900,000 (as of March 31, 2022)</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td>None</td></tr>
<tr><td colspan="2">Restriction clauses</td><td>None</td></tr>
<tr><td colspan="2">Names of credit rating agency, rating date, rating of corporate bonds</td><td>N/A</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>Amount converted to common shares as of the date of report</td><td>The amount and number of ordinary shares converted as of May 12, 2022 are as follows:
NTD 191,765,550
19,176,555 Shares</td></tr>
<tr><td>Issuance and conversion method</td><td>For details, please refer to the Company's terms of issuance and conversion of the third domestic unsecured convertible corporate bonds.</td></tr>
<tr><td colspan="2">Issuance and conversion, and potential dilution and impact on</td><td>For the issuance of convertible corporate bonds of NT$1.0 billion, with a conversion price of NT$34.5 at the time of issue,</td></tr>
</table>

existing shareholders' equity from the terms of issuance	the maximum number of the Company's common stock convertible is approximately 28,985,507 shares. Based on the 179,045,194 outstanding shares issued by the Company at the time of issue, the maximum dilution of shareholding is approximately 13.93%. For shareholders' equity, the conversion of corporate bonds into the Company's common shares not only reduces liabilities, but also increases shareholders' equity, thereby increasing the net value per share. Thus, it better protects shareholders' equity in the long run.
Name of the transfer agent	N/A

Note: For overseas corporate bonds.

(2) Information on convertible corporate bonds:

Type of Corporate Bonds		Third domestic unsecured convertible corporate bonds		
Item \ Year		2020	2021	As of April 30, 2022
Market price of the convertible corporate bonds	Max	116.00	138.85	152.00
	Low	103.50	111.20	136.50
	Average	106.79	124.50	145.60
Conversion price		30.16		
Issuance date and conversion price at issuance		Issuance date: June 8, 2020 Conversion price at issuance: 34.5		
Fulfilling the conversion obligation		The common shares of the Company are the subject matter of conversion, and the conversion obligation is fulfilled by issuing new shares. The bondholders shall conduct the conversion in the form of book transfer through Nordic CSD.		

(3) Information on exchange of corporate bonds: None.
(4) Shelf registration relating to issuance of corporate bonds: None.
(5) Information on corporate bonds with warrants: None.

3. Issuance of preferred shares: None.
4. Issuance of global depositary receipts (GDR): None.
5. Issuance of employee stock warrants: None.
6. Issuance of new restricted employee shares: None.
7. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.
8. Financing plans and implementation:

Capital raising					Implementation of financing plans
Method	Amount	Receipt date:	Purpose	Subjects	
Third domestic unsecured convertible corporate bonds	NT$1.0 billion	June 4, 2020	Repayment of bank loan	100% publicly offered	Bank loan repaid in full on Q2 (Second Quarter) 2020

V. Business Overview

1. Business Activities
   (I) Business scope
   (1) Major business activities:
   1. Mechanical Equipment Manufacturing.
   2. Office Machines Manufacturing
   3. Electronic Parts and Components Manufacturing.
   4. Computer and Peripheral Equipment Manufacturing.
   5. Electrical Appliances and Audiovisual Electronic Products Manufacturing
   6. Optical Instruments Manufacturing
   7. Watches and Clocks Manufacturing
   8. Toys Manufacturing
   9. Computing Equipments Installation Construction
   10. Wholesale of Ironware
   11. Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
   12. Wholesale of Glasses
   13. Wholesale of Machinery
   14. Wholesale of Electronic Materials.
   15. Wholesale of Precision Instruments
   16. Wholesale of Computers and Clerical Machinery Equipment
   17. Retail Sale of Computer Software
   18. Wholesale of Electronic Materials
   19. Retail Sale of Hardware.
   20. Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
   21. Retail Sale of Watches and Clocks
   22. Retail Sale of Electrical Appliances
   23. Retail Sale of Computers and Clerical Machinery Equipment
   24. Retail Sale of Precision Instruments
   25. Retail Sale of Other Machinery and Equipment
   26. Retail Sale of Computer Software
   27. Retail Sale of Electronic Materials
   28. Restrained Telecom Radio Frequency Equipments and Materials Import.
   29. Software Design Services
   30. Data Processing Services.
   31. General Advertising Services.
   32. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

   (2) Operation proportion: the operation proportion of various major products of the merged company in 2021 is as follows:

Unit: NT $1,000

Item	Operating revenue	Operating proportion
Specific applications and LCD panel related products	6,469,499	19.93
Linear/distributed components	14,273,300	43.96
Applied chips	2,641,228	8.13
Image processing IC	6,804,960	20.96

Others (Note)	2,280,066	7.02
Total	32,469,053	100.00

Note:The agent products including the microcomputer controller, LED and memory are merged into other items

(3) Current products and services of the Company:
a. Agency of specific applied IC
b. Agency of LCD panel
c. Agency of microcomputer controller
d. Agency of image processing IC
e. Agency of linear/distributed component
f. Agency of embedded LCD module product
g. Agency of other electronic component

(4) New commodities and services planned for development
With the rapid change of industry environment, the Company expects to develop new products, including the industrial applications, automotive electronics, wireless communications, analog IC and consumer electronics components and other niche products.

(II) Industry overview
(1) Current situation and development of the industry:
According to International Monetary Fund's (IMF) latest reports that published on *World Economic Outlook in* 2021/10*,* the global economic growth was predicted to reduce from 6.0% in July to 5.9%; and that of 2022 also presented a a small drop and maintained at 4.9%. Yes, there has been a budding economic recovery, however, impacts of the COVID-19 pandemic spread across borders disrupting international supply chains, and also weakening the growth momentum. Therefore, IMF has reduced the economic growth among developed counties from 5.6% in July to 5.2%, as the economic conditions in low-income and developing countries continue to deteriorate, which offsets that of emerging markets and developed counties with strong economic outlook through bulk commodities export recently.
Word Bank's economic report in June of last year pointed out that in post-epidemic era, global economic recovery was unbalance, and many developing counties were still in fighting against the pandemic. For this reason, it reduces the global economic growth to 4.3%, and 4.2% in America, 4.4% in Eurozone, 5.4% in China, while 2.6% in Japan. Beside, in the light of the latest *World Economic Outlook Report* that published by International Monetary Fund (IMF) in October, 12 last year, it also reduced the global economic growth speed to 4.9%, 5.2% in America, 4.3% in Eurozone, 5.6% in China, while 3.2% in Japan as expected. Furthermore, Global Economic Prospects" from Organization for Economic Cooperation and Development (OECD) in early December of last year pointed out that global the inflation rate has been creeping up to beyond expectation, and longer lasting, which may also cause soaring commodity prices risk to families and enterprises. So, it also regulated current year's economic prediction rate, namely 4.5% for the world, 3.7% for America, 4.3% for Eurozone, 5.1% for China, while 2.6% for Japan.

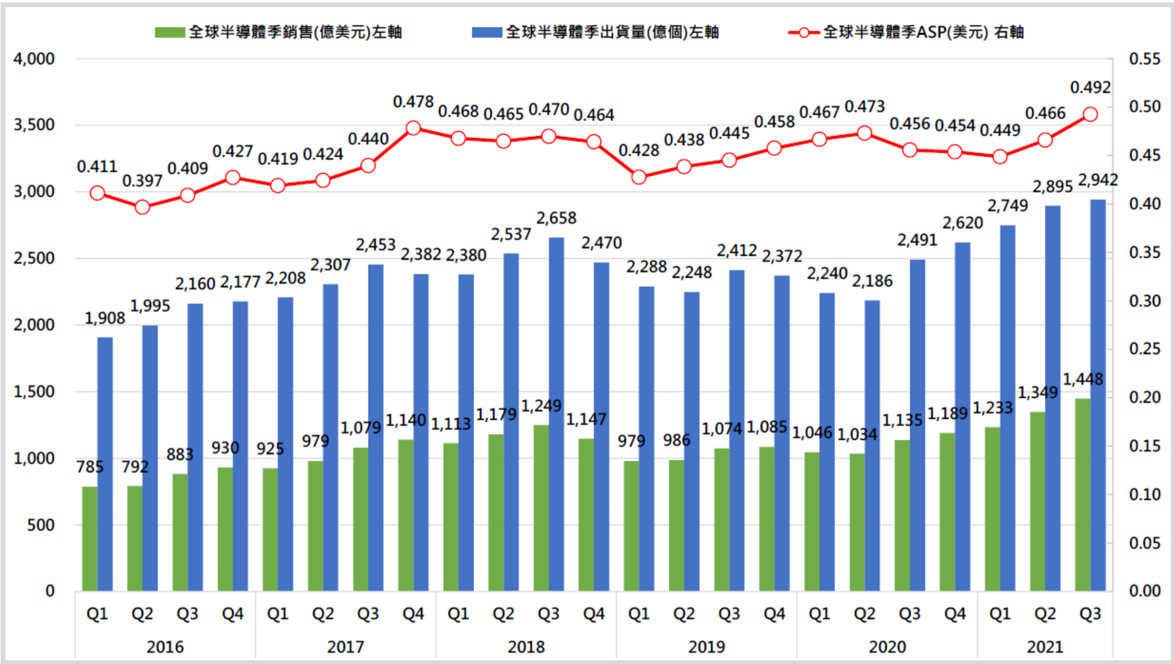
	2020	Projections 2021	Projections 2022	Difference from July 2021 WEO *Update*[1] 2021	Difference from July 2021 WEO *Update*[1] 2022	Difference from April 2021 WEO[1] 2021	Difference from April 2021 WEO[1] 2022
World Output	**−3.1**	**5.9**	**4.9**	**−0.1**	**0.0**	**−0.1**	**0.5**
Advanced Economies	**−4.5**	**5.2**	**4.5**	**−0.4**	**0.1**	**0.1**	**0.9**
United States	−3.4	6.0	5.2	−1.0	0.3	−0.4	1.7
Euro Area	−6.3	5.0	4.3	0.4	0.0	0.6	0.5
Germany	−4.6	3.1	4.6	−0.5	0.5	−0.5	1.2
France	−8.0	6.3	3.9	0.5	−0.3	0.5	−0.3
Italy	−8.9	5.8	4.2	0.9	0.0	1.6	0.6
Spain	−10.8	5.7	6.4	−0.5	0.6	−0.7	1.7
Japan	−4.6	2.4	3.2	−0.4	0.2	−0.9	0.7
United Kingdom	−9.8	6.8	5.0	−0.2	0.2	1.5	−0.1
Canada	−5.3	5.7	4.9	−0.6	0.4	0.7	0.2
Other Advanced Economies[2]	−1.9	4.6	3.7	−0.3	0.1	0.2	0.3
Emerging Market and Developing Economies	**−2.1**	**6.4**	**5.1**	**0.1**	**−0.1**	**−0.3**	**0.1**
Emerging and Developing Asia	−0.8	7.2	6.3	−0.3	−0.1	−1.4	0.3
China	2.3	8.0	5.6	−0.1	−0.1	−0.4	0.0
India[3]	−7.3	9.5	8.5	0.0	0.0	−3.0	1.6
ASEAN-5[4]	−3.4	2.9	5.8	−1.4	−0.5	−2.0	−0.3
Emerging and Developing Europe	−2.0	6.0	3.6	1.1	0.0	1.6	−0.3
Russia	−3.0	4.7	2.9	0.3	−0.2	0.9	−0.9
Latin America and the Caribbean	−7.0	6.3	3.0	0.5	−0.2	1.7	−0.1
Brazil	−4.1	5.2	1.5	−0.1	−0.4	1.5	−1.1
Mexico	−8.3	6.2	4.0	−0.1	−0.2	1.2	1.0
Middle East and Central Asia	−2.8	4.1	4.1	0.1	0.4	0.4	0.3
Saudi Arabia	−4.1	2.8	4.8	0.4	0.0	−0.1	0.8
Sub-Saharan Africa	−1.7	3.7	3.8	0.3	−0.3	0.3	−0.2
Nigeria	−1.8	2.6	2.7	0.1	0.1	0.1	0.4
South Africa	−6.4	5.0	2.2	1.0	0.0	1.9	0.2
Memorandum							
World Growth Based on Market Exchange Rates	−3.5	5.7	4.7	−0.3	0.1	−0.1	0.6

註：數據源自 IMF 於 2021 年 10 月發布之全球 GDP 預測數據

資料來源：IMF

According to statistics from WST, 2021 third quarter’s global semiconductor market sales was 144.8 billion dollars (Fig. 2), increased by 7.4% as compared with last quarter (2021Q2), and 27.6% as compared with same period of 2020 (2020Q3); sales volume reached 294.2 billion, increased by 1.6% as compared with last quarter (2021Q2), and 18.1% as compared with same period of 2020(2020Q3); ASP is 0.492 dollars, increased by 5.7% as compared with last quarter (2021Q2), and 8.1% as compared with same period of 2020(2020Q3).

Moreover, sales volume of semiconductor market in America in 2021 third quarter reached 32.1 billion dollars, increased by 13.2% as compared with last quarter (2021Q2), and 33.5% as compared with same period of 2020(2020Q3); semiconductor market sales volume in Japan reached 11.5 billion dollars, increased by 8.2% as compared with last quarter (2021Q2), and 24.5% as compared with same period of 2020 (2020Q3); semiconductor market sales volume in Europe reached 12 billion dollars, increased by 2.6% as compared with last quarter (2021Q2), and 32.3% as compared with same period of 2020(2020Q3); while that in the mainland China reached 50.2 billion dollars, increased by 5.9% as compared with last quarter (2021Q2), and 24.0% as compared with same period of 2020(2020Q3); and last semiconductor market sales volume in Asian-Pacific region reached 39.1 billion dollars, increased by 6.2% as compared with last quarter (2021Q2), and 27.2% as compared with same period of 2020(2020Q3).



註：數據源自於 WSTS 於 2021 年 10 月所發布全球半導體逐月市場值
資料來源：工研院產科國際所

Global economics in 2021 was continuously affected by COVID-19, and as predicted by IMF in 2021/10, global GDP in whole 2021 grew by 5.9%, to revise downward by 0.1% as compared with the predicted value in July, and that in 2022 was 4.9%, which reminds unchanged with the predicted value in July. While global economics in the first half of 2021 had been driven by Stay at Home Economic, of which, computer products presented a rapid growth. However in 2021 third quarter, it is found that the growth of global computer products was equal to that in 2020 third quarter, with a percentage of 1.0%; while global tablet personal computer in 2021 third quarter was decreased by 9.4%; and global smartphone was also decreased by 6.7% at the same time, so, with that said, global Stay at Home Economic were slowing.

As Covid-19 vaccine is popularized, and global economics recover to normal, demands for computer and smart phone products that had ever been driven by Stay at Home Economic were slowing and recovering to previous normal growth level.

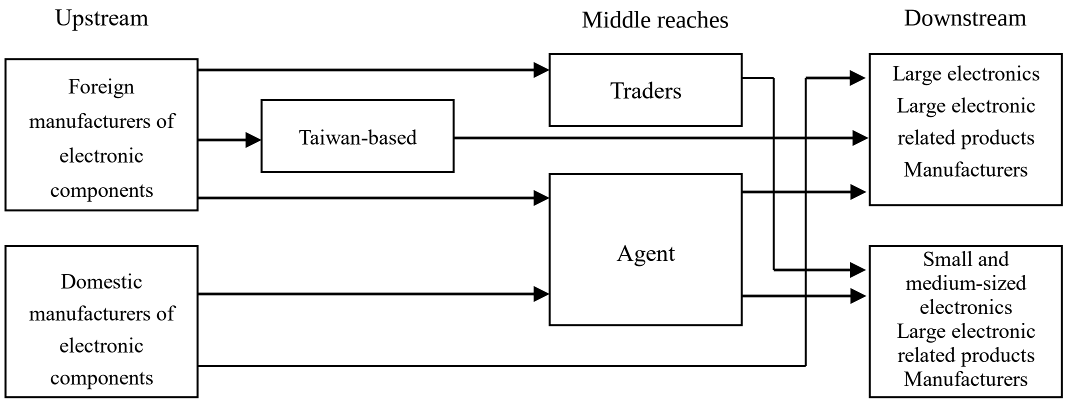
According to statistics from WSTS, the growth ratio of global semiconductor in 2021 third quarter changed to single, namely increased by 7.4% compared with 2021 second quarter. With respect to Japan, Europe, Mainland China and Asian-Pacific region, etc, the growth ratios in third quarter were also changed to single. That points out demands for semiconductor product in terminal market were gradually decreased, as well as its growth momentum. By looking at the future market, global semiconductor products will still present a growth trend, but not with extremely high momentum, and the overall global semiconductor market is gradually recover to previous normal growth momentum.

According to the forecast of World Semiconductor Trade Statistics Organization (WSTS), the total sales value in global semiconductor market of 2021 was 553 billion dollars, increased by 25.6% as compared with 2020 (previously was 19.7%). Although COVID-19 continues, terminal electronic products are also highly demanded, and as predicted by WSTS, global semiconductor production value in 2022 is excepted to exceed 600 billion dollars for the first time, namely achieving 601.5 billion dollars, with a yearly growth rate of 8.8%. it is estimated in 2023, its production value will reach 633.2 billion dollars, with a growth rate of 5.3%, and 671.4 billion dollars in 2024, with a growth rate of 6.0%.

註：數據源自於 WSTS 於 2021 年 11 月發布之全球半導體市場預測數據。
資料來源：工研院產科國際所

(2) Relevance of upstream, midstream and downstream of the industry

The main business of the Company is the distribution of electronic components. The industry is a bridge between the domestic and foreign upstream electronic component manufacturers and downstream computer, information, communications, optoelectronics, industrial electronics, national defense and aerospace, and transportation electronics manufacturers, and manages a wide range of product items. Therefore, maintaining the smooth flow of goods through the channels is a key part of our business performance. For the upstream manufacturers, we construct a complete and dense sales network, and save the cost of management and marketing. For the downstream manufacturers, we can quickly provide the required electronic components and application engineering support, reduce their research and development costs, and effectively reduce the inventory costs. Therefore, the agency and the downstream manufacturers form a close business community of co-existence and co-prosperity, and not only a pure trading relationship, but through its channel advantage, to effectively provide the overall industry operation efficiency. The upstream, midstream and downstream association diagram of the industry is shown as follows:

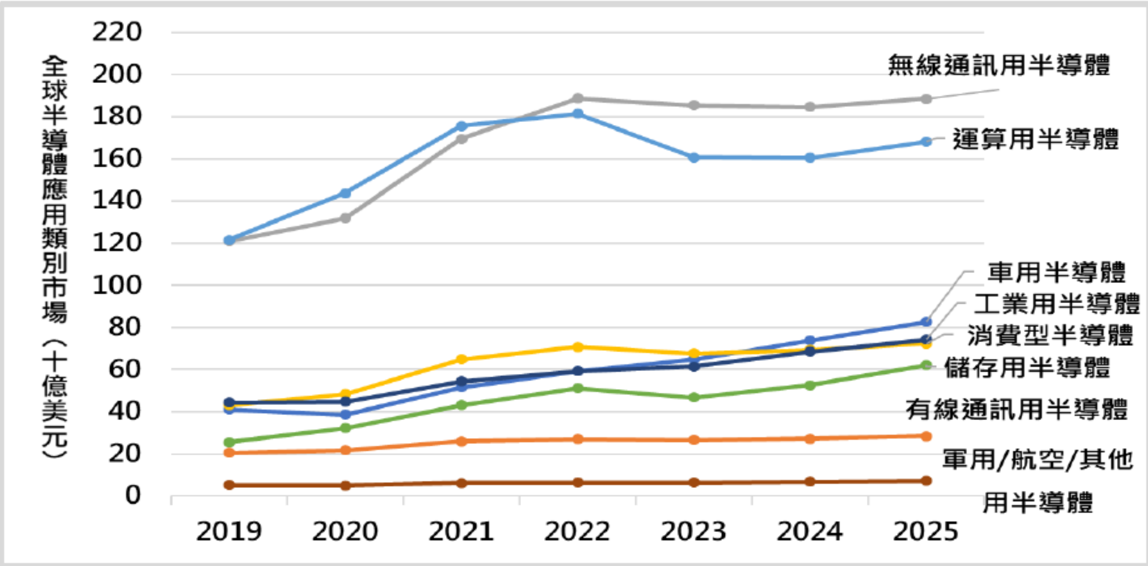


(3) Future development trend of products

Global semiconductor application refers to 3C (communication, computation and consumption) application in early stage, and with the enhancement of electronization degree, the proportion of other application categories are rising by years. In 2020, the largest application category was computing semiconductor, whose market sales volume was 143.8 billion dollars, and global market share was 30.8%; the second largest was wireless communication semiconductor, whose market sales volume was 131.8 billion dollars, and global market share was 28.3%; The third largest was consumption-type semiconductor, whose scale was 48.3 billion dollars, and global market share was 10.4%. Other semiconductor applications accounted less than 10% in market.

In 2021, The largest application category was still the computing semiconductor, whose was175.6 billion dollars, and global market share is 29.7%. As 5G communication layout is more complete, in 2022, the largest application category will be replaced by wireless communication semiconductor, whose market sales volume will reach 188.8 billion dollars, and global market share is to be 29.3%. Through observations on semiconductor application categories' future growth momentum, it can predict that, before 2025, wireless communication semiconductor will sustain its first place.

Among other application categories, and with the enhancement of electronization degree, proportions and ranks are changing. In 2023, global automotive semiconductor market sales volume will reach 65 billion dollars, with a global market share accounted 10.5%, and exceed the global industrial semiconductor market share which is 9.9%, to become the fourth largest application category. In 2024, global automotive semiconductor market sales volume will also reach 73.9 billion dollars, with a global market share accounted 11.5%, and exceed global consumption-type semiconductor market share which is 10.8%, to become the third largest application category. And also in 2025, global industrial semiconductor market sales volume will reach 74.1 billion dollars, with a global market share accounted 10.8%, and exceed global consumption-type semiconductor market share which is 10.6%, to become the fourth largest application category.



註：數據源自於 Gartner 於 2021 年 11 月發布之全球半導體市場預測數據。
資料來源：工研院產科國際所

(III) Technology and R&D overview

(1) Technical levels of operating business, technologies and products of R&D and successful development

The sustainable operation of professional electronic components sales agency is to meet the customer demand and grasp the market pulse; responding to the fast electronic information science and technology change and product alternation, the Company set up the product field application engineer (FAE) from 1986 in the business department of various components and products division, to provide the customers the professional technical support services and products complete solutions, to help the customers to shorten R&D time and save R&D costs, so as to improve the quality of service, and then strengthen the cooperation with customers and suppliers. In 1995, "MCU Software R&D Engineer" was set up in the second division of sales department to cooperate with the product line. The engineer was responsible for the software design of MCU products to provide customers with product value-added services. As the Company's R&D strength was becoming mature, the module product business department was established in 1999, which belonged to "R&D Department", and formally developed towards the field of R&D design. In 2001, the Company integrated the R&D teams into the independent department. In 2004, the Company actively adjusted the R&D department by adding an optical department, committed to integrating its existing product lines and R&D technology capabilities, and jointly developed the derivative related application products with the original factory. And in 2005, it began to carry on the relevant quality certification of manufacturing plant, until 2007, the R&D department had the data center and test division, as well as the optical, institution, system software, application software and hardware units. At present, the Company's customers are mainly concentrated in NB, PC, Netcom, industrial computer and specific application fields. We can provide the perfect solutions for all kinds of electronic consumption products to meet the needs of customers for new products.

(2) R&D personnel and their education background

As of March 31, 2022, the Company has a total of 27 product field application engineers, who are responsible for providing the technical support services to customers.

Unit: person; year

Item / Year	R&D engineer	Education background analysis			Average seniority
		Master	College and above	High school and below	
2020	26	-	100%	-	8.66
2021	25	-	100%	-	7.61
March 31, 2022	27	-	100%	-	7.32

(3) R&D expenditure for the most recent year and as of the publication date of annual report

Unit: NT$ 1,000

Item	2020	2021	As of March 31, 2022
R&D expense	70,959	70,364	18,591
Operating revenue	26,710,813	32,469,053	8,467,662
Ratio of R&D expense to total business turnover (%)	0.27	0.22	0.22

The R&D expenses of the merged company in the latest year were NT$70,364,000 and NT$70,959,000, respectively, mainly the personnel salaries and laboratory equipment expenses. With the expansion of the Company's operation scale, the Company will continue to actively recruit the talents, strengthen its technical ability to integrate the existing product lines, and develop its own modular products, thus increasing the Company's overall added value.

(IV) Long-term and short-term business development plans

(1) Short-term plan

A. Continuously seeking for sales agent of niche products

Constantly seeking for sales agent of niche products has always been the policy of the Company; in order to make the Company operating growth steady and add the future development power, in the current characteristics of fast information electronic products promotion and short life cycle, the Company fully authorizes the department deputy general manager on the opportunity to seek new agent, and get closer to the customer and market demand fluctuation; at the same time, by the accumulation of many years of experience in technology, marketing, and keen judgment to product application market, the Company also fully grasps the future product application market development trend, actively cooperates with the upstream original suppliers at home and abroad, develops and sells new electronics, photoelectricity, and communication related components as well as hardware and software products, to have a more complete product line portfolio to meet the needs of customer integration, and then improve the Company's performance and profit.

B. Continuously strengthening the marketing and technical support capabilities, improving the customer relations and value-added services

The Company attaches great importance to and provide the customers a complete solution. In today's fierce competition in the market, to provide the customers a complete technical support is a key to the success of electronic components sales agent; the Company continues to strengthen its technical support ability, to master relevant technology and cultivate the professional talents, to provide the customers a higher quality of professional and technical support services and complete solutions, through a good process of interaction to cultivate the customer relations of trusting the professional service, to help the customers to more quickly promote their finished products to the market, and enhance the competitiveness of the Company's service.

C. Using the information technology to improve business performance and service quality

In order to strengthen the management efficiency and effectively control the inventory and real-time profit analysis, the Company has fully introduced the application of SAP sound information management to effectively integrate the logistics support system, which will make the Company more efficient in the management, and effectively monitor the Company's inventory and management.

(2) Long-term plan

A. Actively expanding the overseas territory

The product sales agency of the Company is mainly in Asia and Taiwan, and the marketing scope of embedded specific application products consists of Asia, America and Europe, while the downstream industry has expanded to the industrial control, instruments, medical, entertainment, automible, etc. In the future, the Company will continue deepening the existing market, hope to build the global sales network by the specific application products division, and further expand the marketing area of electronic components to the whole world. For the overseas service offices, the Company has set up the subsidiary in Hong Kong and the United States, and service points in Japan, Europe and Mainland China; cooperating with the future global operation layout, the successful experience of professional agent and customer service shall be introduced to every new marketing point, to accelerate the extension of market. At present, the marketing points have been established in China, the United States, Japan and Europe. It has gradually shown the benefits and will continue to be transplanted to each new marketing base to accelerate the expansion of market.

B. Enhancing the strategic cooperation with suppliers and customers, and jointly developing new products and new markets

Electronic components sales agent is the communication bridge between industry upstream and downstream. The Company will continue to play the role of distribution agent, to reflect the status of market sales and customer information to the upstream suppliers, in order to grasp the market information and expand the customer base advantage, strengthen the stability of supply chain, and to continuously provide professional integrated technology services to the downstream customers; in the future, we will cooperate with suppliers to jointly develop the niche module products with different uses, provide the best solution for downstream customers, and give full play to the benefits of upstream and downstream integration. In other words, the Company will continue to increase the sales of niche products, for he balanced development towards 4C+ simulation + module.

C. Enhancing the personnel training and education through technical cooperation with academic institutions

The Company has established the cooperative relationship and information exchange platform with relevant academic and research institutions, hoping that through the academic and practical exchanges, the Company can fully grasp the latest technology and cultivate the high-quality professionals, so as to provide the customers with high-quality services and strengthen the competitiveness and added value of the Company.

D. Enhancing the employee quality and implementing the business philosophy

We shall continuously strengthen the education and training of employees, so that they are fully familiar with the products of the agent brands and related application technologies, to meet the customer service requirements, and provide the professional and value-added services; with new technology and new service, to implement the business philosophy of "honesty, diligence, righteousness, intelligence", to cultivate the organizational culture and value of "humanity and sincerity, advanced technology, value-added partnership, feedback to society"; under the leadership of excellent management team, to construct the future of Promate electronic internationalization with the components professional knowledge, and achieve the vision of becoming a world top-class component solution provider.

2. Overview of market, production and sales

(I) Market analysis

(1) Sales areas of major commodities

Unit: NT$1,000; %

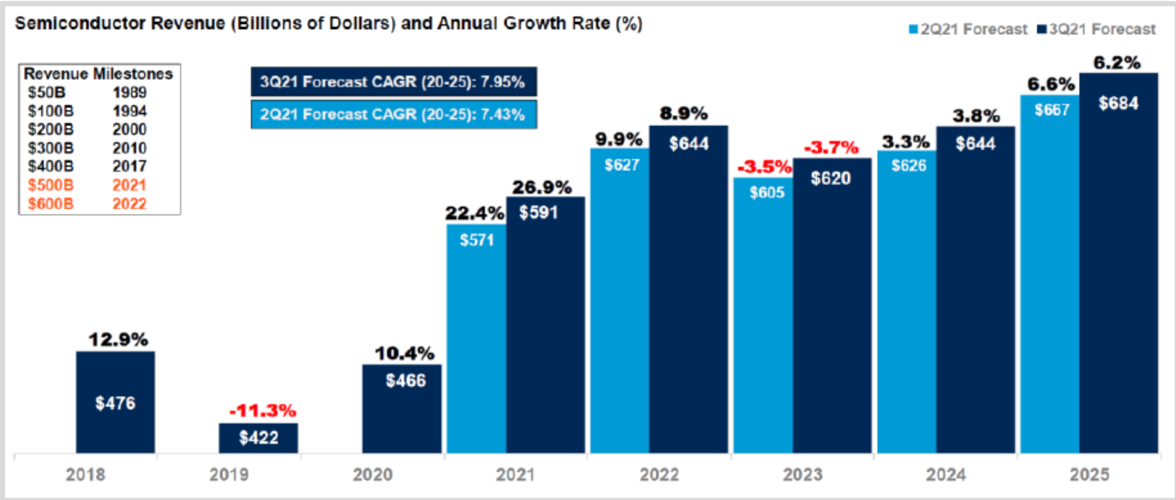
Year	2019		2020		2021	
Region	Amount	%	Amount	%	Amount	%
Asia	20,689,548	90.65	24,450,451	91.54	30,175,736	92.94
America	1,623,433	7.11	1,541,893	5.77	1,504,902	4.63
Europe	505,605	2.22	715,473	2.68	778,341	2.40
Other	5,686	0.02	2,996	0.01	10,074	0.03
Total	22,824,272	100.00	26,710,813	100.00	32,469,053	100.00

(2) Market share

According to the statistics of the World Semiconductor Trade Statistics Organization (WSTS), the scale of the global semiconductor market in 2021 reached US$553.0 billion, and the Company's annual net operating income in 2021 was about US$11.68 million, with a market share of about 0.21%.

(3) Future supply and demand conditions and growth of the market

As driven by Stay at Home Economic, demands for computer and Netcom phone products were soaring, and under the rapid development of 5G and automotive market among countries, Gartner predicted the global semiconductor production value in 2021 was expected to reach 591 billion dollars, with a growth rate of 26.9%. While in 2022, it was predicted to break through 600 billion dollars, and reach 644 billion dollars, with a yearly growth rate of 8.9%. And that in 2023 would be 620 billion dollars, with a slightly decrease by 3.7% due to supply exceeds demand. In 2024, the global semiconductor market value was estimated to reach 644 billion dollars, with an annual growth rate of 3.8%. Finally in 2025, global semiconductor market would again increase to 684 billion dollars, also with an annual growth rate of 6.2%.



註：趨勢圖源自於 Gartner 於 2021 年 10 月所預測之數據趨勢圖
資料來源：Gartner

(4) Company competition niche

5. Complete product line portfolio

The Company has accumulated many years of electronic components sales experience and sensitivity to the electronic components market trends, so that the Company has developed a professional electronic components distribution channel. The Company's agent product line includes the specific application chips, linear IC, RF and communication related IC, image processing IC, liquid crystal display panel products and other fields, with further self-development of TFT-LCD, GPS module related products; the scope of application covers 4C and optoelectronic products. Our suppliers include AUO, ITE, LTC, EMC, AOS, Parade, Diodes, AMC, ITE, Silego, Silergy, Leadtrend, UPI, Gigadevice, XMC, VLI and other well-known manufacturers at home and abroad. As we have established a close and harmonious long-term relationship with our suppliers, we are the main agents of these suppliers.

6. Clear product and market positioning

With many years of marketing experience and a good grasp of the current trends of electronic components market, the Company has become one of the important members of domestic distributors. The Company’s agent product lines are mainly linear IC and LCD panel products, positioning in the design-in market of high technology and high additional value, with obvious market segments to the domestic companies of the industry; plus complete goods combinations in relevant product market, we can provide the professional technical services and complete product portfolio. In addition, the Company has been actively introducing the high-price electronic components in line with future market trends and technology orientation, especially in the communications, optoelectronic industry and peripheral products in the post-PC era, so as to develop new markets and maintain the competitive edge.

7. Professional technical service ability
   As the global information industry is developing towards international division of labor integration, professional electronic component distributors must play a key role in the promotion of product market. Due to the trend of specialization, the electronics industry, the professional electronic components providers are no longer limited to provide the value of products and reduce the cost for the downstream customers, and extend to the logistical support; so the Company not only provides the customers with complete delivery plan to cooperate with the downstream system manufacturer's production plan, but also sets up a technical support team, in addition to assist the business personnel to promote the products to the customer, and also to provide the customers complete solutions (total solutions) to help them to solve the problem of engineering application, even for customers tailored products according to the demand of individual module, which can enable the customers to research and develop new products ahead of the market, so as to enhance the overall efficiency and the satisfaction of the market.

8. Strong and powerful management team
   The Company was founded by the experienced electronic components distribution agents, and the main cadres of management team have more than 10 years of relevant experience, with a good tacit understanding and business philosophy; their accumulated professional services and technical capabilities and deep understanding to the customer needs and market, have been recognized by the industry and customers. Promate is dedicated in electronic industry, the management team is also thinking of electronic components distribution business strategy, and hopes that with the power of the team, to pursue the goal of business continuity; Promate Electronic has become the important business partner of the upstream and downstream cooperation, and the Company maintains profiting and win various awards of professional institutions since its establishment, which can prove the Company's ability to operate the channels and the strong strength of the management team.

9. Channel advantage highly recognized by suppliers
   In recent years, the Company has been working hard in the electronic component channel industry and has established a good reputation in the industry. Therefore, some of our suppliers have taken the initiative to negotiate with us for our professional service reputation. With the professional and complete marketing network, the agency number of the Company is still increasing, which shows that the Company has a strong ability of sales agency. In addition, because of the considerable research and development and technical support ability, the Company obtains the agent affirmation and then becomes the agent's business partner, creates various module products to meet the customer demands, which is one of the big competitive niche of the Company in the electronic component channel industry in the future.

10. Perfect marketing network

In addition to the sales agency of electronic components in Taiwan, the Company has set up subsidiaries in Hong Kong and Mainland China to develop the business in Hong Kong and Mainland China. The Company also has subsidiaries in the United States, and has expanded to Europe and Japan. The Company has a complete marketing channel, to meet the downstream customers, set up factories overseas for component demand, and increase the flexible application of spot scheduling, which can effectively enhance the substantial competitiveness of both the Company and customers.

(5) Favorable and unfavorable factors and countermeasures of development prospect

1. Favorable factors

A. Consumer electronics market demand continuing to grow

In view of the structural changes of global information industry, the emergence of emerging markets in Asia, and the interaction and agitation of the trend of information household electronics and home appliance informatization, the integration of 4C (computer, communication, consumption and car electronics) has become the trend of information electronics industry. With the demand for various components derived from the continuous integration and innovation of electronic information, communication, optoelectronics and other related industries mentioned above, the Company's performance and profit should be positively influenced by the advantage that Taiwan is the main production base of information and electronic products in the world.

B. Complete product lines and diversification of agent products

The Company's current agent product lines include AUO, ITE, LTC, EMC, AOS, Parade, Diodes, AMC, ITE, Silego, Silergy, Leadtrend, UPI, Gigadevice, XMC, VLI and other well-known domestic and foreign manufacturers. And the products include the linear IC, specific application chips, liquid crystal display panels, RF, and communications related IC, image processing IC related electronic components products, and with the existing agent product lines, the Company develops in line with the future market trend and technology oriented application derivative products, including LCD panel module products, to provide the customers a complete portfolio of products, and meet the integrated needs of customers.

C. Vertical division of labor in the industry making the value of distribution agents more important

Distribution agents has complete logistics and inventory management, which can realize the order confirmation, goods preparation and Door-to-Door shipping service in the shortest possible time; in addition to provide the customers relevant information of new products and new industrial development areas, to help the customers planning new products, the distribution agents can also pass the downstream market information to the upstream suppliers; and the distribution agents also act as a bridge in the upstream and downstream industries of electronic information. Therefore, under the vertical division of labor structure in Taiwan's electronics-related industries, the distribution agents are closely integrated with upstream suppliers and downstream manufacturers, which makes the distribution agents more important.

D. Stable agency
Generally speaking, the agency contract is signed once a year based on the nature of the business. If there is no objection from both parties at the expiration of the contract, the contract will be automatically renewed. The Company has accumulated more than 20 years of sales experience in this field, the current agency upstream suppliers are more than 20, with stable cooperative relationship and good performance; there was no agency forced to be terminated, but repeatedly obtained the affirmation of the original supplier; even if the original factory was merged, such as S3 merged by VIA, and original Acer Display Technology and Unipac Optoelectronics Corporation merged to AUO, the Company not only retains the original agency by virtue of the strength of management, but also derives a new agency or even closer relations, so the stability of agency will be beneficial to the Company's operating profit in the future of the promotion and expansion of the business.

E. Professional technical support and R&D strength
As the distribution agents have a wide coverage in electronic components, the upstream manufacturers often rely on the experience and professional advice of distribution agents in the development and planning of new products. Therefore, professional technical support services have become one of the necessary conditions for distribution agents. Thus, the Company sets up the technical support team and R&D department, grasps the product market development trend timely, provides the technical support, assists the customers for early application of electronic components on the products, and even initiatively design products for the customer to meet the demand of individual module, for the downstream customers to grasp the market opportunities, save time in the new product development, and provide the market trend analysis, advice and perfect after-sales service and total solution, with the expectation of establishing the long-term cooperative business partnership with customers.

F. Strong and powerful management team
The strength of management team and the management philosophy are also important factors that affect the operation effectiveness of the enterprise. Due to the Company's main management teams all have the electronic components distribution specialty, with good business ideas and cooperative tacit understanding, to create the value of the Company with the group power; since 2002, the operating indicators of the Company show continued growth, ranked top in the sane industry, enough to prove the strength of the Company’s management ability and team, which will be of great positive help to our future business.

2. Unfavorable factors
   A. Fierce competition in agency market and continuous fermentation of cheap computer making the profit space continuously compressed
   The competition in the agency market is becoming increasingly fierce, and

the consumer electronics and personal computers, due to the fierce competition, have a short life cycle and fast price reduction. In order to cope with this trend, the downstream customers will have to reduce their purchase costs, which will directly affect the profit space of distribution agents.

Countermeasures:

a. Our technical support team and R&D department actively help the customers to adopt the supplier components as soon as possible and provide the customers complete hardware and software package of products, help them to shorten the product design schedule, launch new products, and timely grasp the market opportunities, to transfer the old value of distributors, and effectively reduce the price wars in the same industry, so as to maintain a competitive edge, and continue to introduce new distribution products to grasp the business opportunities of market replacement.
b. Enhance the education and training of employees to familiarize them with the products of the distribution brands, so as to facilitate the development of future marketing business.
c. The Company will timely reflect the overall market competition situation to the upstream suppliers, and actively strive for the full support of suppliers to expand the performance and increase the profits.
d. Integrate the existing product line and jointly develop the derivative application products with the original factory, so as to increase the added value of the agent dealers and improve the Company's competitive advantage.

B. Consumer electronics market demand risk

The electronics industry is characterized by rapid product renewal and short life cycle, and the sales of products are susceptible to the adverse economic conditions, buying season, business cycle, technological innovation or poor market acceptance. In addition, if the average sales unit price of customers' products drops sharply, the sales unit price of components used in the products will also be affected. Therefore, it is particularly important for the electronic components distributor to control the inventory and grasp the product information.

Countermeasures:

a. In addition to the business departments and each department monthly convening the business meeting, review the market supply and demand, needs of customers, accounts receivable, inventory and price trend, the business review meeting of each business department shall be convened once a week, to overall review the production and developed machine used components and purchase and sales status, and clear inventory aging analysis through the computer information management system, to manage the inventory quantity and take appropriate action.
b. According to the market product trends and technical trends, to set the Company's future development direction, actively agent the products that meet the needs of customers, and timely introduce new product agency and develop new customers, so as to optimize the connection of product portfolio, grasp the growth opportunities of replacement, and

reduce the operational risks.

C. Industrial offshoring

Due to the labor shortage in Taiwan, rising production costs and specialization in the international industry, some electronic manufacturers have moved abroad, which has a relative impact on the delivery locations of downstream customers.

<u>Countermeasures:</u>

a. Actively develop the overseas locations and develop the emerging markets, make good use of the marketing system of Hong Kong, set up the service points in Shanghai, Beijing, Shenzhen, Singapore, the United States and South America, and serve customers nearby, so as to meet the demand of downstream customers for components to set up factories overseas and increase the flexibility of spot scheduling, and use it as a niche to win new product lines or new regional agency rights from original suppliers.

b. Strengthen the computer network system, effectively manage the enterprise resources to improve the business performance, actively strive for new agency lines that meet the market demand and create new business opportunities.

(II) Important use and production process of main products

(1) Use of main products:

Main product name	Use
Specific application chipsets	Personal computers, laptops, VGA add-on cards, image processing cards
Embedded related products	Personal computer, LCD monitor, home security & entertainment system, medical device, PDA, vending machine & cash machine, vehicle system, LCM for industrial control, LCD TV, GPS, Bluetooth, etc.
Linear IC	PC, laptop, VGA, communication, industrial control, PDA, LCD Monitor/Projector
Image processing IC	Communications market (ADSC), display, mobile phone
Other	Main board, communication, power supply

(2) Production process: omitted (the Company is not a manufacturing company)

(III) Supply of major raw materials: omitted (the Company is not a manufacturing company)

(IV) List of major suppliers and customers

(1) Information of main suppliers in recent two years

	2020				2021				As of the previous quarter in 2022			
Item	Name	Amount	Ratio to net purchase amount of whole year (%)	Relationship with issuer	Name	Amount	Ratio to net purchase amount of whole year (%)	Relationship with issuer	Name	Amount	Ratio to net purchase amount of current year as of the previous quarter (%)	Relationship with issuer
1	B	6,716,560	26.51	None	B	7,508,956	23.35	None	B	1,811,852	22.67	None
2	A	4,406,198	17.39	None	A	4,973,668	15.46	None	A	1,219,095	15.26	None
	Others	14,211,288	56.10		Others	19,680,665	61.19		Others	4,960,039	60.07	
	Net purchase amount	25,334,046	100.00		Net purchase amount	32,163,289	100.00		Net purchase amount	7,990,986	100.00	

Reasons for increase or decrease:
There was no significant change in the suppliers in 2021 and 2020.

(2) Information of major customers in recent two years: No customer whose individual sales amount exceeded more than 10% of the total sales amount in the first quarters of 2020, 2021 and 2022.

(V) Table of production volume in recent two years: The Company is an agent dealer of electronic components, so it is not applicable.

(VI) Table of sales volume in recent two years:

Unit: 1,000; NT$1,000

	2020		2021	
Product category	Volume	Value	Volume	Value
Specific application and LCD panel related products	3,509	5,458,049	5,276	6,469,499
Specific application chips	1,037,443	1,930,122	1,227,777	2,641,228
Linear/distributed components	5,391,158	12,039,535	5,899,208	14,273,300
Image processing IC	344,825	5,636,472	389,817	6,804,960
Other	238,076	1,646,635	251,779	2,280,066
Total	7,015,011	26,710,813	7,773,857	32,469,053

3. Number of employees in recent two years and as of the publication date of annual repor

Year		2020	2021	As of March 31, 2022
Number of employee	Manager	70	66	67
	General staff	128	144	143
	Total	198	210	210
Average age		40.64	40.64	40.35
Average service senority (years)		10.31	10.31	10.01
Distribution ratio of educational background	Doctor	-	-	-
	Master	3.03%	7.14%	6.67%
	Junior college/bachelor	90.41%	88.10%	88.57%
	High school	6.56%	4.76%	4.76%
	Below high school	-	-	-

4. Environmental protection expenditure information
   In recent year and as of the publish date of annual report, the total losses (including compensations) and penalties of the Company due to the environmental pollution, indicating the future responding strategies (including improvements) and possible expenses (including the estimated amount of possible loss, penalty and compensation for no responding strategy; if unable to reasonably estimate, please specify the fact of unable to make a reasonable estimate): none.

5. Labor-capital relationship:
   (I) List the Company's various employee benefits, education, training and retirement systems and their implementations, as well as the agreements between employers and employees, and the protection of employee rights and interests
   (1) Employee welfare measure and implementation:
   A. Accident group insurance / accident medical insurance / hospitalization insurance / occupational accident insurance.
   B. Travel security insurance.
   C. Inclusion of labor insurance and health insurance

According to the provisions of the labor insurance and national health insurance ordinances, all employees are insured from the date of employment.

D. Holiday bonus
Spring Festival, Dragon Boat Festival, Mid-Autumn Festival gifts and year-end bonus.
E. To allocate funds for the establishment of welfare committee.
F. To subsidize the annual travel of employees, and organize regular staff dinners and year-end parties.
G. Employees shall be provided with education and training both inside and outside the Company from time to time.
H. To subsidize the employees to form their own associations.

(2) Retirement system and implementation:
A. The retirement system and regulations of employees of the Company shall be governed by relevant provisions of the Labor Standards Law.
B. Until June 30, 2006, for the implementation of Article 56 of the Labor Standards Law to allocate and manage the labor pension reserve funds, the Company set up the labor pension reserve fund supervision committee according to "Labor pension reserve fund supervision committee organization code for public institutions" in Order Tai-Nei-Lao-Zi No. 321291 of the Ministry of the Interior on July 1, 1985, responsible for the management and use of retirement reserve fund, and 2% of the paid salary shall be set aside as the retirement reserve and deposited in the special account in Bank of Taiwan.
Starting from July 1, 2005, employees who choose the pension system under the Labor Pension Ordinance will be allocated to the individual pension account of the Labor Insurance Bureau at the rate of 6% of their monthly salary.

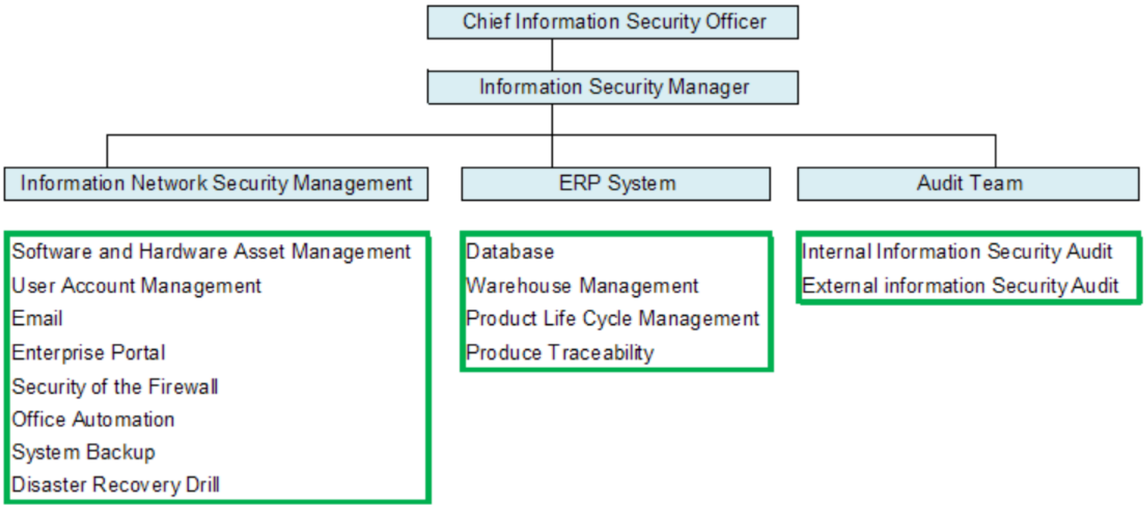
(3) Agreement between employers and employees: any new or amended measures relating to labor relations shall be decided only after full agreement between employers and employees, so there is no dispute.

(II) In the most recent fiscal year and as of the publishment date of annual report, the loss incurred from the labor disputes, and the estimated amount and response measures exposing the present and future possible losses: in terms of labor relations, the Company’s labor and the management have been in a rational communication and maintain a harmonious relationship, so the Company has no major labor disputes since its establishment.

6. Cyber Security Management

(I) The Company's Cyber security management framework, Cyber security policies, management plan and investments in resources for cyber security

a. Organizational structure of information security



b. Information Security Management Policy

Purpose: To strengthen information security management, Promate Electronic Co., Ltd. establishes safe and reliable electronic communications that ensure data confidentiality, system integrity and process management, in addition to equipment and network security. This avoids unnecessary operational losses caused by information security failures so as to ensure the purpose of continuous business operations. See details in company website "Management Practices for Information and Network Security".

c. Information Security Management Measures

Type	Relevant Operations
Access Management	1. Review of personnel account access management
	2. Regular inventory of personnel accounts
	3. Strengthen employees' awareness of information security and information security education and training
Control and Management on System Access	1. Management measures of personnel access to internal/external systems and data transmission
	2. Separating the internal/external network with a firewall
	3. Remote access management measures
External Threats	1. Program for computer virus protection and regular virus pattern updates
	2. Regular vulnerability scans
	3. If the information system is infected by a virus, security vulnerabilities and exploits shall be protected
	4. E-Mail security, Spam mail filtering mechanism
Availability	1. Network and system usage status monitoring and reporting mechanism
	2. Contingency measures when information services are interrupted
	3. Ensure the implementation of daily backup/remote backup mechanisms and store them in a secure location
	4. Data leakage prevention mechanism to ensure data confidentiality
	5. Regular disaster recovery drills so that the computer systems and business can quickly resume to normal operations after a disaster occurs

d. Investments in resources for cyber security

The Company takes current events as cyber security promotion at regular intervals, and organizes 5 times of educational training of this year, totally 24 hours, to enhance its staffs' watchfulness for cyber security.

(II) Losses Related to Cyber Security for the Most Recent Year and Up To the Publication Date of this Annual Report：None.

7. Significant contract

Contract nature	Party involved	Beginning and ending dates of the contract	Main content	Restrictive clause
Agency contract	Zilog Inc. (Note 3)	1994.05	Semiconductor parts sales agent	Taiwan
Agency contract	ITE Technology	2000.03	Semiconductor parts sales agent	No
Agency contract	AMCC	1999.03	Semiconductor parts sales agent	No
Agency contract	AU Optronics (Note 2)	1999.06	TFT-LCD crystal display panel sales agent	Greater China Region
Agency contract	Alpha & Omega Semiconductor Inc.,(AOS)	2001.07	Electronic component	-
Agency contract	MELLANOX TECHNOLOGIES	2001.07	Communication product	-
Agency contract	Bitek	2002.10	Electronic component	Greater China Region
Agency contract	Audience	2007.06	Electronic component	-
Agency contract	Oxford	2007.08	Electronic component	-
Agency contract	UPI	2008.06	Electronic component	Greater China Region
Agency contract	Mastouch	2010.01	Electronic component	Greater China Region
Agency contract	Silergy	2010.03	Electronic component	Greater China Region
Agency contract	ANAX	2010.11	Electronic component	Greater China Region
Agency contract	Tehuti Network Ltd.	2012.11	Electronic component	Greater China Region
Agency contract	Electric Connector Technology	2013.04	Electronic component	Greater China Region
Agency contract	UBIQ Semiconductor	2013.06	Electronic component	Greater China Region
Agency contract	SQ	2013.08	Electronic component	Mainland China
Agency contract	ITTI Company Ltd.	2014.01	Semiconductor parts sales agent	Taiwan
Agency contract	Silego Technology, Inc.	2014.05	Semiconductor parts sales agent	-
Agency contract	Conexant Systems, Inc.	2014.09	Semiconductor parts sales agent	Taiwan/ Mainland China
Agency contract	Active-Semi Hong Kong Limited	2014.09	Semiconductor parts sales agent	Taiwan
Agency contract	NDK	2015.05	Semiconductor parts sales agent	Taiwan

Contract nature	Party involved	Beginning and ending dates of the contract	Main content	Restrictive clause
Agency contract	EMC	2015.06	Semiconductor parts sales agent	Taiwan
Agency contract	SGMICRO	2016.09	Semiconductor parts sales agent	Taiwan
Agency contract	Amazing	2016.10	Semiconductor parts sales agent	Taiwan
Agency contract	JOULWATT	2017.09	Semiconductor parts sales agent	Taiwan
Agency contract	LFC SEMICONDUCTOR LIMITED	2018.05	Semiconductor parts sales agent	Taiwan
Agency contract	BVI Capxon Technology Co., Ltd. Taiwan Branch	2018.07	Semiconductor parts sales agent	Taiwan
Agency contract	Wuhan Xinxin Semiconductor Manufacturing Co., Ltd. (XMC)	2019.02	Semiconductor parts sales agent	Taiwan
Agency contract	LOWPOWERSEMI CONDUCTOR CO., LTD.	2019.02	Semiconductor parts sales agent	Taiwan / Mainland China
Agency contract	GIGADEVICE SEMICONDUCTOR (HK) LIMITED	2019.11	Semiconductor parts sales agent	Taiwan / Hong Kong
Agency contract	VIA Labs Inc	2020.03	Semiconductor parts sales agent	Taiwan / Hong Kong
Agency contract	Telink Semiconductor Co., Ltd.	2020.05	Semiconductor parts sales agent	Taiwan
Agency contract	Lanxin System Co., Ltd.	2020.07	Semiconductor parts sales agent	Taiwan
Agency contract	CHIPLUS SEMICONDUCTOR CORP.	2021.01	Semiconductor parts sales agent	Taiwan / Mainland China/
Agency contract	Jiangsu Zhenhua Xinyun Electronics Co., Ltd.	2021.03	Semiconductor parts sales agent	Taiwan / Mainland China
Agency contract	ILI TECHNOLOGY CORP.	2021.04	Semiconductor parts sales agent	Mainland China Hisense Group
Agency contract	Jiangsu Changjing Electronics Technology Co.,ltd	2021.04	Semiconductor parts sales agent	Taiwan / Mainland China
Agency contract	ANALOG MICOROELECTRONICS, INC.	2021.09	Semiconductor parts sales agent	Taiwan / Mainland China

Note 1: The above contract shall be extended for one year each time upon expiration.

Note 2: S3 International Ltd. (Asahi) was merged by Via Electronics and changed its name to S3/VIA. Unipac and Acer Display Technology merged and the surviving company was AU Optronics.

Note 3: There is a price protection agreement with the supplier.

VI. Financial Overview

1. Brief financial information for the past five years

(I) Condensed balance sheet and consolidated income statement

Condensed Balance Sheet (Consolidated)

Unit: NT$1,000

Item \ Year		Financial statements for the past five years					Financial statements as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		7,777,939	8,135,995	9,216,649	10,934,870	13,196,559	13,532,288
Property, plant and equipment (Note 2)		431,983	410,916	388,807	391,976	382,717	384,621
Intangible assets		11,639	13,216	10,579	6,704	9,837	8,964
Other assets (Note 2)		67,906	227,418	407,502	710,850	1,623,486	1,843,703
Total Assets		8,289,467	8,787,545	10,023,537	12,044,400	15,212,599	15,769,576
Current liabilities	Before distribution	4,219,012	4,598,280	5,657,878	6,259,944	8,449,224	8,529,506
	After distribution	4,541,293	5,069,169	6,066,101	6,761,497	Note 3	Note 3
Non-current liabilities		190,263	147,999	327,318	1,520,720	1,757,704	1,771,030
Total liabilities	Before distribution	4,409,275	4,746,279	5,985,196	7,780,664	10,206,928	10,300,536
	After distribution	4,731,556	5,217,168	6,393,419	8,282,217	Note 3	Note 3
Equity attributable to owners of parent		3,511,719	3,691,076	3,677,608	3,886,392	4,639,049	5,082,507
Capital		1,790,452	1,790,452	1,790,452	1,791,260	1,934,141	1,979,664
Capital surplus		689,038	657,809	657,690	712,730	1,008,022	1,097,633
Retained earnings	Before distribution	1,036,773	1,247,604	1,244,671	1,375,624	1,694,335	1,997,436
	After distribution	725,234	776,715	836,448	874,071	Note 3	Note 3
Other equity		(4,544)	(4,789)	(15,205)	6,778	2,551	7,774
Treasury stock		-	-	-	-	-	-
Non-controlling interests		368,473	350,190	360,733	377,344	366,622	386,533
Total amount of Equity	Before distribution	3,880,192	4,041,266	4,038,341	4,263,736	5,005,671	5,469,040
	After distribution	3,557,911	3,570,377	3,630,118	3,762,183	Note 3	Note 3

Note 1: The financial statements on March 31, 2022 have been audited and approved by the accountant.

Note 2: Asset revaluation has not been processed.

Note 3: The above numbers are allocated and filled in next year based on resolutions of Board of Directors or shareholders' meeting. Only 2021 distribution of earnings has been passed by Board of Directors' resolution, and is to be distributed by the next year shareholders' meeting.

Condensed Balance Sheet (Parent Company Only)

Unit: NT$1,000

Item / Year		Financial statements for the past five years					Financial statements as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		6,286,519	6,664,490	7,667,002	9,459,984	11,607,572	-
Property, plant and equipment (Note 2)		335,133	329,723	322,945	317,389	315,614	-
Intangible assets		4,763	3,480	3,312	2,649	3,979	-
Other assets (Note 2)		816,381	978,030	1,050,442	1,445,506	2,294,019	-
Total Assets		7,442,796	7,975,723	9,043,701	11,225,528	14,221,184	-
Current liabilities	Before distribution	3,775,871	4,164,976	5,142,657	5,894,194	7,882,880	-
	After distribution	4,098,152	4,635,865	5,550,880	6,395,747	Note 3	-
Non-current liabilities		155,206	119,671	223,436	1,444,942	1,699,255	-
Total liabilities	Before distribution	3,931,077	4,284,647	5,366,093	7,339,136	9,582,135	-
	After distribution	4,253,358	4,755,536	5,774,316	7,840,689	Note 3	-
Capital		1,790,452	1,790,452	1,790,452	1,791,260	1,934,141	-
Capital surplus		689,038	657,809	657,690	712,730	1,008,022	-
Retained earnings	distribution	1,036,773	1,247,604	1,244,671	1,375,624	1,694,335	-
	After distribution	725,234	776,715	836,448	874,071	Note 3	-
Other equity		(4,544)	(4,789)	(15,205)	6,778	2,551	-
Treasury stock		-	-	-	-	-	-
Total amount of Equity	Before distribution	3,511,719	3,691,076	3,677,608	3,886,392	4,639,049	-
	After distribution	3,189,438	3,220,187	3,269,385	3,384,839	Note 3	-

Note 1: No individual financial statements have been issued for the first quarter of 2022.

Note 2: Asset revaluation has not been processed.

Note 3: The Company’s 2021 year distribution of earnings has been passed by Board of Directors’ resolution, and is to be distributed by the next year shareholders' meeting.

Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT$1,000 (Except EPS: NT$)

Year / Item	Financial statements for the past five years					Financial statements as of March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating Revenue	18,484,111	19,712,236	22,824,272	26,710,813	32,469,053	8,467,662
Operating margin	1,536,597	1,782,744	1,804,849	2,019,758	2,367,038	662,035
Operating income	597,080	784,029	835,142	1,032,481	1,234,817	292,205
Non-operating income and expense	(110,254)	(32,303)	(160,638)	(284,866)	(175,360)	111,285
Pre-tax profit	486,826	751,726	674,504	747,615	1,059,457	403,490
Continuing operations Current period net profit	401,954	585,743	539,482	604,676	848,904	322,376
Income (loss) on Discontinued Operations	-	-	-	-	-	-
Net income (loss)	401,954	585,743	539,482	604,676	848,904	322,376
Other comprehensive income (Net amount after tax)	(9,811)	317	(13,123)	31,726	21,043	5,859
Total comprehensive income	392,143	586,060	526,359	636,402	869,947	328,235
Net profit attributable to parent company shareholders	351,155	521,974	469,655	536,016	793,979	303,101
Profit Attributable to Noncontrolling Interest	50,799	63,769	69,827	68,660	54,925	19,275
Comprehensive Income (Loss) Attributable to Owners of the Parent	343,395	522,125	457,540	561,159	816,037	308,324
Comprehensive Income Attributable to Noncontrolling Interest	48,748	63,935	68,819	75,243	53,910	19,911
Earnings Per Share	2	3	3	3	4	2

Note 1: The financial documents on March 31, 2022 have been audited and approved by the accountant.

Condensed Statement of Comprehensive Income (Parent Company Only)

Unit: NT$1,000 (Except EPS: NT$)

Item / Year	Financial statements for the past five years					Financial statements as of March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating Revenue	16,848,004	18,018,996	21,061,405	25,061,287	30,995,947	-
Operating margin	998,897	1,196,302	1,226,093	1,439,044	1,816,406	-
Operating income	376,747	537,663	556,056	738,012	1,021,642	-
Non-operating income and expense	25,858	109,013	(2,272)	(108,413)	(50,313)	-
Pre-taxprofit	402,605	646,676	553,784	629,599	971,329	-
Continuing operations Current period net profit	351,155	521,974	469,655	536,016	793,979	-
Income (loss) on Discontinued Operations	-	-	-	-	-	-
Net income (loss)	351,155	521,974	469,655	536,016	793,979	-
Other comprehensive income (Net amount after tax)	(7,760)	151	(12,115)	25,143	22,058	-
Total comprehensive income	343,395	522,125	457,540	561,159	816,037	-
Earnings Per Share	1.96	2.92	2.62	2.99	4.31	-

Note 1: No individual financial statements have been issued for the first quarter of 2022.

(II) Name of CPA and Auditors' Opinions for the last five years

Year	Name of accounting firm	Name of CPA	Audit opinion
2017	Deloitte & Touche Taiwan	Li, Li-Huang and Chen, Huei-Ming	Unqualified opinion
2018	Deloitte & Touche Taiwan	Li, Li-Huang and Chen, Huei-Ming	Unqualified opinion
2019	Deloitte & Touche Taiwan	Li, Li-Huang and Chen, Huei-Ming	Unqualified opinion
2020	Deloitte & Touche Taiwan	Li, Li-Huang and Chen, Huei-Ming	Unqualified opinion
2021	Deloitte & Touche Taiwan	Li, Li-Huang and Chen, Huei-Ming	Unqualified opinion

2. Financial analysis

(I) Financial ratio

IFRS- Consolidated Financial

Item (Note 3) \ Year (Note 1)		Financial analysis of the last five years					Financial statements as of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure %	Debt to asset ratio	53.19	54.01	59.71	64.60	67.10	65.32
	Long-term Fund to Property, Plant and Equipment	942.27	1,019.49	1,122.83	1,475.72	1,767.20	1,882.39
Liquidity %	Current Ratio	184.35	176.94	162.90	174.68	156.19	158.65
	Quick Ratio	125.58	114.16	114.51	137.15	114.61	116.57
	Times interest earned	16.27	14.72	6.90	11.03	19.79	27.13
Operating ability	Average Collection Turnover (Times)	5.25	5.59	5.52	5.48	5.18	1.40
	Average days of collection	70	65	66	66	71	261
	Average Inventory Turnover (Times)	6.90	6.55	7.53	9.75	10.33	2.48
	Average Payables Turnover (Times)	8.37	9.27	11.22	10.49	8.77	2.83
	Average days of sales	53	56	48	37	35	147
	Property, Plant and Equipment Turnover (Times)	42.79	47.97	57.08	68.42	83.82	21.90
	Total Assets Turnover (Times)	2.23	2.24	2.43	2.42	2.38	0.66
Profitability	Return on Total Assets (%)	5.28	7.37	6.71	6.02	6.56	2.60
	Return on Equity (%)	10.81	14.79	13.35	14.57	18.32	2.50
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	27.19	41.99	37.67	41.74	54.78	20.38
	Net Margin (%)	2.17	2.97	2.36	2.26	2.61	3.81
	Earnings Per Share (NT$)	1.96	2.92	2.62	2.99	4.31	1.56
Cash flows	Cash Flow Ratio (%)	8.09	3.47	(5.73)	8.37	1.97	(3.68)
	Cash Flow Adequacy Ratio (%)	71.40	54.64	49.02	54.58	24.24	0.42
	Cash Flow Reinvestment Ratio (%)	(1.69)	(3.78)	(18.36)	2.02	(5.10)	(4.47)
Leverage	Operating leverage	1.14	1.10	1.13	1.10	1.09	1.10
	Financial leverage	1.06	1.08	1.16	1.08	1.05	1.06

Please provide the reasons for changes in financial ratios in the most recent two years.

1. Interest coverage ratio: mainly due to the Company has paid for loans of current year to reduce interest expenditure, and its operating revenue grows steadily.
2. Return on equity: mainly due to the epidemic influences, and product demands exceed supply, which result in operating revenue in current year increasing.
3. Fund Flow Adequacy Ratio: due to inventory is increased sharply.
4. Cash reinvestment ratio: due to other assets (guaranteed deposits paid) are increased greatly.

Note 1: The financial statements on March 31, 2022 have been audited and approved by the accountant.

Note 2: A company that is listed or whose shares have been traded at the business premises of securities dealer shall also incorporate the financial information for the previous quarter as of the publication date of annual report.

Note 3: At the end of this annual report, the following calculation formula should be given:

1. Financial structure
(1) Debt to asset ratio = Total Liabilities / Total Assets
(2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity
(1) Current Ratio = Current Assets / Current Liabilities
(2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities
(3) Time interest earned = net income before income tax and interest expense / current interest expense.
3. Operating ability
(1) Average Collection Turnover = Net Sales / Average Trade Receivables (including all accounts receivable and all notes receivable resulting from trade)
(2) Average Collection Days = 365 / Average Collection Turnover
(3) Inventory turnover ratio = cost of goods sold / average amount of inventory
(4) Average Payables Turnover = Cost of Sales / Average Trade Payables (including all accounts payable and all notes payable resulting from trade)
(5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
(7) Fixed assets turnover ratio = net sales / total average fixed assets
4. Profitability
(1) Return on Total Assets = (Net Income + Interest Expenses * (1-Effective Tax Rate)) / Average Total Assets
(2) Return on Equity = Net Income / Average Equity
(3) Net profit margin = after-tax profit / net operating income
(4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash flows
(1) Cash flow ratio = new cash flows from operating activities / current liabilities
(2) Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years
(3) Cash reinvestment ratio = (net cash flows from operating activities –cash dividend) / (gross margin of property, plant and equipment + long-term investment + other noncurrent assets + working capital)
6. Leverage
(1) Operating leverage = (net operating revenue － variable operating cost and expenses) / operating profit
(2) Financial leverage = operating profit / (operating profit － interest expense)

Note 4: The above calculation formula of earnings per share shall be measured with special attention to the following matters:

1. Based on the weighted average number of common shares, not on the number of shares outstanding at year-end.
2. Any trader with cash increase or treasury share shall calculate the weighted average number of shares, taking into account the period of circulation.
3. In the case of conversion of surplus to capital increase or conversion of capital reserve to capital increase, the calculation of earnings per share of previous years and semi-years shall be adjusted retroactively according to the proportion of capital increase, without taking into account the issuing period of such capital increase.
4. If the special shares are non-convertible cumulative special shares, the current year dividend (whether distributed or not) shall be deducted from the net profit after tax or added to the net loss after tax. If the special shares are non-cumulative, the dividend of special shares shall be deducted from the net profit after tax if there is any net profit after tax; if it is a loss, no adjustment is required.

Note 5: Cash use analysis should pay special attention to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflow from capital investments.
3. The inventory increase is only taken into account when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include the cash dividends of common shares and special shares.
5. Real estate, building and equipment means the total value of real estate, building and equipment before the accumulated depreciation.

Note 6: The issuer shall classify the operating costs and expenses into the fixed and variable by nature. If any of them involve in the estimates or subjective judgments, the issuer shall pay attention to their rationality and maintain consistency.

Note 7: If the shares of the Company are in no denomination or in denomination other than NT$10 per share, the above calculation of paid-in capital ratio shall be based on the equity ratio attributable to the owner of parent company in the balance sheet.

IFRS-Parent Company Only

Item（Note 3）	Year (Note 1)	Financial analysis of the last five years					Financial statements as of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure %	Debt to asset ratio	52.82	53.72	59.34	65.38	67.38	Note 1
	Long-term Fund to Property, Plant and Equipment	1,094.17	1,155.74	1,207.96	1,679.75	2,008.25	Note 1
Liquidity %	Current Ratio	166.49	160.01	149.09	160.50	147.25	Note 1
	Quick Ratio	110.76	103.70	101.74	125.84	107.31	Note 1
	Times interest earned	15.48	13.34	6.34	10.15	19.39	Note 1
Operating ability	Average Collection Turnover (Times)	5.25	5.69	5.53	5.47	5.20	Note 1
	Average days of collection	70	64	66	67	70	Note 1
	Average Inventory Turnover (Times)	7.41	7.43	8.33	10.58	11.29	Note 1
	Average Inventory Turnover (Times)	8.70	9.76	11.77	10.88	9.04	Note 1
	Average days of sales	49	49	44	34	32	Note 1
	Property, Plant and Equipment Turnover (Times)	50.27	54.65	64.54	78.28	97.93	Note 1
	Total Assets Turnover (Times)	2.26	2.26	2.47	2.47	2.44	Note 1
Profitability	Return on Total Assets (%)	5.05	7.31	6.49	5.83	6.57	Note 1
	Return on Equity (%)	10.17	14.49	12.75	14.17	18.63	Note 1
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	22.49	36.12	30.93	35.15	50.22	Note 1
	Net Margin (%)	2.08	2.90	2.23	2.14	2.56	Note 1
	Earnings Per Share (NT$)	1.96	2.92	2.62	2.99	4.31	Note 1
Cash flows	Cash Flow Ratio (%)	8.01	1.75	(16.59)	4.90	(0.25)	Note 1
	Cash Flow Adequacy Ratio (%)	50.53	41.5	17.03	8.32	(6.15)	Note 1
	Cash Flow Reinvestment Ratio (%)	(2.95)	(6.48)	(34.07)	(2.26)	(8.45)	Note 1
Leverage	Operating leverage	1.09	1.05	1.05	1.04	1.03	Note 1
	Financial leverage	1.08	1.11	1.23	1.10	1.05	Note 1

<table>
<tr><td rowspan="2">Year (Note 1)
Item（Note 3）</td><td colspan="5">Financial analysis of the last five years</td><td rowspan="2">Financial statements as of March 31, 2022 (Note 2)</td></tr>
<tr><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td></tr>
<tr><td colspan="7">Please provide the reasons for changes in financial ratios in the most recent two years.
1.Ratio of long-term capital to real estate, plant and equipment: increased as compared with previous period, mainly due to guarantee deposit received and net profit are raised greatly, which result in long-term funds increasing.
2.Current ratio: due to operating revenue is grew in current period, which result in account receivables and closing inventory levels increasing.
3.Quick ratio: due to operating revenue is grew, which result in account receivables increasing.
4.Interest coverage ratio: increased as compared with previous period, mainly due to operating profit of this current is increased sharply.
5.Real estate, plant and equipment turnover: increased as compared with previous period, mainly due to operating revenue increased sharply.
6.Return on equity, ratio of net profit before tax to paid-in capital: increased as compared with previous period, mainly due to net profit after tax of current period is increased sharply.
7.Cash flow ratio: due to net cash flow from operating activities decreased remarkably.
8.Fund Flow Adequacy Ratio: decreased as compared with previous period, mainly due to closing inventory of current period is increased greatly.
9.Cash reinvestment ratio: decreased as compared with previous period, mainly due to other assets (guaranteed deposits paid) of current period are increased greatly and net cash flow from operating activities is decreased.</td></tr>
</table>

Note 1: No individual financial statements have been issued for the first quarter of 2022.

Note 2:A company that is listed or whose shares have been traded at the business premises of securities firm shall also incorporate the financial information for the previous quarter as of the publication date of annual report.

Note 3: The formulas in this chart are the same as the consolidated financial analysis in previous page.

3. Approval and Audit Report of Audit Committee for 2021

Promate Electronic Co., Ltd.

Approval and Audit Report of Audit Committee

The Board of Directors of the Company has prepared the annual business report, financial statements and surplus distribution plan for 2021. The financial statements have been examined and verified by Accountants Wong, Bo-Ren and CHEN, HUI-MING of Deloitted & Touche Accounting Firm who issued the audit report. The accountant has communicated with the Audit Committee on the key audit matters in the audit report. The Audit Committee, upon examination, finds no discrepancy in the foregoing lists, and in accordance with the provisions of Article 14 of the Securities and Exchange Act and Article 219 of the Company Act, hereby provides a report for your approval.

General Meeting of Shareholders in 2022 of Promate Electronic Co., Ltd.

Convener of Audit Committee: Hu, Han-Liang

March 16, 2022

Statement of consolidated financial statements of affiliated enterprises

In accordance with the "Consolidated business report of affiliated enterprises, consolidated financial statements of affiliated enterprises and relationship report compiling principles", the companies to be incorporated in the consolidated financial statements of affiliated enterprises in 2021 are the same with the companies to be incorporated in the consolidated financial statements of parent-subsidiary enterprises according to IFRS 10, and the relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the above consolidated financial statements of parent-subsidiary enterprises, so the consolidated financial statements of affiliated enterprises will not be prepared separately.

Company Name: Promate Electronic Co., Ltd.

Owner: Eric Chen

March 16, 2022

4. Financial Statements for 2021

INDEPENDENT AUDITORS REPORT

The Board of Directors and Shareholders
Promate Electronics Co. Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Promate Electronics 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 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 identified in the Group’s consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Occurrence of shipment with revenue gained from specific clients

The Group specializes in trading distributed components, Liquid Crystal Display products, and image processing IC. Based on the materiality and auditing standards, revenue recognition is presumed to be a significant risk. Therefore, the engaging partner believes that the existence of sales revenue with specific clients would materially affect the occurrence of the financial statement, which is the reason the audit team listed the occurrence of shipment with sales revenue from certain clients as the key audit matter of 2021 audit process. Refer to note 4(12) for more details of revenue recognition policy.

Our main audit procedures performed in respect of above matter include the following:

1. We understood the internal control procedures for revenue recognition and the relevant approval process followed by the Group's management.

2 We understood the internal control procedures for revenue recognition and the relevant approval process followed by the Group's management.

3 We ascertained sales returns and discounts that occurred after the balance sheet date, to ensure whether there is a material misstatement on sales revenue from specific clients in the group's financial statement.

Other Matters
We have also audited the parent company only financial statements of Promate Electronics Co. Ltd as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the 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 Po-Jen Weng and Hui-Min.Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2022

<u>*Notice to Readers*</u>

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

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

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
ASSETS	**Amount**	%	**Amount**	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 34)	$ 1,976,856	13	$ 2,178,947	18
Financial assets at fair value through profit or loss - current (Notes 4, 7, 20, and 34)	13,382	-	19,375	-
Financial assets at amortized cost - current (Notes 4, 9, 10, 34 and 36)	2,236	-	88,075	1
Notes receivable (Notes 4, 11 and 34)	169,019	1	68,817	1
Accounts receivable (Notes 4, 11 and 34)	6,792,763	45	5,513,335	46
Accounts receivable from related parties (Notes 4, 11, 34 and 35)	1,693	-	2,194	-
Other receivables (Notes 4, 11 and 34)	727,041	5	714,080	6
Current tax assets (Notes 4 and 28)	391	-	447	-
Inventories (Notes 4 and 12)	3,489,971	23	2,340,329	19
Other current assets (Notes 18)	23,207	-	9,271	-
Total current assets	13,196,559	87	10,934,870	91
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 and 34)	166,654	1	78,433	1
Investments accounted for using the equity method (Notes 4 and 14)	-	-	645	-
Property, plant and equipment (Notes 4, 15, 27, 32 and 36)	382,717	2	391,976	3
Right-of-use assets (Notes 4, 16 and 35)	105,289	1	105,340	1
Other intangible assets (Notes 4, 17 and 27)	9,837	-	6,704	-
Deferred tax assets (Notes 4 and 28)	174,778	1	117,562	1
Prepayments for business facilities (Notes 18, 32 and 37)	6,834	-	3,888	-
Refundable Deposits (Notes 18 and 34)	1,169,931	8	404,982	3
Total non-current assets	2,016,040	13	1,109,530	9
TOTAL	$ 15,212,599	100	$ 12,044,400	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 19, 32, 34, 36 and 37)	$ 2,645,942	17	$ 2,405,108	20
Short-term bills payable (Notes 4, 19, 32 and 34)	180,000	1	190,000	2
Contract liabilities - current (Notes 22 and 26)	146,306	1	77,704	1
Notes payable (Notes 21 and 34)	8,447	-	24	-
Accounts payable (Notes 21 and 34)	4,083,540	27	2,739,476	23
Accounts payable to related parties (Notes 21, 34 and 35)	13,893	-	19,899	-
Other payables (Notes 22 and 34)	558,738	4	405,209	3
Current tax liabilities (Notes 4 and 28)	279,163	2	75,105	1
Provisions- current (Notes 4 and 23)	2,938	-	3,285	-
Lease liabilities - current (Notes 4, 16, 32, 34 and 35)	37,289	-	34,528	-
Other current liabilities (Note 22)	492,968	3	309,606	2
Total current liabilities	8,449,224	55	6,259,944	52
NON-CURRENT LIABILITIES				
Bonds Payable（Note 4, 20 and 34）	539,418	4	967,284	8
Provisions- noncurrent (Notes 4 and 23)	1,386	-	2,239	-
Deferred tax liabilities (Notes 4 and 28)	53,883	-	146,866	1
Lease liabilities - noncurrent (Notes 4, 16, 32, 34 and 35)	68,470	1	71,908	1
Net defined benefit liabilities - noncurrent (Notes 4 and 24)	42,643	-	47,559	1
Guarantee Deposits (Notes 22 and 34)	1,051,904	7	284,864	2
Total non-current liabilities	1,757,704	12	1,520,720	13
Total liabilities	10,206,928	67	7,780,664	65
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 25, 29, 30 and 31)				
Share capital				
Ordinary shares	1,934,141	13	1,791,260	15
Capital surplus	1,008,022	7	712,730	6
Retained earnings				
Legal reserve	872,428	6	818,510	7
Special reserve	-	-	15,204	-
Unappropriated earnings	821,907	5	541,910	4
Total retained earnings	1,694,335	11	1,375,624	11
Other equity	2,551	-	6,778	-
Total equity attributable to owners of the Company	4,639,049	31	3,886,392	32
NON-CONTROLLING INTERESTS (Notes 25, 30 and 31)	366,622	2	377,344	3
Total equity	5,005,671	33	4,263,736	35
TOTAL	$ 15,212,599	100	$ 12,044,400	100

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

PROMATE ELECTRONIC 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, 26 and 35)				
Sales	$ 32,469,053	100	$ 26,710,813	100
OPERATING COSTS (Notes 4, 12, 27 and 35)				
Cost of sales	(30,102,015)	(93)	(24,713,479)	(92)
GROSS PROFIT	2,367,038	7	1,997,334	8
OPERATING EXPENSES (Notes 27 and 35)				
Selling and marketing expenses	(924,717)	(3)	(759,411)	(3)
General and administrative expenses	(137,140)	-	(134,483)	(1)
Research and development expenses	(70,364)	-	(70,959)	-
Total operating expenses	(1,132,221)	(3)	(964,853)	(4)
OPERATING PROFIT	1,234,817	4	1,032,481	4
NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 27, 30 and 35)				
Interest income	2,390	-	5,444	-
Other income- others	10,463	-	7,027	-
Other gains and losses	(131,210)	(1)	(219,398)	(1)
Finance costs	(56,396)	-	(74,490)	-
Share of profit (loss) of associates accounted for using equity method	(607)	-	(3,449)	-
Total non-operating income and expenses	(175,360)	(1)	(284,866)	(1)
PROFIT BEFORE INCOME TAX	1,059,457	3	747,615	3
INCOME TAX EXPENSE (Notes 4 and 28)	(210,553)	-	(142,939)	(1)
NET PROFIT FOR THE PERIOD	848,904	3	604,676	2
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 24)	3,727	-	(1,255)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 25)	17,224	-	29,879	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 28)	(745)	-	250	-
	20,206	-	28,874	-
Items that may be reclassified subsequently to profit or loss:				

	2021		2020	
	Amount	%	Amount	%
Exchange differences on translating the financial statements of foreign operations (Notes 25)	(2,439)	-	(1,490)	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income (Notes 4, 9 and 25)	2,788	-	4,044	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 28)	488	-	298	-
	837	-	2,852	-
Other comprehensive income (loss) for the period, net of income tax	21,043	-	31,726	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 869,947	3	$ 636,402	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 793,979	3	$ 536,016	2
Non-controlling interests	54,925	-	68,660	-
	$ 848,904	3	$ 604,676	2
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 816,037	3	$ 561,159	2
Non-controlling interests	53,910	-	75,243	-
	$ 869,947	3	$ 636,402	2
EARNINGS PER SHARE (Note 29)				
Basic	$ 4.31		$ 2.99	
Diluted	$ 3.75		$ 2.73	

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

PROMATE ELECTRONIC 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										
	Issued Capital			Retained Earnings			Other Equity				
	Shares (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Noncontrolling Interest	Total Equity
BALANCE AT JANUARY 1, 2020	179,045	$ 1,790,452	$ 657,690	$ 771,714	$ 4,789	$ 468,168	($ 4,025)	($ 11,180)	$ 3,677,608	$ 360,733	$ 4,038,341
Appropriation of 2019 earnings											
Legal reserve	-	-	-	46,796	-	(46,796)	-	-	-	-	-
Special reserve	-	-	-	-	10,415	(10,415)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(408,223)	-	-	(408,223)	-	(408,223)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(64,632)	(64,632)
Conversion of convertible bonds to common stock	81	808	1,708	-	-	-	-	-	2,516	-	2,516
Recognition of equity components due to the issuance of convertible corporate bonds-occurred by subscription right	-	-	53,332	-	-	-	-	-	53,332	-	53,332
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	4,073	-	(4,073)	-	-	-
Increase in non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	6,000	6,000
Net profit for the nine months ended December 31, 2020	-	-	-	-	-	536,016	-	-	536,016	68,660	604,676
Other comprehensive income (loss) for the nine months ended December 31, 2020	-	-	-	-	-	(913)	(1,193)	27,249	25,143	6,583	31,726
Total comprehensive income (loss) for the nine months ended December 31, 2020	-	-	-	-	-	535,103	(1,193)	27,249	561,159	75,243	636,402
BALANCE AT DECEMBER 31, 2020	179,126	1,791,260	712,730	818,510	15,204	541,910	(5,218)	11,996	3,886,392	377,344	4,263,736
Appropriation of 2020 earnings											
Legal reserve	-	-	-	53,918	-	(53,918)	-	-	-	-	-
Special reserve	-	-	-	-	(15,204)	15,204	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(501,553)	-	-	(501,553)	-	(501,553)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(64,632)	(64,632)
Conversion of convertible bonds to common stock	14,288	142,881	295,292	-	-	-	-	-	438,173	-	438,173
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	24,410	-	(24,410)	-	-	-
Net profit for the nine months ended December 31, 2021	-	-	-	-	-	793,979	-	-	793,979	54,925	848,904
Other comprehensive income (loss) f for the nine months ended December 31, 2021	-	-	-	-	-	1,875	(1,836)	22,019	22,058	(1,015)	21,043
Total comprehensive income (loss) for the nine months ended December 31, 2021	-	-	-	-	-	795,854	(1,836)	22,019	816,037	53,910	869,947
BALANCE AT DECEMBER 31, 2021	193,414	$ 1,934,141	$ 1,008,022	$ 872,428	$ -	$ 821,907	($ 7,054)	$ 9,605	$ 4,639,049	$ 366,622	$ 5,005,671

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

PROMATE ELECTRONIC 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		
Income before income tax	$ 1,059,457	$ 747,615
Adjustments for:		
Expected loss on credit impairment	13,216	3,983
Depreciation expenses	62,945	62,004
Amortization expenses	2,932	3,876
Finance costs	56,396	74,490
Share of loss(profit) of associates accounted for using the equity method	607	3,449
Interest income	(2,390)	(5,444)
Dividend income	(6,813)	(3,486)
Loss (gain) on inventory impairment	130,068	70
Loss (gain) on disposal of property, plant and equipment	(429)	-
Loss (gain) on Lease Modification	(1,668)	-
Loss (gain) on disposal of investments	13	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(3,242)	(5,262)
Net loss (gain) on foreign currency exchange	(8,575)	(7,209)
Loss (gain) on scrap of inventories	4,081	4,791
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	9,237	(9,453)
Decrease (increase) notes receivable	(100,202)	1,731
Decrease (increase) in accounts receivable	(1,292,634)	(2,082,950)
Decrease (increase) in accounts receivable due from related parties	501	664,014
Decrease (increase) in other receivable	(10,173)	(66,757)
Decrease (increase) in inventories	(1,283,789)	376,800
Decrease (increase) in other current assets	(13,936)	8,362
Increase (decrease) in contract liabilities	68,602	(26,706)
Increase (decrease) in notes payable	8,423	(6)
Increase (decrease) in accounts payable	1,344,064	816,698
Increase (decrease) in accounts payable to related parties	(6,006)	(6,407)
Increase (decrease) in other payable	153,099	44,591
Increase (decrease) in provisions	(1,200)	(12,600)
Increase (decrease) in net defined benefit liability	(1,189)	(1,115)
Increase (decrease) in other current liabilities	183,362	79,040
Cash generated from (used in) operations	364,757	664,119
Interest paid	(41,607)	(68,036)
Income tax paid	(156,895)	(71,753)
Net cash generated from (used in) operating activities	166,255	524,330

	2021	2020
		(Continued)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(46,963)	(1,428,701)
Acquisition of financial assets at fair value through other comprehensive income	(107,878)	(31,077)
Proceeds from disposal of financial assets at amortized cost	133,914	1,342,034
Proceeds from disposal of financial assets at fair value through other comprehensive income	36,881	14,973
Interest received	2,390	5,444
Other dividends received	6,813	3,486
Increase in prepayments for business facilities	(12,854)	(17,175)
Acquisition of property, plant and equipment	(7,886)	(4,249)
Acquisition of intangible assets	(6,065)	-
Proceeds from disposal of property, plant and equipment	429	-
Increase in refundable deposits	(764,949)	(248,736)
Acquisition of subsidiary company	-	2,710
Proceeds from capital reduction of investments accounted for using equity method	-	500
Net cash used in investing activities	(766,168)	(360,791)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of corporate bond	-	1,015,887
Increase in short-term loans	248,297	-
Decrease in short-term loans	-	(298,952)
Decrease in short-term notes and bills payable	(10,000)	(20,000)
Repayments of long-term debt	-	(18,828)
Payments of lease liabilities	(40,130)	(38,840)
Increase in guarantee deposits received	767,040	224,624
Payments of cash dividends	(501,553)	(408,223)
Dividends paid to non-controlling interests	(64,632)	(64,632)
Net cash generated from financing activities	399,022	391,036
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,200)	(994)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(202,091)	553,581
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,178,947	1,625,366
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,976,856	$ 2,178,947

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

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Promate Electronic Co., Ltd. (the "Company") is a listed company that was established in May, 1986. The Company is mainly engaged in the distribution and sales of electronic/electrical components, sales of computer software and electrical products, and sales of electronic/electrical components.

The Company conducted an IPO on the Taipei Exchange (TPEx) in September 2002, and its common shares were listed on the Taiwan Stock Exchange (TWSE) since May 2004.

After carefully evaluating the opportunities of the business unit as well as Promate Electronic as a whole, the Board of Directors concluded that creating a separate entity is the next reasonable step for the business. With two separate entities, Promate Electronic and Promate Solutions will have the flexibility and agility needed to pursue growth in a concentrated manner. Most importantly, this will enable each entity to serve customers more effectively and deliver values to shareholders.

As of August 1st, 2013, the Company is pleased to announce that this business unit will form a fully-owned subsidiary under Promate Solutions Corporation.

The functional currency of the Company is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 16, 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), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by Financial Supervisory Commission (FSC).

Except for the following, 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 Group's accounting policies.

b. The IFRSs endorsed by 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	January 1, 2022 (Note 3)

New IFRSs	Effective Date Announced by IASB
before Intended Use”	
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

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

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

1) Amendments to IFRS 3 “Reference to the Conceptual ”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

2) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of 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. The Group will restate its comparative information when it initially applies the aforementioned amendments.

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 that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

New IFRSs	Effective Date Announced by IASB (Note 1)
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 that deferred taxes 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 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that result in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

2) 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:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- 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
- 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 judgements or assumptions in applying an accounting policy, and the Group discloses those judgements 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.

3) 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.

4) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.)

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 that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; and
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 the 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 financial statements are authorized for issue; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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 theentities 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 profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the noncontrolling interests are adjusted to reflect the changes in their respective interests in the subsidiaries. Any difference between the amount by which the noncontrolling 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.

Refer to Note 13, and Tables 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, 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 period 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 the fair value was 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 that are measured at historical cost in a foreign currency are not retranslated.

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

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.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

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

g. Property, plant and equipments

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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.

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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 assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 34.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivable and notes receivable (including related party) at amortized cost, contract assets and other receivables (including related party), 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 such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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 debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both collecting of contractual cash flows and selling of such financial assets; and

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. 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 trade receivables), investments in debt instruments that are measured at FVTOCI and operating lease receivables.

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Convertible corporate bonds

The composite financial instruments (convertible corporate bonds) issued by the Group are based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments, and their components are classified into financial liabilities and equity at the time of initial recognition.

At the time of initial recognition, the fair value of the liability component is estimated at the prevailing market interest rate of similar non-convertible instruments, and measured at the amortized cost calculated using the effective interest method before the conversion or maturity date. The component of liability embedded in non-equity derivatives is measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the overall fair value of the compound instrument minus the fair value of the separately determined liability component, which is recognized as equity after deducting the impact of income tax, and will not be measured in the future. When the conversion right is executed, the related liability component and the amount of equity will be transferred to equity and capital reserve—issuance premium. If the conversion right of convertible corporate bonds has not been executed on the maturity date, the amount recognized in equity will be transferred to capital reserve—issuance premium.

The transaction costs related to the issuance of convertible corporate bonds are allocated to the liabilities (included in the carrying amount of the liabilities) and equity components (included in equity) of the instrument in proportion to the total apportionment price.

4) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

<u>Warranty</u>

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

l. Revenue recognition

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

1) Revenue from the sale of goods

The commodity sales revenue comes from the agency distribution of electronic components and the sales of special application display modules, medical touch displays and embedded control system products, which are mainly sold to the computer and peripheral equipment industry and other electronics industries. Since the above products arrive at the customer's designated location or when the shipment is started, the customer has the contractually agreed price and the right to use the product and bears the main responsibility for resale, and bears the risk of obsolescence and obsolescence of the product, the Group recognizes at that point in time list income and accounts receivable. Advance receipts from sales are recognized as contract liabilities before the products arrive or depart.

When the material is removed for processing, the control of the ownership of the processed product has not been transferred, so the revenue is not recognized when the material is removed.

2) Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

m. Leasing

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the 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, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company 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. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

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

o. 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 service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service 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 and net interest on the net defined benefit liabilities (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 liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. 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.

p. 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 Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward 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 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 only recognized 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 they 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 asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the 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 tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

There were no significant uncertainties in the accounting policies, estimates and basic assumptions adopted by the Group after being evaluated by the management of the Group.

6. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash on hand	$ 1,395	$ 2,129
Checking accounts and demand deposits	1,627,123	1,880,482
Cash equivalents (investment with original maturities less than three months)		

Time deposits	348,338	267,819
Reputchase agreements	-	28,517
	$ 1,976,856	$ 2,178,947

The market rate intervals of cash in bank, at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Demand deposits	0.001%～0.35%	0.001%～0.50%
Time deposits	0.13%～2.00%	0.17%～0.35%
Reputchase agreements	-	0.45%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2021	December 31, 2020
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic quoted shares	$ 13,382	$ 19,275
Redemption option on convertible bonds	-	100
	$ 13,382	$ 19,375

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2021	December 31, 2020
Non-current		
Investments in equity instruments	$ 166,654	$ 78,433

Investments in equity instruments at FVTOCI:

	December 31, 2021	December 31, 2020
Non-current		
Domestic investments		
Listed shares		
HIGGSTEC Inc.	$ 65,526	$ 76,035
Medimaging Integrated Solution Inc.	4,312	-
Unlisted shares		
UPI Semiconductor Corp.	-	1,009
Medimaging Integrated Solution Inc.	-	951
Tricorntech Corp.	438	438
DigiZerocarbon Corp.	500	-
Foreign investments		
Private Funds		
Esquarre IoT Landing Fund,L.P.	95,878	-
	$ 166,654	$ 78,433

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2021	December 31, 2020
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$ 2,236	$ 2,278
Foreign investments		
Repurchase agreement		
—Bank of China	-	28,515
—CITIC Group Corporation Ltd	-	28,567
—PERTAMINA	$ -	$ 28,715
	2,236	88,075
Less: Allowance for impairment loss	-	-
Foreign investments	$ 2,236	$ 88,075

a. The Group purchased repurchase agreements issued by China Bills Finance Corporation with coupon rates 0.50% as of December 31, 2020.

b. Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.

c. Financial assets at amortized cost as collateral for borrowings are set out in Note 36.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at amortized cost.

	December 31, 2021	December 31, 2020
Gross carrying amount	$ 2,236	$ 88,075
Allowance for impairment loss	-	-
Amortized cost	2,236	88,075
Fair value adjustment	-	-
	$ 2,236	$ 88,075

In order to minimize credit risk, the Group has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors. The Group's exposure and the external credit ratings are continuously monitored and assessed for whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

At Amortized Cost

Category		Gross carrying amount	
	Expected Loss Rate	December 31, 2021	December 31, 2020
Normal	0%-0.01%	$ 2,236	$ 88,075

There was no change in the allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost for the years ended December 31, 2021 and 2020.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2021	December 31, 2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 169,019	$ 68,817
Less: Allowance for impairment loss	-	-
	$ 169,019	$ 68,817
From operation	$ 169,019	$ 68,817
Accounts receivables		
At amortized cost		
Gross carrying amount	$ 6,835,431	$ 5,542,797
Gross carrying amount- related parties	1,693	2,194
Less: Allowance for impairment loss	(42,668)	(29,462)

	December 31, 2021	December 31, 2020
	$ 6,794,456	$ 5,515,529
Overdue receivables		
At amortized cost		
Gross carrying amount	$ 13,972	$ 13,972
Less: Allowance for impairment loss	(13,972)	(13,972)
	$ -	$ -
Other receivables		
Accounts receivables at FVTOCI	$ 596,497	$ 623,283
Tax refund receivables	109,098	78,196
Customs duty refund receivables	2,104	1,923
Receivables for disposal of financial assets	7,320	-
Others	12,022	10,678
	$ 727,041	$ 714,080

Notes Receivable and Accounts Receivables

At amortized cost

The average credit period of the sales of goods was 90-150 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual accounts debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group measures the loss allowance for all accounts receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group’s different customer base.

The Group writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables 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.

The following table details the loss allowance of notes receivables and accounts receivable based on the Group’s provision matrix.

December 31, 2021

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%-0.04%	0.00%-20.12%	0.68%-30.07%	5.93%-37.18%	9.12%-100%	
Gross carrying amount	$ 6,017,923	$ 790,741	$ 168,474	$ 14,313	$ 14,692	$ 7,006,143
Loss allowance (Lifetime ECL)	(1,228)	(16,387)	(14,703)	(1,295)	(9,055)	(42,668)
Amortized cost	$ 6,016,695	$ 774,354	$ 153,771	$ 13,018	$ 5,637	$ 6,963,475

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%-0.08%	0.27%-8.34%	3.94%-30.21%	18.75%-56.20%	22.22%-100.00%	
Gross carrying amount	$ 4,949,407	$ 568,479	$ 77,127	$ 7,373	$ 11,422	$ 5,613,808
Loss allowance (Lifetime ECL)	(1,093)	(10,943)	(6,095)	(2,294)	(9,037)	(29,462)
Amortized cost	$ 4,948,314	$ 557,536	$ 71,032	$ 5,079	$ 2,385	$ 5,584,346

The movements of the loss allowance of accounts receivables and overdue receivables were as follows:

	For the Year Ended December 31			
	2021		2020	
	Trade Receivables	Overdue Receivables	Trade Receivables	Overdue Receivables
Balance on January 1	$ 29,462	$ 13,972	$ 24,991	$ 13,969
Business combination	-	-	469	-
Add: Amount of expected loss recognized	13,216	-	3,983	-
Classified to overdue receivable	-	-	(3)	3
Foreign exchange gains and losses	(10)	-	22	-
Balance on December 31	$ 42,668	$ 13,972	$ 29,462	$ 13,972

12. INVENTORIES

	December 31, 2021	December 31, 2020
Raw materials and work in process	$ 277,428	$ 111,978
Merchandise inventories	3,212,543	2,228,351
	$ 3,489,971	$ 2,340,329

Operating cost summarized by nature is listed below.

	For the Year Ended December 31	
	2021	2020
Cost of Goods Sold	$ 29,946,169	$ 24,686,194
Service cost	21,697	22,424
Impairment（Price recovery）	130,068	70
Write-off	4,081	4,791
	$ 30,102,015	$ 24,713,479

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The entities included in the consolidated statements are listed below:

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31, 2021	Proportion of Ownership (%) December 31, 2020	Remark
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Production and sale of electronic products	66.21%	66.21%	a
	PROMATE INTERNATIONAL CO., LTD.	Investment	100%	100%	b
	HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Warehouse and logistic device	100%	100%	c
	PROMATE ELECTRONICS COMPANY USA	Sales of electronic/ electrical components	100%	100%	d
	CT Continental Corporation	International trade	90%	90%	e
PROMATE INTERNATIONAL CO., LTD.	Promate Electronic (Shenzhen) Co., Ltd.	International trade	100%	100%	f
	Promate Electronic (Shanghai) Co., Ltd	International trade	100%	100%	g
Promate Solutions Corporation.	Promate Japan Inc.	International trade	100%	100%	h

Remarks:

a) Promate Solutions Corporation. (Promate Solutions) was incorporated on May 29, 2000 in Taiwan. The Company holds 66.21% ownership in the subsidiary. Main business of Promate Solutions includes manufacturing and sales of information software and electronic parts, as well as services in the supply of electronic information.

b) PROMATE INTERNATIONAL CO., LTD. (Promate International) was incorporated in Hong Kong on October 4, 2000 by the Company, who holds 100% ownership. Main business includes is investment operation.

c) HAPPY ON SUPPLY CHAIN MANAGEMENT LTD. (Happy on) was incorporated in Hong Kong in February 2006 by the Company, who holds 100% ownership. Main business includes logistics operation.

d) PROMATE ELECTRONICS COMPANY USA (PROMATE USA) was incorporated in California, USA in November 2011 by the Company, who holds 100% ownership. Main business includes sale of electronic components.

e) CT Continental Corporation (CTC) was incorporated on March 12, 1990. Since June 15, 2020, the Company holds 90% ownership in this subsidiary. Main businesses include manufacturing, distribution, and import and export of computer motherboards and computer peripherals.

f) Promate Electronic (Shenzhen) Co., Ltd. was incorporated in February 2009 in Shenzhen, China by PROMATE INTERNATIONAL, 100% shareholding. Main businesses include the import/export of electronical components, economic information consulting, and the development and transfer of electronical products.

g) Promate Electronic (Shanghai) Co., Ltd. was incorporated in November 2009 in Shanghai, China by PROMATE INTERNATIONAL, 100% shareholding. Main businesses include the import/export of electronical components and related services.

h) Promate Japan Inc. was incorporated in March 2017 in Tokyo, Japan by Promate Solutions

Corporation, 100% shareholding..

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31, 2021	December 31, 2020
Promate Solutions and its subsidiaries	33.79%	33.79%

See Table 6 for the information on place of incorporation and principal place of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests — For the Years Ended December 31, 2021	2020	Accumulated Non-controlling Interests — December 31, 2021	December 31, 2020
Promate Solutions and its subsidiaries	$ 54,833	$ 68,619	$ 360,488	$ 371,303

The summarized financial information below represents amounts before intragroup eliminations.

Promate Solutions and its subsidiaries

	December 31, 2021	December 31, 2020
Current assets	$ 1,576,278	$ 1,320,594
Non-current assets	194,502	180,117
Current liabilities	(668,997)	(341,446)
Non-current liabilities	(34,934)	(60,410)
Equity	$ 1,066,849	$ 1,098,855
Equity attributable to:		
The Parent Company	$ 706,361	$ 727,552
Non-controlling interests of Promate Solutions	360,488	371,303
	$ 1,066,849	$ 1,098,855

	For the Year ended December 31 2021	2020
Revenue	$ 1,745,768	$ 1,771,303
Net income for the period	$ 162,274	$ 203,075
Other comprehensive income for the period	(3,006)	19,481
Total comprehensive income for the period	$ 159,268	$ 222,556
Net income attributable to:	$ 107,441	$ 134,456
The Parent Company	54,833	68,619
Non-controlling interests of Promate Solutions	$ 162,274	$ 203,075
Total comprehensive income (loss) attributable to:	$ 105,450	$ 147,354
The Parent Company	53,818	75,202
Non-controlling interests of Promate Solutions	$ 159,268	$ 222,556
Net cash flow from:		
Operating activities	$ 199,514	$ 129,110
Investing activities	26,446	(111,570)
Financing activities	(136,435)	(213,508)

	For the Year ended December 31	
	2021	2020
Foreign exchange translation	(428)	2
Net cash inflow (outflow)	$ 89,097	($ 195,966)
Dividends paid to non-controlling interests		
Promate Solutions	$ 64,632	$ 64,632

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	December 31, 2021	December 31, 2020
Associates that are not individually material		
Prosperity Venture Capital I, Limited (Note)	$ -	$ 645

	Proportion of Ownership and Voting Rights Held by the Company	
Name of Associate	December 31, 2021	December 31, 2020
Prosperity Venture Capital I, Limited	-	21.62%

(Note) Prosperity Venture Capital I, Limited has discontinued operations. Therefore, the Company recognized loss on disposal of associate of NT$13 thousand and listed in other gains and losses.

Refer to Table 6 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associates.

All the associates were accounted for using the equity method.

Summarized financial information in respect of each of the Company’s material associates is set out below. The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	December 31, 2021	December 31, 2020
Total assets	$ -	$ 2,848
Liability	$ -	($ 25)
Equity	$ -	$ 2,823
Proportion of the Company's ownership	-	21.62%
Equity attributable to the Company	$ -	$ 610
Difference between previous year's investment cost and equity value	-	35
Carry amount	$ -	$ 645

	For the Year Ended December 31	
	2021	2020
Revenue	$ -	$ -
Net gain (loss)	($ 2,806)	($ 15,954)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	($ 2,806)	($ 15,954)
Dividend received	$ -	$ 500

15. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Cost							
Balance on January 1, 2021	$212,223	$192,373	$ 83,678	$ 20,681	$ 52,979	$ 76,970	$638,904
Additions	-	-	-	1,389	710	5,787	7,886
Disposals	-	-	-	(1,125)	(1,708)	(2,210)	(5,043)
Reclassifications	-	-	1,360	-	-	8,548	9,908
Effect of foreign currency	-	(223)	(1)	(69)	(151)	(18)	(462)
Balance on December 31, 2021	$212,223	$192,150	$ 85,037	$ 20,876	$ 51,830	$ 89,077	$651,193
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 73,544	$ 51,660	$ 17,834	$ 42,973	$ 60,917	$246,928
Disposals	-	-	-	(1,125)	(1,708)	(2,210)	(5,043)
Depreciation expense	-	6,646	6,930	723	3,779	8,828	26,906
Effect of foreign currency	-	(106)	(1)	(51)	(140)	(17)	(315)
Balance on December 31, 2021	$ -	$ 80,084	$ 58,589	$ 17,381	$ 44,904	$ 67,518	$268,476
Carrying amount on December 31, 2021	$212,223	$112,066	$ 26,448	$ 3,495	$ 6,926	$ 21,559	$382,717
Cost							
Balance on January 1, 2020	$205,987	$187,876	$ 72,318	$ 18,771	$ 51,625	$ 70,886	$607,463
Additions	-	-	-	72	3,704	473	4,249
Disposals	-	-	-	-	(2,534)	(314)	(2,848)
Acquired in business combination	6,236	3,808	-	1,780	82	280	12,186
Reclassifications	-	-	11,357	-	285	5,670	17,312
Effect of foreign currency	-	689	3	58	(183)	(25)	542
Balance on December 31, 2020	$212,223	$192,373	$ 83,678	$ 20,681	$ 52,979	$ 76,970	$638,904
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 64,239	$ 44,389	$ 16,361	$ 41,919	$ 51,748	$218,656
Disposals	-	-	-	-	(2,534)	(314)	(2,848)
Acquired in business combination	-	2,371	-	630	68	233	3,302
Depreciation expense	-	6,601	7,269	764	3,693	9,274	27,601
Effect of foreign currency	-	333	2	79	(173)	(24)	217
Balance on December 31, 2020	$ -	$ 73,544	$ 51,660	$ 17,834	$ 42,973	$ 60,917	$246,928
Carrying amount on December 31, 2020	$212,223	$118,829	$ 32,018	$ 2,847	$ 10,006	$ 16,053	$391,976

There was no indication of an impairment loss in the years ended December 31, 2021 and 2020; therefore, the Group did not perform impairment assessment.

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

Buildings- Office in China	20 years
Buildings- Office in Taiwan	61 years
Buildings- Plant in Taiwan	25-30 years
Machinery Equipment	3-10 years
Transportation Equipment	3-10 years
Office Equipment	3-10 years
Miscellaneous Equipment	3-20 years

Property, plant and equipment pledged as collateral for borrowings are set out in Note 36.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amounts		
Buildings	$ 99,320	$ 102,075
Transportation equipment	5,969	3,265
	$ 105,289	$ 105,340

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets		
Buildings	$ 79,038	$ 8,099
Transportation equipment	5,043	1,433
	$ 84,081	$ 9,532
Depreciation charge for right-of-use assets		
Buildings	$ 33,700	$ 32,530
Transportation equipment	2,339	1,873
	$ 36,039	$ 34,403

Due to the early termination of the lease contract during current period, the Group's right-of-use assets and lease liabilities were reduced by NT$47,172 thousand and NT$48,840 thousand respectively. Thus, it resulted in a lease modification benefit of NT$1,668 thousand.

Expect for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the year ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31, 2021	December 31, 2020
Carrying amounts		
Current	$ 37,289	$ 34,528
Non-current	$ 68,470	$ 71,908

Range of discount rate for lease liabilities was as follows:

	December 31, 2021	December 31, 2020
Buildings	2.75%～4.75%	2.75%～6.4%
Transportation equipment	5.69%	5.69%

c. Material lease-in activities and terms

The Group leased a number of cars for use by business personnel or warehouse personnel for 3 years. The lease contracts for these cars do not contain terms for the right of renewal or the right of purchase.

The Group also leased certain buildings for use as plant and office for a period 2 to 5 years. The lease contracts for offices located in Taiwan specify that the lease payments will be adjusted by customer price index each year. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. 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 low-value asset leases	$ 1,858	$ 3,112
Total cash outflow for lease	($ 41,988)	($ 41,952)

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

17. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance on January 1, 2021	$ 23,112
Addition	6,065
Disposal	(6,262)
Effect of foreign currency	(3)
Balance on December 31, 2021	$ 22,912
Accumulated amortization	
Balance on January 1, 2021	($ 16,408)
Amortization expense	(2,932)
Disposal	6,262
Effect of foreign currency	3
Balance on December 31, 2021	($ 13,075)
Carrying amount on December 31, 2021	$ 9,837
Cost	
Balance on January 1, 2020	$ 29,119
Disposal	(6,012)
Effect of foreign currency	5
Balance on December 31, 2020	$ 23,112
Accumulated amortization	
Balance on January 1, 2020	($ 18,540)
Amortization expense	(3,876)
Disposal	6,012
Effect of foreign currency	(4)
Balance on December 31, 2020	($ 16,408)
Carrying amount on December 31, 2020	$ 6,704

Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer Software	3～10 years

Amortization expenses summarized by function are as below.

	For the Year Ended December 31

	2021	2020
Operating costs	$ -	$ -
Selling and marketing expenses	129	128
General and administrative expenses	2,246	3,377
Research and development expenses	557	371
	$ 2,932	$ 3,876

18. OTHER ASSETS

	December 31, 2021	December 31, 2020
Current		
Prepayments	$ 21,224	$ 9,250
Others	1,983	21
	$ 23,207	$ 9,271
Non-current		
Prepayments for equipment	$ 6,834	$ 3,888
Refundable deposits	1,169,931	404,982
Overdue receivables (Note 11)	13,972	13,972
Allowance for impairment loss - Overdue receivables (Note 11)	(13,972)	(13,972)
	$ 1,176,765	$ 408,870

Refundable deposits

Refundable deposits are mainly paid to suppliers as performance bond.

19. BORROWINGS

a. Short-term borrowings

	December 31, 2021	December 31, 2020
Secured borrowings (Note 36)		
Bank loans (1)	$ 1,765,000	$ 2,060,000
Bank loans - letters of credit (2)	804,721	345,108
Bank loans - export letters of credit (3)	76,221	-
	$ 2,645,942	$ 2,405,108

1) The effective weighted average interest rates for bank loans ranged from 0.577%～0.830% and 0.6035%～0.9371% per annum as of December 31, 2021 and 2020, respectively.

2) The effective weighted average interest rate for letters of credit loans was 0.51%~0.7729% and 0.50%～0.8682% per annum as of S December 31, 2021 and 2020, respectively.

3) The weighted average effective interest rate for export L/C documentary loan which were secured by the Group’s notes receivable (refer to Note 36) with maturity date between April 19, 2022 and May 31, 2022 was 0.786% per annum as of December 31, 2021.

b. Short-term bills payable

	December 31, 2021	December 31, 2020
Commercial paper	$ 180,000	$ 190,000
Less: Unamortized discount on bills payable	-	-
	$ 180,000	$ 190,000

The effective weighted average interest rates for commercial papers ranged from 0.828% and 0.908%～0.958% per annum as of December 31, 2021 and 2020, respectively.

20. Convertible Bond

	December 31, 2021	December 31, 2020
Domestic unsecured convertible bonds	$ 549,200	$ 997,400
Less：Discounts on bonds payable	(9,782)	(30,116)
	$ 539,418	$ 967,284

Unsecured Domestic Convertible Bonds - Third Issue

On June 8, 2020, the Company issued 10 thousand NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $1,000,000 thousand. In addition, the bond is publicly underwritten by bidding auction, the issue price is $101, and the actual total issue amount is $1,020,987 thousand. The annual interest rate of the issuance coupon is 0%, the issuance period is three years, and the maturity date is June 8, 2023.

The major terms are as follows:

a. In the period of circulation from three months after the issuance of the convertible corporate bonds to forty business days before the maturity of the bonds, the Company may notify the bondholders under the conversion measures and redeem all bonds in cash at the nominal amount when the agreed conditions are met.

b. When this convertible bond expires, it will be repaid in cash based on the denomination of the bond.

c. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. The conversion price at issuance was NT$ 34.50.

d. The conversion price after the issuance of convertible corporate bonds will be adjusted according to the anti-dilution clause of the third Unsecured Convertible Bonds Issuance and Conversion Rules of the Company. The conversion price was adjusted from NT$32.16 per share to NT$30.16 per share since August 6, 2021, i.e. the ex-dividend date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 1.28% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $5,100 thousand)	$ 1,015,887
Equity component (less transaction costs allocated to the equity component of $255 thousand)	(53,332)
Redemption right	100
Liability component on the date of issuance (less transaction costs allocated to the liability component of $4,845 thousand)	962,655
Interest charged at an effective interest rate of 1.28%	7,145
Conversion of corporate bond payable into common shares	(2,516)
Liability component on December 31, 2020	967,284
Interest charged at an effective interest rate of 1.28%	10,307
Conversion of corporate bond payable into common shares	(438,173)
Liability component on December 31, 2021	$ 539,418

21. NOTES AND ACCOUNTS PAYABLE

	December 31, 2021	December 31, 2020
Notes payable		
Non-trade	$ 8,447	$ 24
Accounts payable		
Accounts payable	$ 4,083,540	$ 2,739,476
Accounts payable - related parties	$ 13,893	$ 19,899

The average credit period for purchases of goods was between 30-120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. OTHER LIABILITIES

	December 31, 2021	December 31, 2020
Current		
Other payables		
Accrued commissions	$ 37,923	$ 16,505
Payables for salaries or bonuses	166,368	111,170
Payables for annual leaves	18,750	17,850
Payables for compensation of employees and remuneration of directors	97,000	62,000
Subsidiaries' payables for compensation of employees and remuneration of directors	19,500	24,700
Accrued freights	$ 50,965	$ 46,662
Payables for dividends	519	519

	December 31, 2021	December 31, 2020
Accrued Interests	3,433	3,003
Others	164,280	122,800
	$ 558,738	$ 405,209
Contract liability	$ 146,306	$ 77,704
Others		
Refund liability (1)	$ 486,610	$ 291,379
Others	6,358	18,227
	$ 492,968	$ 309,606
Non-current		
Other liabilities		
Guarantee deposits(2)	$ 1,051,904	$ 284,864

1) Refund liabilities is based on historical experience, management's judgments and other known reasons for which estimated product returns and rebates may occur in the reporting period. Refund liabilities are recognized as a reduction of operating income in the periods in which the related goods are sold.

2) Guarantee deposits are mainly collected from customers.

23. PROVISIONS

	December 31, 2021	December 31, 2020
Current		
Warranties	$ 2,938	$ 3,285
Non-current		
Warranties	$ 1,386	$ 2,239

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under sale of goods legislation. The estimate had been made on the basis of historic warranty trends, and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company and Promate Solutions in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$ 72,699	$ 76,456
Fair value of plan assets	(30,056)	(28,897)
Net defined benefit liabilities (assets)	$ 42,643	$ 47,559

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Fair Value of the Plan Assets
Balance on January 1, 2021	$ 76,456	($ 28,897)	$ 47,559
Service cost			
Service cost of current period	153	-	153
Net interest expense (income)	382	(148)	234
Recognized in loss (profit)	535	(148)	387
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(359)	(359)
Actuarial loss – change in demographic assumptions	1,799	-	1,799
Actuarial loss – changes in financial assumptions	-	-	-
Actuarial loss – experience adjustments	(5,167)	-	(5,167)
Recognized in other comprehensive loss (gain)	(3,368)	(359)	(3,727)
Contributions from employer	-	(1,576)	(1,576)
Benefits paid	(924)	924	-
Balance on December 31, 2021	$ 72,699	($ 30,056)	$ 42,643
Balance on January 1, 2020	$ 73,662	($ 26,243)	$ 47,419
Service cost			
Service cost of current period	150	-	150
Net interest expense (income)	553	(203)	350
Recognized in loss (profit)	703	(203)	500
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(836)	(836)
Actuarial loss – change in demographic assumptions	611	-	611
Actuarial loss – changes in financial assumptions	1,910	-	1,910
Actuarial loss – experience adjustments	(430)	-	(430)
Recognized in other comprehensive loss (gain)	2,091	(836)	1,255
Contributions from employer	-	(1,615)	(1,615)
Balance on December 31, 2020	$ 76,456	($ 28,897)	$ 47,559

The amount recognized as profit or loss for the defined benefit plan is summarized by function as follows:

	For the Year Ended December 31	
	2021	2020
Operating cost	$ 19	$ 26
Selling and marketing expenses	258	313
General and administrative expenses	88	136
Research and development expenses	22	25
	$ 387	$ 500

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

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

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

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

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 were as follows:

	December 31, 2021	December 31, 2020
Discount rate(s)	0.50%	0.75%
Expected rate(s) of salary increase	2.00%	2.00%
Death rate	According to the sixth mortality experience table of Taiwan life insurance industry	According to the fifth mortality experience table of Taiwan life insurance industry
Disability rate	According to 10% of expected mortality rate	According to 10% of expected mortality rate

Employee turnover rate

The Company

Age	December 31, 2021	December 31, 2020
20 years old ~ 30 years old	7%~10%	7%~10%
35 years old ~ 60 years old	0%~4%	0%~4%

Promate Solutions

Age	December 31, 2021	December 31, 2020
20 years old ~ 30 years old	6%~10%	6%~10%
35 years old ~ 60 years old	0%~4%	0%~4%

Based on the empirical data of the turnover rate of the Company in the past and the future trend, the revised data were adopted.

The turnover rate under 20 years old shall be calculated as 20 years old; the turnover rate of each age Company shall be calculated in the way of internal difference.

Voluntary retirement rate

Assuming that Z is the earliest retirement age for individual employees

Age	December 31, 2021	December 31, 2020
Z	15%	15%
Z＋1～64	3%	3%
65	100%	100%

However, the voluntary retirement rate of individual employees shall not be less than 1.5 times of the turnover rate for the same age adopted by the Company.

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

	December 31, 2021	December 31, 2020
Discount rate(s)		
0.25% increase	($ 1,758)	($ 1,916)
0.25% decrease	$ 1,826	$ 1,992

	December 31, 2021	December 31, 2020
Expected rate(s) of salary increase		
0.25% increase	$ 1,769	$ 1,931
0.25% decrease	($ 1,713)	($ 1,867)

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

	December 31, 2021	December 31, 2020
The expected contributions to the plan for the next year	$ 1,588	$ 1,653
The average duration of the defined benefit obligation	9.6~10.3 Years	9.9~10.2 Years

25. Equity

a. Share capital

Common stock

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	250,000	250,000
Shares authorized	$ 2,500,000	$ 2,500,000
Number of shares issued and fully paid (in thousands)	193,414	179,126
Shares issued	$ 1,934,141	$ 1,791,260

Fully paid ordinary shares, with a par value of NT$10, each of which carries one vote per share and carry a right to receive dividends

Of the Company's authorized shares, 10,000 thousand shares had been reserved for the issuance of convertible bonds and employee share options.

As of December 31, 2021, 3,176 thousand of common shares issued from convertible bonds has yet to complete the registration process.

b. Capital surplus

	December 31, 2021	December 31, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 291,960	$ 291,960
Conversion of employee stock options	66,208	66,208
Conversion of bonds	733,444	438,152
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal of acquisition	45,604	45,604
Less: transfer to capital	(267,199)	(267,199)
Less: cash dividends paid	(73,408)	(73,408)
Less: Treasury stock cancellation	(9,461)	(9,461)
	787,148	491,856
May be used to offset a deficit only		
Changes in percentage of ownership interest in subsidiaries (2)	166,292	166,292
May not be used for any purpose		
Employee share options	1,250	1,250
Share options on Convertible Bond	53,332	53,332
	54,582	54,582
	$ 1,008,022	$ 712,730

1) 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 share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing 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 bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, refer to employees' compensation and remuneration of directors in Note 27, h.

The Company's dividend policy is formulated according to the Company's capital budget, mid- and long-term operational planning and financial status, as well as by reference to the general level of dividends in the industry and capital markets as the basis for dividend policy. Related earnings can be distributed in the form of stock dividends or cash dividends. However, the percentage of cash dividends shall not be less than 20% of the total dividends. The percentage of cash dividends will be increased when future earnings and funds are more abundant.

A legal reserve should be appropriated from earnings until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019, which have been approved in the shareholders' meetings on July 26, 2021 and June 15, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 53,918	$ 46,796
Special reserve (Reversal)	($ 15,204)	$ 10,415
Cash dividends	$ 501,553	$ 408,223
Cash dividends per share (NT$)	$ 2.80	$ 2.28

The appropriation of earnings for 2021 was proposed by the Company's board of directors on March 16, 2022. The appropriation and dividends per share were as follows:

Legal reserve	$ 82,026
Cash dividends	737,021
Cash dividends per share (NT$)	3.78

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 15, 2022.

d. Special reserves

	For the Year Ended December 31	
	2021	2020
Beginning on January 1	$ 15,204	$ 4,789
Appropriations (reversal) of special reserves		
In respect of debits to other equity items	(15,204)	10,415
Balance on December 31	$ -	$ 15,204

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

For the Year Ended December 31	
2021	**2020**

Balance on January 1	($ 5,218)	($ 4,025)
Recognized for the period		
Share from associates accounted for using the equity method	(1,836)	(1,193)
Other comprehensive income recognized for the period	(1,836)	(1,193)
Balance on December 31	($ 7,054)	($ 5,218)

2) Unrealized gain or loss on Financial Assets at FVTOCI

	For the Year Ended December 31	
	2021	**2020**
Balance on January 1	$ 11,996	($ 11,180)
Recognized for the period		
Unrealized gain (loss) - equity instruments	19,231	23,205
Net remeasurement of loss allowance	2,788	4,044
Other comprehensive income recognized for the period	22,019	27,249
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(24,410)	(4,073)
Balance on S December 31	$ 9,605	$ 11,996

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Beginning on January 1	$ 377,344	$ 360,733
Share of profit (loss) for the period	54,925	68,660
Other comprehensive income during the period		
Exchange differences arising on translating the foreign operations	(115)	1
Actuarial profit and loss of defined benefit plans	(2,007)	6,674
Unrealized gain on FVTOCI financial assets	1,107	(92)
Cash dividends distributed by subsidiaries	(64,632)	(64,632)
Increase in non-controlling interests arising from the acquisition of subsidiary.（Note 30）	-	6,000
Balance on December 31	$ 366,622	$ 377,344

26. REVENUE

	For the Year Ended December 31	
	2021	**2020**
Revenue from contracts with customers		
Revenue from sale of goods	$ 32,409,869	$ 26,633,714
Revenue from NRE service	39,319	58,378
Revenue from repair service	12,711	13,012
	32,461,899	26,705,104
Other operating income		
Service revenue	7,154	5,709
	$ 32,469,053	$ 26,710,813

a. Revenue from contracts with customers

Revenue from the sale of goods

Revenue from the sale of goods mainly comes from the distribution of electronic components and the sale and manufacture of industrial computer monitors and customized products. Goods are categorized into electronic components (application-specific and LCD display products, linear/distributed components, application-specific and image processing ICs) as well as embedded control systems, medical displays, and application-specific display modules (e.g., medical, factory automation, military, outdoor use, and sports equipment). The Group sells goods at the agreed prices stipulated in contracts, quotations or orders.

Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

b. Contract balances

	December 31, 2021	December 31, 2020
Notes receivables (Note 11)	$ 169,019	$ 68,817
Accounts receivables (Note 11)	$ 6,792,763	$ 5,513,335
Accounts receivables from related parties (Note 11)	$ 1,693	$ 2,194
Contract liabilities - current (Note 22)		
Sale of goods	$ 146,306	$ 77,704

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

c. Disaggregation of revenue

For the year ended December 31, 2021

	Reportable Segment					
	Application-specific and LCD Display Products	Linear/ Distributed Components	Image Processing ICs	Application-specific ICs	Others	Total
Types of goods or services						
Revenue from the sale of goods	$ 6,417,469	$14,273,300	$ 6,804,960	$ 2,641,228	$ 2,272,912	$32,409,869
Service revenue	52,030	-	-	-	7,154	59,184
	$ 6,469,499	$14,273,300	$ 6,804,960	$ 2,641,228	$ 2,280,066	$32,469,053

For the year ended December 31, 2020

	Reportable Segment					
	Application-specific and LCD Display Products	Linear/ Distributed Components	Image Processing ICs	Application-specific ICs	Others	Total
Types of goods or services						
Revenue from the sale of goods	$ 5,386,659	$12,039,535	$ 5,636,472	$ 1,930,122	$ 1,640,926	$26,633,714
Service revenue	71,390	-	-	-	5,709	77,099
	$ 5,458,049	$12,039,535	$ 5,636,472	$ 1,930,122	$ 1,646,635	$26,710,813

27. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Interest income

	For the Year Ended December 31 2021	2020
Interest Income		
Bank deposits	$ 1,950	$ 3,825
Financial assets at amortized cost	425	1,597
Imputed interest of deposit	15	22
	$ 2,390	$ 5,444

b. Other income

	For the Year Ended December 31 2021	2020
Rental income		
Other operating lease	$ 946	$ 288
Dividend Income		
Financial assets at FVTPL	1,135	661
Financial assets at FVTOCI	5,678	2,825
	6,813	3,486
Other	2,704	3,253
	$ 10,463	$ 7,027

c. Other gains and losses

	For the Year Ended December 31 2021	2020
Gain (loss) on financial instruments		
Mandatorily measured at FVTPL	$ 3,242	$ 5,262
Gain (loss) on disposal of investment in associations (Note 14)	(13)	-
Net foreign exchange gains (losses)	(118,609)	(215,711)
Gain (loss) on disposal of property, plant and equipment	429	-
Gain on Lease Modification	1,668	-
Bank charge	(17,745)	(14,126)
Other	(182)	5,177
	($ 131,210)	($ 219,398)

d. Finance costs

	For the Year Ended December 31 2021	2020
Interest on bank loans	$ 42,037	$ 62,789
Interest on convertible corporate bond	10,307	7,145
Interest on lease liabilities	4,052	4,556
	$ 56,396	$ 74,490

There was no interest capitalization in the Company for the year ended December 31, 2021 and 2020.

e. Impairment losses recognized

	For the Year Ended December 31	
	2021	2020
Trade receivables	($ 13,216)	($ 3,983)
Inventories (included in operating costs)	($ 130,068)	($ 70)

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of deprecation by function		
Operating costs	$ 909	$ 935
Operating expenses	62,036	61,069
	$ 62,945	$ 62,004
An analysis of amortization by function		
Operating costs	$ -	$ -
Operating expenses	2,932	3,876
	$ 2,932	$ 3,876

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 658,338	$ 553,262
Post-employment benefits (Note 24)		
Defined contribution plans	24,495	14,916
Defined benefit plans	387	500
	24,882	15,416
Other employee benefits	41,913	41,415
Total employee benefits expense	$ 725,133	$ 610,093
An analysis of employee benefits expense by function		
Operating costs	$ 52,029	$ 54,497
Operating expenses	673,104	555,558
	$ 725,133	$ 610,055

h. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors at the rates 7.5%-10% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The compensation to employees and remuneration to the directors of 2021 and 2020 were approved by the Company's board of directors on March 16, 2022 and March 24, 2021, respectively.

Accrual rate

For the Year ended December 31

	2021	2020
Employees' compensation	7.5%	7.5%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	$ 80,500	$ 52,000
Remuneration of directors	16,500	10,500

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

There was 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.

i. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 620,507	$ 864,082
Foreign exchange losses	(739,116)	(1,079,793)
Net foreign exchange gains and losses	($ 118,609)	($ 215,711)

28. INCOME TAXES RELATING TO CONTINUING OPERATION

a. Income tax recognized in profit or loss

Major components of tax expense (income) recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current period	$ 359,533	$ 155,731
Income tax on unappropriated earnings	-	712
Adjustment for prior years	1,476	(7,016)
	361,009	149,427
Deferred tax		
In respect of the current period	(150,456)	(6,488)
Income tax expense recognized in profit or loss	$ 210,553	$ 142,939

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

	For the Year Ended December 31	
	2021	2020
Income before income tax	$ 1,059,457	$ 747,615
Income tax expense calculated at the statutory rate	$ 234,424	$ 178,093
Non-deductible tax loss	-	525
Tax-exempt income	(23,599)	(29,316)
Income tax on unappropriated earnings	-	712
Unrecognized deductible temporary differences	(1,748)	(59)
Adjustments for prior year	1,476	(7,016)
Income tax expense recognized in profit or loss	$ 210,553	$ 142,939

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of current period		
Translating the financial statements of foreign operations	$ 488	$ 298
Actuarial profit and loss of defined benefit plans	(745)	250
Income tax recognized in other comprehensive income (loss)	($ 257)	$ 548

c. Current tax assets and liabilities

	December 31, 2021	December 31, 2020
Current tax assets		
Tax refund receivable	$ -	$ -
Prepaid income tax	391	447
	$ 391	$ 447
Current tax liabilities		
Income tax payable	$ 279,163	$ 75,105

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized sales return and allowance	$ 58,276	$ 41,503	$ -	$ 99,779
Impairment loss	5,993	(3,018)	-	2,975
Provisions s	1,105	(240)	-	865
Defined benefit obligation	5,048	(238)	(11)	4,799
Associates	269	-	-	269
Allowance for write-down of inventories	24,921	26,000	-	50,921
Unrealized foreign exchange loss	17,221	(11,842)	-	5,379
Exchange differences on translating foreign operations	1,309	-	488	1,797
Valuation on financial assets-current	240	(240)	-	-
Convertible bonds payable	-	3,490	-	3,490
Others	3,180	1,324	-	4,504
	$ 117,562	$ 56,739	$ 477	$ 174,778
Deferred tax liabilities				
Temporary differences				
Defined benefit obligation	$ -	$ -	($ 734)	($ 734)
Associates	(10,975)	629	-	(10,346)
Unrealized purchase allowance	(135,535)	92,220	-	(43,315)
Others	(356)	868	-	512
	($ 146,866)	$ 93,717	($ 734)	($ 53,883)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized sales return and allowance	$ 26,827	$ 31,449	$ -	$ 58,276
Impairment loss	5,993	-	-	5,993
Provisions s	3,625	(2,520)	-	1,105

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Defined benefit obligation	5,019	(221)	250	5,048
Associates	269	-	-	269
Allowance for write-down of inventories	24,907	14	-	24,921
Unrealized foreign exchange loss	4,043	13,178	-	17,221
Exchange differences on translating foreign operations	1,012	(1)	298	1,309
Valuation on financial assets-current	-	240	-	240
Others	2,494	686	-	3,180
	$ 74,189	$ 42,825	$ 548	$ 117,562
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange loss	($ 3)	$ 3	$ -	$ -
Associates	(7,094)	(3,881)	-	(10,975)
Unrealized purchase allowance	(103,048)	(32,487)	-	(135,535)
Others	(384)	28	-	(356)
	($ 110,529)	($ 36,337)	$ -	($ 146,866)

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31, 2021	December 31, 2020
Loss carryforwards		
Expiry in 2022	$ 504	$ 778
Deductible temporary differences	$ 74	$ 74

f. Income tax assessments

The tax returns of the Company and Promate Solutions Corporation through 2019 have been assessed by the tax authorities.

29. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share total	$ 4.31	$ 2.99
Diluted earnings per share total	$ 3.75	$ 2.73

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

Net Profit for the Period

	For the Year Ended December 31	
	2021	2020
Income for the period attributable to owners of the Company	$ 793,979	$ 536,016
Earnings used in the computation of basic earnings per share	$ 793,979	$ 536,016
Effect of potentially dilutive ordinary shares:		

	For the Year Ended December 31	
	2021	2020
The after-tax interest of convertible bonds	8,245	5,716
Earnings used in the computation of diluted earnings per share	$ 802,224	$ 541,732

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	184,310	179,059
Effect of potentially dilutive ordinary shares:		
Employees' compensation	2,261	1,984
Corporate bond	27,271	17,607
Weighted average number of ordinary shares used in the computation of diluted earnings per share	213,842	198,650

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus would be settled in shares, and if the resulting potential shares have a dilutive effect, these shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

30. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
CT Continental Corporation	Agent distribution of computers and peripheral devices	June 15, 2020	50%	$ 6,000

The Group acquired CT Continental Corporation in order to expand its agent distribution of computers and peripheral devices.

b. Consideration transferred

	CT Continental Corporation
Cash	$ 6,000

c. Assets acquired and liabilities assumed at the dates of acquisitions

	CT Continental Corporation
Current assets	
Cash and cash equivalents	$ 8,710
Accounts receivable and other receivables	69
Prepayments	1,563
Noncurrent assets	
Property, plant, and equipment	8,884
Refundable deposits	130

Current liabilities	
Other payables	(68)
Others	(7,094)
Noncurrent liabilities	
Guarantee deposits received	(194)
	$ 12,000

The original accounting treatment for the acquisition of CT Continental Corp. on the balance sheet date is adopted temporarily. For the purpose of taxation, the taxation basis of CT Continental Corp.'s assets must be re-determined in accordance with the market value of such assets.

The Group's net value of accounts receivable and payable from sales to other customers through CT Continental Corp. as of December 31, 2020 was NT$1,076,857 thousand.

d. Non-controlling interests

The non-controlling interest (50% in CTC) recognized on the acquisition date was measured with reference to the fair value of the non-controlling interest in the amount of $12,000 thousand.

e. Net cash inflow on acquisitions of subsidiaries

	CT Continental Corp
Consideration paid in cash	($ 6,000)
Less: Cash and cash equivalent balances acquired	8,710
	$ 2,710

f. Net cash inflow on acquisitions of subsidiaries

The results of the acquisition since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	CT Continental Corp
Revenue	$ 15,250
Profit	$ 412

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been NT$26,712,703 thousand, and the profit from continuing operations would have been NT$605,411 thousand for the year ended December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020 nor is it intended to be a projection of future results.

When hypothetical operating income and net profit are prepared if the Group acquires CTC from the beginning of the fiscal year to which the acquisition date belongs, the management has taken the following factors into consideration:

1) The fair value of the plant and property at the time of original accounting treatment for the merger is adopted as the basis for depreciation calculation, rather than the carrying value recognized in the financial statements before the acquisition;

2) The Group's capital status, credit rating, and debt-to-equity ratio after the merger are adopted as the basis for estimation of the borrowing cost.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December, 2020

In June 2020, the Group subscribed for additional new shares of CT Continental Corp, and increased its shareholding ratio from 50% to 90%.

	CT Continental Corporation
	For the Year Ended December 31, 2020
Cash consideration received (paid)	($ 48,000)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	48,000
Differences recognized to equity transactions	$ -

32. CASH FLOW INFORMATION

a. Non-cash transaction

For the year ended December 31, 2021 and 2020, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows.

The Group reclassified prepayments for equipment in the amount of NT$9,908 thousand and NT$17,312 thousand to property, plant and equipment for the year ended December 31, 2021 and 2020, respectively.

b. Reconciliation of liabilities arising from financing activities

For the year ended December 31, 2021

			Non-cash Changes				
	Balance as of January 1, 2021	**Cash Flows**	**New Lease**	**Lease Modified**	**Interest Amortized**	**Foreign Currency Exchange Rates**	**Balance as of December 31, 2021**
Short-term borrowings	$ 2,405,108	$ 248,297	$ -	$ -	$ -	($ 7,463)	$ 2,645,942
Short-term bills payable	190,000	(10,000)	-	-	-	-	180,000
Guarantee deposits received	284,864	767,040	-	-	-	-	1,051,904
Lease liabilities	106,436	(40,130)	84,081	(48,840)	4,052	160	105,759
	$ 2,986,408	$ 965,207	$ 84,081	($ 48,840)	$ 4,052	($ 7,303)	$ 3,983,605

For the year ended December 31, 2020

			Non-cash Changes				
	Balance as of January 1, 2020	**Cash Flows**	**New Lease**	**Lease Modified**	**Interest Amortized**	**Foreign Currency Exchange Rates**	**Balance as of December 31, 2020**
Short-term borrowings	$ 2,712,284	($ 298,952)	$ -	$ -	$ -	($ 8,224)	$ 2,405,108
Short-term bills payable	210,000	(20,000)	-	-	-	-	190,000
Long-term borrowings	18,828	(18,828)	-	-	-	-	-
Guarantee deposits received	60,046	224,624	-	-	-	194	284,864
Lease liabilities	136,294	(38,840)	9,532	(5,106)	4,556	-	106,436
	$ 3,137,452	($ 151,996)	$ 9,532	($ 5,106)	$ 4,556	($ 8,030)	$ 2,986,408

33. 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.

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Group engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Group.

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

34. FINANCIAL INSTRUMENTS

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

December 31, 2021

	Carrying Amount	Fair Value Level 1	Level 2	Level 3	Total
Financial Liabilities					
Financial liabilities at amortized cost:					
－Bond payable	$ 539,418	$ 549,200	$ -	$ -	$ 549,200

December 31, 2020

	Carrying Amount	Fair Value Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost:					
Foreign repurchase agreements	$ 85,797	$ -	$ 85,797	$ -	$ 85,797
Financial Liabilities					
Financial liabilities at amortized cost:					
－Bond payable	967,284	997,400	-	-	997,400

The Level 2 and Level 3 fair value measurements above are determined by discounted cash flow analysis based on the income approach. The significant unobservable inputs used in Level 3 fair value measurements reflect the discount rates of counterparty credit risk

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				
Domestic listed shares	$ 13,382	$ -	$ -	$ 13,382
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	$ 69,838	$ -	$ -	$ 69,838
Domestic unlisted shares and domestic emerging market shares	-	-	938	938
Foreign Private Funds	-	-	95,878	95,878
	$ 69,838	$ -	$ 96,816	$ 166,654

December 31, 2020

	Level 1	Level 2	Level 3	Total

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 19,275	$ -	$ -	$ 19,275
Redemption option on convertible bonds	-	100	-	100
	$ 19,275	$ 100	$ -	$ 19,375
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	$ 76,035	$ -	$ -	$ 76,035
Domestic unlisted shares and domestic emerging market shares	-	-	2,398	2,398
	$ 76,035	$ -	$ 2,398	$ 78,433

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

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

Financial Assets at Fair Value Through Other Comprehensive Income	For the year ended December 31	
	2021	2020
Equity Instrument		
Balance at January 1	$ 2,398	$ 1,945
Recognized in other comprehensive income	-	
Purchase	96,378	453
Transfer out from Level 3	(1,960)	-
Balance at December 31	$ 96,816	$ 2,398
Unrealized gain (loss) for the current year included in profit or loss relating to assets held at the end of the year	$ -	$ -

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

Financial Instruments	Valuation Techniques and Input
Redemption option on convertible bonds	Discounted cash flow method: estimated future cash flow based on stock price volatility and annual bond yield in the most recent year.
Derivative financial instruments- FX Swap contract	Discounted cash flow method: Estimate the future cash flow according to the observable forward exchange rate on the balance sheet date and the exchange rate stipulated in the contract, and discount them respectively at the discount rate that can reflect the credit risk of each counterpart

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group measures the fair value of its investments on domestic unlisted shares by using the market approach. The judgment is based on the industry type, the evaluation of the same type of company and the company's operating situation.

c. Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 13,382	$ 19,375
Financial assets at amortized cost (Note 1)	10,839,539	8,970,430
Financial assets at FVTOCI		
Equity instruments	166,654	78,433
Financial liabilities		
Measured at amortized cost (Note 2)	9,081,882	7,011,864

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes and accounts receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable, other payables, convertible bonds payable and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debit investments, accounts receivables, accounts payables, borrowings and lease liabilities. The Group's Corporate Treasury monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below).

a) Foreign currency risk

The Company and its subsidiaries had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by using forward exchange contracts, which was governed by the Group's policies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 39.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted 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 pretax profit and other equity associated with the 1% strengthening of the New Taiwan dollar against the relevant currency. For a 1% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ 34,926 (i)	$ 42,139 (i)

(i) This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables, accounts payables and loans, which were not hedged at the end of the reporting period

The Group's sensitivity to foreign currency increased during the current year mainly due to the increase of accounts receivable balance in the USD.

In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest rate risk

The Group evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

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	December 31, 2020
Fair value interest rate risk		
Financial assets	$ 350,574	$ 384,411
Financial liabilities	719,418	1,157,284
Cash flow interest rate risk		
Financial assets	1,627,123	1,880,482
Financial liabilities	2,645,942	2,405,108

Sensitivity analysis

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

If interest rates been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profits for the year ended December 31, 2021 and 2020 would decrease/increase by NT$5,094 thousand and NT$2,623 thousand, respectively, mainly attributable to the Group's exposure to the floating-interest rates on bank borrowings and bank deposits

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and evaluate when it is necessary to increase the risk aversion position.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had fluctuated by 3%, the pre-tax profit for the year ended December 31, 2021 and 2020 would have increased/decreased by $401 thousand and $581 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income of or the year ended December 31, 2021 and 2020 would have increase/decreased by $5,000 thousand and $2,353 thousand as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices increased mainly because of its increase in financial assets investment in 2021.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be mainly from the following:

a) The carrying amount of the financial assets recognized in the balance sheets; and

b) The maximum amount payable by the Group due to financial guarantees provided by the Group, regardless of possibility.

Financial assets are potentially affected by the failure of the Group's counterparties to fulfill their contractual obligations. The Group's credit risk is evaluated based on contracts whose fair value at the end of the financial reporting period is positive. The Group's counterparties are financial institutions and companies with sound credit ratings. The Group has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

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

The Company did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

The maximum credit exposure of the Group is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group's available unutilized bank loan facilities set out in section (b) below.

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

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

To the extent that interest flows are floating, the undiscounted amount was derived from the yield curve at the end of the year.

	December 31, 2021			
	Less than 1 year	**2-3 years**	**4-5 years**	**Over 5 years**
Non-derivative financial liabilities				
Short-term borrowings	$ 2,664,957	$ -	$ -	$ -
Short-term bills payable	180,000	-	-	-
Notes payables	8,447	-	-	-
Accounts payables	4,083,540	-	-	-
Accounts payables to related parties	13,893	-	-	-
Other payables	558,738	-	-	-
Lease liabilities-current	40,581	-	-	-
Lease liabilities-non current	-	55,888	16,756	-
Refund liability	486,610	-	-	-
Bond payable	-	549,200	-	-
	$ 8,036,766	$ 605,088	$ 16,756	$ -

Additional information about the maturity analysis for lease liabilities

	Less than 1 year	1-5 years	Over 5 years
Lease liabilities	$ 40,581	$ 72,644	$ -

	December 31, 2020			
	Less than 1 year	**2-3 years**	**4-5 years**	**Over 5 years**
Non-derivative financial liabilities				
Short-term borrowings	$ 2,425,156	$ -	$ -	$ -
Short-term bills payable	190,000	-	-	-
Notes payables	24	-	-	-
Accounts payables	2,739,476	-	-	-
Accounts payables to related parties	19,899	-	-	-
Other payables	405,209	-	-	-
Lease liabilities- current	37,197	-	-	-
Lease liabilities- non current	-	72,012	7,101	-
Refund liability	291,379	-	-	-
Bond payable	-	997,400	-	-
	$ 6,108,340	$ 1,069,412	$ 7,101	$ -

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	Over 5 years
Lease liabilities	$ 37,197	$ 79,113	$ -

b) Financing facilities

	December 31, 2021	**December 31, 2020**

	December 31, 2021	December 31, 2020
Unsecured bank overdraft facilities		
Amount used	$ 3,964,283	$ 3,187,442
Amount unused	3,939,567	4,875,502
	$ 7,903,850	$ 8,062,944
Secured bank borrowings facility		
Amount unused	$ -	$ -

e. Transfers of financial assets

Factored accounts receivables that are not yet overdue at the end of the year were as follows:

December 31, 2021

Counter-parties	Balance at January 1	Receivables Factoring Proceeds	Cash Received	Advances Received - Used	Balance at December 31	Credit Lines
Bank SinoPac	$ 252,365	$ 3,888,646	($ 432,873)	($ 3,581,442)	$ 126,696	USD 54,000
	USD 8,902	USD 138,597	(USD 14,503)	(USD 128,419)	USD 4,577	
Taishin International Bank	116,069	3,330,490	(419,709)	(2,744,056)	282,794	USD 50,000
	USD 4,095	USD 118,687	(USD 14,110)	(USD 98,455)	USD 10,217	
Chang Hwa Bank	16,537	603,486	(66,914)	(538,180)	14,929	USD 6,000
	USD 582	USD 21,488	(USD 2,229)	(USD 19,302)	USD 539	
E.Sun Bank	80,672	1,971,780	(284,908)	(1,713,843)	53,701	USD 24,800
	USD 2,846	USD 70,193	(USD 9,732)	(USD 61,367)	USD 1,940	
HSBC Bank	157,640	1,860,510	(272,523)	(1,627,250)	118,377	USD 20,000
	USD 5,557	USD 66,210	(USD 9,317)	(USD 58,173)	USD 4,277	
	$ 623,283	$ 11,654,912	($ 1,476,927)	($ 10,204,771)	$ 596,497	
	USD 21,982	USD 415,175	(USD 49,891)	(USD 365,716)	USD 21,550	

December 31, 2020

Counter-parties	Balance at January 1	Receivables Factoring Proceeds	Cash Received	Advances Received - Used	Balance at December 31	Credit Lines
Bank SinoPac	$ 227,376	$ 3,725,646	($ 371,908)	($ 3,328,749)	$ 252,365	USD 54,000
	USD 7,672	USD 126,082	(USD 12,641)	(USD 112,211)	USD 8,902	
Taishin International Bank	160,591	2,483,350	(213,557)	(2,314,315)	116,069	$ 1,283,000
	USD 5,433	USD 83,824	(USD 7,241)	(USD 77,921)	USD 4,095	
Chang Hwa Bank	13,100	540,523	(216,592)	(320,494)	16,537	USD 6,000
	USD 441	USD 18,263	(USD 7,559)	(USD 10,563)	USD 582	
E.Sun Bank	71,980	1,366,675	(172,498)	(1,185,485)	80,672	USD 21,000
	USD 2,427	USD 46,021	(USD 5,872)	(USD 39,730)	USD 2,846	
HSBC Bank	103,539	1,196,122	(288,122)	(853,899)	157,640	USD 12,000
	USD 3,487	USD 40,333	(USD 9,908)	(USD 28,355)	USD 5,557	
	$ 576,586	$ 9,312,316	($ 1,262,677)	($ 8,002,942)	$ 623,283	
	USD 19,460	USD 314,523	(USD 43,221)	(USD 268,780)	USD 21,982	

The above credit lines may be used on a revolving basis.

The effective weighted average interest rates for factoring ranged from 0.66%~1.09254% for the year ended December 31, 2021, and 0.77%～2.8541% for the year ended December 31, 2020.

Pursuant to the factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by banks. Refer to Note 36 for information on the use of promissory notes provided by the Group as collateral for the sale of accounts receivable.

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below..

a. Names and categories of related parties

Name	Related Party Categories
Weikeng Industrial Co., Ltd.	Substantive related party
Weikeng International Co., Ltd.	Substantive related party
Prosperity Venture Capital I, Limited	Substantive related party
CT Continental Corp.	Substantive related party (became subsidiary since June 15, 2020)
HIGGSTEC Inc.	The management – The company is a corporate director of the entity.

b. Sales of goods

Line Items	Related Party Categories/Name	For the Year ended December 31 2021	2020
Sales	Substantive related parties	$ 5,228	$ 12,398
	The management	964	2,284
		$ 6,192	$ 14,682

c. Purchases of goods

Related Party Categories/Name	For the Year ended December 31 2021	2020
Substantive related parties	$ 53,323	$ 75,171
The management	13,526	12,494
	$ 66,849	$ 87,665

The related-party transactions were conducted under normal terms.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Accounts receivable	Substantive related parties	$ 1,048	$ 2,180
	The management	645	14
		$ 1,693	$ 2,194

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from subsidiaries.

The revenue from sales to other customers through CT Continental Corp. for the years ended December 31, 2021 and 2020 were NT$2,817,167 thousand, and NT$2,021,187 thousand respectively.

Its accounts receivable as of December 31, 2021 and 2020 was NT$1,516,015 thousand, and NT$1,076,857 thousand respectively.

All inter-company transactions have been eliminated from consolidation, please see Table 5 in Note 40.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Accounts payables	Substantive related parties	$ 9,185	$ 17,985
	The management	4,708	1,914
		$ 13,893	$ 19,899

The outstanding accounts payables to related parties are unsecured.

f. Lease arrangements - the Group is lessee

Related Party Categories/Name	For the Year ended December 31 2021	2020
Acquisition of right-of-use assets		
Substantive related parties	$ 14,523	$ -

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Lease liabilities - current	Substantive related party	$ 3,686	$ 3,441
Lease liabilities - non-current	Substantive related party	7,367	6,877
		$ 11,053	$ 10,318

Related Party Categories/Name	For the Year ended December 31 2021	2020
Interest expense		
Substantive related parties	$ 353	$ 329
Gain on Lease Modification		
Substantive related parties	$ 297	$ -

Lessor	Location	Lease term and Payment Method
Weikeng Industrial Co., Ltd.	Office building on Huanshan Road, Neihu District	The lease term begins on January 1, 2021 and ends on December 31, 2025. Rent is paid every six months, where the monthly rent is NT$334,500.

g. Lease arrangements - the Group is lessor

Operating leases

Lessor	Location	Lease Term and Payment Method	For the Year ended December 31 2021	2020
Prosperity Venture Capital I, Limited	Office building on Huanshan Road, Neihu District	The lease term begins on March 1, 2017 and ends on February 28, 2019, and then begins on March 1, 2019 and ends on February 28, 2021. Rent is paid every six months. (Note)	$ -	$ 20

Note: In December 2020, the lease was early terminated with Prosperity Venture Capital I, Limited.

h. Acquisition of financial instruments

For the Year ended December 31, 2020

Related Party Categories/Name	Line Item	Number of shares	Transaction subject	Amount
Prosperity Venture Capital I, Limited	Investments in equity instruments at FVTOCI-non current	48,645	Tricorntech Corp.	$ 438
		819	Medimaging Integrated Solution Inc.	15
				$ 453

i. Other transactions with related parties

1) Other revenue

Line Items	Related Party Categories/Name	For the Year ended December 31 2021	2020
Other revenue	The management	$ -	$ 153

2) Others.

Line Items	Related Party Categories/Name	For the Year ended December 31 2021	2020
Research and development fee	Substantive related parties	$ 579	$ 424
	The management	1,600	1,033
Other operating expenses	Subsidiaries	-	2,315
		$ 2,179	$ 3,772

j. Other transactions with related parties

Due to business needs, the company purchased 600,000 shares of CT Continental Corp. from the chairman at NT$10 per share and total price is NT$ 6 million, The proposition was presented on the third board of directors' meetings in 2020, and the chairman left due to avoidance of interests. The case was passed unanimously by other directors.

k Compensation of key management personnel

Line Items	For the Year ended December 31 2021	2020
Short-term employee benefits	$ 76,375	$ 69,777
Other long-term employee benefits	691	820
	$ 77,066	$ 70,597

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

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31, 2021	December 31, 2020
Land	$ 212,223	$ 202,723
Buildings	110,272	118,794
Financial assets at amortized cost	2,236	2,278
Notes Receivable	76,221	-
	$ 400,952	$ 323,795

The land and buildings above have been pledged as collateral for bank loans. The Group may not use the pledged assets as collateral for other loans or sell them to other companies.

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

1) As of December 31, 2021 and 2020, unused letters of credit for purchases of inventories were as follows:.

	December 31,, 2021	December 31, 2020
USD	$ 7,955	$ 598
NTD	290,319	150,000

2) As of December 31, 2021 and 2020, the Group had issued promissory notes for the facilities of bank loans, the facilities of accounts receivables factoring and for purchase of inventories amounted to $953,000 thousand and $903,000 thousand, respectively.

3) As of December 31, 2021 and 2020, the Group has issued letters of guarantee for purchase of inventories amounted to $187,784 thousand and $218,786 thousand, respectively.

4) As of December 31, 2021 and 2020, the Group has all issued letters of guarantee for tariff guarantee amounted to $18,000 thousand and $22,000 thousand, respectively.

5) As of December 31, 2020 and 2019, commitment for acquisition of property, plant and equipment were as follows:

	December 31, 2020	December 31, 2019
Contract amount	$ 17,065	$ 11,380
Paid amount	(6,834)	(3,888)
Unpaid amount	$ 10,231	$ 7,492

b. Contingent liabilities: None

38. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: NONE

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group' 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:

December 31, 2021

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 322,561	27.68	USD:NTD	$ 8,928,476
CNY	2,975	4.344	CNY:NTD	12,925
CNY	41	1.2232	CNY:HKD	180
CNY	1,792	0.1569	CNY:USD	7,784
HKD	5,054	3.549	HKD:NTD	17,935
HKD	35	0.2772	HKD:USD	126
EUR	94	31.52	EUR:NTD	2,967
GBP	148	37.50	GBP:NTD	5,549
USD	180	115.02	USD:JPY	4,984
JPY	9,994	0.2405	JPY:NTD	2,404
				$ 8,983,330
Financial liabilities				
Monetary items				
USD	196,384	27.68	USD:NTD	$ 5,435,902
USD	6,396	6.372	USD:CNY	177,036
CNY	332	4.344	CNY:NTD	1,440
CNY	216	1.2232	CNY:HKD	936
HKD	2,507	3.549	HKD:NTD	8,897
EUR	16	31.52	EUR:NTD	519
USD	125	115.02	USD:JPY	3,458
JPY	1,570	0.2405	JPY:NTD	378
				$ 5,628,566

December 31, 2020

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 284,263	28.48	USD:NTD	$ 8,095,815
CNY	2,659	4.377	CNY:NTD	11,637
CNY	76	1.19215	CNY:HKD	333
CNY	1,758	0.15639	CNY:USD	7,696
HKD	2,415	3.673	HKD:NTD	8,869
HKD	27	0.12897	HKD:USD	101
EUR	168	35.02	EUR:NTD	5,869
JPY	585	0.2763	JPY:NTD	162
				$ 8,130,482
Nonmonetary items				
USD	$ 21	28.48	USD:NTD	$ 645
Financial liabilities				
Monetary items				
USD	136,304	28.48	USD:NTD	$ 3,881,930
USD	6,424	6.5067	USD:CNY	182,943

	Foreign Currencies	Exchange Rate		Carrying Amount
CNY	86	4.377	CNY:NTD	375
CNY	187	1.19215	CNY:HKD	819
HKD	1,264	3.673	HKD:NTD	4,643
EUR	10	35.02	EUR:NTD	340
				$ 4,071,050

The Group is mainly exposed to the USD and CNY The following information was aggregated by the functional currencies of the entities of the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed.

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

	For the Year ended December 31			
	2021		2020	
Functional Currencies	Exchange Rate	Net Foreign Exchange (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	($125,543)	1 (NTD:NTD)	($225,298)
CNY	4.344(CNY:NTD)	6,714	4.377 (CNY:NTD)	9,809
HKD	3.549 (HKD:NTD)	234	3.673 (HKD:NTD)	(222)
JPY	0.2405 (JPY:NTD)	(14)	-	-
		($118,609)		($215,711)

40. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. information on investees:

1) Financing provided to others. (None)

2) Endorsement/guarantee provided. (Table 1)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 2)

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

5) Acquisition of individual real estate at costs 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 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Note 7 and 34)

10) Significant transactions between the Company and subsidiaries. (Table 5)

b. Information of investees. (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds,

ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 8)

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

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

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

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

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

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

d. Information of major shareholders (Table 9)

41. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("CODM") for the purpose of resource allocation and assessment of segment performance focuses on the area of operations. The Group's segment information which is disclosed is as follows:

China region:

Manufacturing and distribution agents established in Mainland China and Hong Kong, including Happy On Supply Chain Management Limited, Promate Electronic (Shenzhen) Co., Ltd., and Promate Electronic (Shanghai) Company Limited.

Non-China region:

Manufacturing and distribution agents established outside Mainland China and Hong Kong, including the Company, Promate Solutions Corporation, CT Continental Corporation, Promate Japan Inc., and Promate Electronics Company USA.

The CODM considers manufacturing and distribution agent as a separate operating segment. But for financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

1) These operating segments have customers with similar risks;

2) These operating segments have the same method of product delivery to customers.

a. Segment Revenues and Operating Results

Analysis by reportable segment of revenues and operating results of continuing operations was as follows:

	For the Year ended December 31, 2021		
	China Region	**Non-China Region**	**Total**
Segment revenue	$ 10,086,531	$ 22,382,522	$ 32,469,053
Segment income	$ 417,739	$ 817,078	$ 1,234,817
Interest income			2,390
interest expenses			(56,396)

Share of loss of associates	(607)
Net foreign exchange gains (losses)	(118,609)
Other gains and losses	(2,138)
Profit before income tax	$ 1,059,457

	For the Year ended December 31, 2020		
	China Region	Non-China Region	Total
Segment revenue	$ 8,191,814	$ 18,518,999	$ 26,710,813
Segment income	$ 244,700	$ 787,781	$ 1,032,481
Interest income			5,444
interest expenses			(74,490)
Share of loss of associates			(3,449)
Net foreign exchange gains (losses)			(215,711)
Other gains and losses			3,340
Profit before income tax			$ 747,615

The above revenues were generated through transactions with external customers and among segments. The inter-segment revenues for the years ended December 31, 2021 and 2020 had been adjusted and eliminated from the consolidated financial statements.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' and supervisors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

	December 31, 2021	December 31, 2020
Segment assets		
Operating operation segments		
China region	$ 2,168,609	$ 2,089,654
Non-China region	8,782,680	6,339,041
Total segment assets	10,951,289	8,428,695
Unallocated assets	4,261,310	3,615,705
Consolidated total assets	$ 15,212,599	$ 12,044,400
Segment liabilities		
Operating operation segments		
China region	$ 254,938	$ 237,804
Non-China region	5,159,235	2,996,123
Total segment liabilities	5,414,173	3,233,927
Unallocated liabilities	4,792,755	4,546,737
Consolidated total liabilities	$ 10,206,928	$ 7,780,664

For the purpose of monitoring segment performance and allocating resources between segments:

1) The reportable departments are assessed for performance primarily on the basis of receivables, inventories and immovable property, plant and equipment held and used by them, with no allocation of the remaining assets; and

2) All liabilities other than borrowings, other financial liabilities and current and deferred income tax liabilities are allocated to reportable segments. Liabilities shared by reportable segments are apportioned in proportion to the department assets.

c. Revenue from sales of products and services

The Group's operating segment's revenue from sales of products and services are as follows:

	For the Year Ended December 31	
	2021	**2020**
Application specific and LCD Display Products	$ 6,469,499	$ 5,458,049
Linear/Distributed Components	14,273,300	12,039,535
Image Processing ICs	6,804,960	5,636,472
Application specific ICs	2,641,228	1,930,122
Others	2,280,066	1,646,635
	$ 32,469,053	$ 26,710,813

d. Geographic information

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2021	**2020**
Asia	$ 30,175,736	$ 24,450,451
America	1,504,902	1,541,893
Europe	778,341	715,473
Other	10,074	2,996
	$ 32,469,053	$ 26,710,813

e. Information about main customers

No single customers contributed 10% or more to the Group's revenue for the years ended December 31, 2021 and 2020

TABLE 1

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Promate Electronic Co., Ltd. and subsidiaries	Promate Electronic (Shanghai) Co., Ltd	(1)	$1,623,667	$ 26,304	$ 25,830	$ -	$ -	0.56%	$2,319,525	Y	N	Y
		Promate Electronic (Shenzhen) Co., Ltd.	(1)	1,623,667	52,608	21,720	-	-	0.47%	2,319,525	Y	N	Y
1	Promate Electronic (Shanghai) Co., Ltd	Promate Electronic (Shenzhen) Co., Ltd.	(2)	1,623,667	26,304	26,064	-	26,064	0.56%	2,319,525	N	N	Y

Note 1：The 2 types of relationship between a guarantor and a guarantee are set out as follows:

(1) Companies in which the Company directly and indirectly holds more than 50 percent of the voting shares.

(2) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares

.

Note 2：The endorsement/guarantee limit is determined by the Company in accordance with Articles 36 and 38 of the Securities and Exchange Act and Operational Procedures for Endorsements/Guarantees resolved by the shareholders' meeting: the total amount of endorsement/guarantee provided by the Company shall not exceed 50% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall not exceed 35% of the net worth of the current period.

(1)According to the above regulations, aggregate Endorsement/Guarantee Limit: shall not exceed forty percent (50%) of net worth NT$4,639,049 (in thousands) × 50% = $2,319,525 (in thousands).
(2)According to the above regulations, limits on Endorsement/Guarantee Given on Behalf of Each Party: Shall not exceed thirty percent (35%) of net worth NT$4,639,049 (in thousands) × 35% = $1,623,667 (in thousands).

TABLE 2

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

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

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 30, 2021				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Promate Electronic Co., Ltd. and subsidiaries	Ordinary shares							
	Higgstec Inc.	The management	Financial assets at fair value through profit or loss - noncurrent	789,000	$ 27,931	-	$ 27,931	Publicly traded stocks
	Medimaging Integrated Solution Inc.	None	〃	66,551	4,312	-	4,312	Emerging Stock Board Companies
	TricornTech Taiwan Corporation	〃	〃	48,645	438	-	438	Non-publicly traded equity investments
	DigiZerocarbon Corp.	〃	〃	50,000	500	-	500	〃
	Esquarre IoT Landing Fund	〃	〃	USD 1,722,592	47,953	-	47,953	Private funds
Promate Solutions Corporation	Higgstec Inc.	The management	〃	1,062,000	37,595	-	37,595	Publicly traded stocks
	Esquarre IoT Landing Fund	〃	〃	USD1,722,592	47,425	-	47,925	Private funds
					$166,654		$166,654	
Promate Electronic Co., Ltd. and subsidiaries	Ordinary shares							
	KO JA (CAYMAN) CO., LTD.	None	Financial assets at fair value through profit or loss - current	9,696	$ 760	-	$ 760	Publicly traded stocks
	Sports Gear Co., Ltd.	〃	〃	30,000	2,028	-	2,028	〃
Promate Solutions Corporation	LOTES CO., LTD	〃	〃	1,000	761	-	761	〃
	Asia Vital Components Co., Ltd.	〃	〃	13,000	1,147	-	1,147	〃
	INTERNATIONAL GAMES SYSTEM CO.,LTD.	〃	〃	2,000	1,586	-	1,586	〃
	Avalue Technology Incorporation	〃	〃	12,000	683	-	683	〃
	KO JA (CAYMAN) CO., LTD.	〃	〃	40,000	3,136	-	3,136	〃
	Sports Gear Co., Ltd.	〃	〃	35,000	2,366	-	2,366	〃
	NAN YA PRINTED CIRCUIT BOARD CORPORATION	〃	〃	1,600	915	-	915	〃
					$ 13,382		$ 13,382	
Promate Electronic Co., Ltd. and subsidiaries	Time deposit with an original maturity of more than three months	None	Financial assets at amortized cost - current	USD 80,792	$ 2,236	-	$ 2,236	

Note：Refer to Tables 6 and 7 for information on interests in subsidiaries, associates, and joint ventures.

TABLE 3

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $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
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Subsidiary	Sale	$446,039	1.37%	Transaction terms are not significantly different from those for third parties	$ -	—	Accounts receivable $168,978	2.41%	
	Promate Electronic (Shenzhen) Co., Ltd.	Subsidiary	〃	499,658	1.54%	〃	-	—	Accounts receivable 98,529	1.41%	
	Promate Electronic (Shanghai) Co., Ltd	Subsidiary	〃	326,975	1.01%	〃	-	—	Accounts receivable 78,507	1.12%	

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Promate Electronic Co., Ltd	Promate Electronic (Shenzhen) Co., Ltd.	Subsidiary	Accounts receivable $168,978	4.38	-	—	$ 168,978	$ -
	CT Continental Corporation	Subsidiary	Accounts receivable 1,516,015	2.17	$ -	—	548,574	$ -

Note: All intercompany transactions have been eliminated from consolidation.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
0	Promate Electronic Co., Ltd	Promate Solutions Corporation.	a	Sale	$446,039	Transaction terms are not significantly different from those for third parties	1.37%
	〃	〃	a	Purcahse	29,582	〃	0.09%
	〃	〃	a	Accounts receivable	168,978	〃	1.11%
	〃	CT Continental Corporation	a	Accounts receivable	1,516,015	Sales to other customers through CTC; transaction terms vary depending on each customer.	9.97%
	〃	Happy On Supply Chain Management Ltd.	a	Freight expenses	44,345	Transaction terms are not significantly different from those for third parties	0.14%
	〃	Promate Electronic (Shenzhen) Co., Ltd	a	Sale	499,658	〃	1.54%
	〃	〃	a	Accounts receivable	98,529	〃	0.65%
	〃	〃	a	Service expenses	26,274	〃	0.08%
	〃	Promate Electronic (Shanghai) Co., Ltd	a	Sale	326,975	〃	1.01%
	〃	〃	a	Accounts receivable	78,507	〃	0.52%
	〃	〃	a	Service expenses	13,136	〃	0.04%
1	Promate Solutions Corporation.	Promate Japan, Inc.	c	Sales	10,090	〃	0.03%

Note 1: The parent company and its subsidiaries are numbered as follows:
a. "0" for the parent company.
b. Subsidiaries are numbered from "1".

Note 2: The flow of related-party transactions is as follows:
a. From the parent company to its subsidiary.
b. From the subsidiary to its parent company.
c. Between subsidiaries.

Note 3: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of December 31, 2021, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the nine months ended December 31, 2021.

Note 4: All intercompany transactions have been eliminated from consolidation.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars/Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December, 2021			Net Income (Loss) of the Investee)	Investment Gain (Loss) (Note)	Note
				December31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Promate Electronic Co., Ltd	With control ability										
	Promate Solutions Corporation.	Taipei, Taiwan	Production and trade of electronic components	$ 297,527	$ 297,527	25,328	66.21	$ 705,833	$ 162,275	$ 107,522	Subsidiary
	Promate International Co., Ltd.	Hong Kong	General investment	52,101	52,101	12,360	100.00	62,373	3,621	3,621	Subsidiary
	Happy On Supply Chain Management Ltd.	Hong Kong	Warehousing and logistics services	12,124	12,124	3,000	100.00	15,633	931	931	Subsidiary
	Promate Electronics Company USA	USA	General trade of electronic components	606	606	20	100.00	8,501	84	84	Subsidiary
	CT Continental Corporation	Taipei, Taiwan	General trade of electronic components	54,000	54,000	5,400	90.00	55,204	926	833	Subsidiary
	Having significant influence										
Promate Electronic Co., Ltd	Prosperity Venture Capital I, Limited	Taipei, Taiwan	General investment	-	17,215	-	-	-	(2,806)	(607)	Associate
	With control ability										
Promate Solutions Corporation	Promate Japan, Inc.	Japan	General trade of electronic components	2,791	2,791	10	100.00	3,254	679	679	Subsidiary

Note: Refer to Table 7 for information on investment in mainland China.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

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

1. For investments in China, disclose the name of the investee, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss for the period, carrying amount of the investment, repatriated investment gains:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Investee Company	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	Net Income (Losses) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 30, 2021	Accumulated Repatriation of Investment Income as of December 30, 2021
					Outward	Inward						
Promate Electronic (Shenzhen) Co., Ltd.	International trade, entrepot trade, trade with companies and trading agents in free trade zones	$ 6,782 (USD200)	100% Indirectly invested through Promate International Co, Ltd. （Note 1）	$ 6,782 USD200	$ -	$ -	$ 6,782 USD200	$ 1,594 （Note 2）	100	$ 1,594 （Note 2）	$ 21,009	$ -
Promate Electronic (Shanghai) Co., Ltd	〃	32,500 (USD1,000)	Same as above	32,500 USD1,000	-	-	32,500 USD1,000	1,966 （Note 2）	100	1,966 （Note 2）	32,893	-

2. Limit on the amount of investment in China

Accumulated Investment in Mainland China as of December 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 39,282 USD 1,200	$ 39,282 USD 1,200	$3,003,403

Note 1: Indirect investment in mainland China through holding companies - Promate International co., Ltd.

Note 2: The amount was recognized based on the audited financial statements of the investee company.

Note 3: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company’s consolidated net worth.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Nature of Transaction	Purchase/ Sale		Unit Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gains or Losses
		Amount	Percentage		Payment Terms	Compared to General Transactions	Ending Balance	% of Total	
Promate Electronic (Shenzhen) Co., Ltd.	Sales	$ 499,658	1.54%	No significant difference	No significant difference	No significant difference	Accounts receivable $ 98,529	1.41%	$ 9
Promate Electronic (Shanghai) Co., Ltd	Sales	326,975	1.01%	〃	〃	〃	Accounts receivable $ 78,507	1.12%	34

1. Endorsements, guarantees or collateral directly and indirectly provided by investee companies in mainland China through businesses in a third area: Table 1.

2. Financial intermediation directly and indirectly provided by investee companies in mainland China through a third area: None.

3. Other transactions that have a material impact on current profit or loss or financial status: None.

TABLE 9

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
AS OF DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
None	-	-

Note: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.

5. Individual Financial Statements of the Company in the Latest Year Audited and Approved by an Accountant

INDEPENDENT AUDITORS REPORT

The Board of Directors and Shareholders
Promate Electronics Co. Ltd.

Opinion

We have audited the accompanying financial statements of Promate Electronics Co. Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the Income Statement, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is stated as follows:

Occurrence of shipment with revenue gained from specific clients

The Company specializes in trading distributed components, Liquid Crystal Display products, and image processing IC. Based on the materiality and auditing standards, revenue recognition is presumed to be a significant risk. Therefore, the engaging parter believes that the existence of sales revenue with specific clients would materially affect the occurrence of the financial statement, which is the reason the audit team listed the occurrence of shipment with sales revenue from certain clients as the key audit matter of 2021 audit process. Refer to note 4(11) for more details of revenue recognitoin policy.

Our main audit procedures performed in respect of above matter include the following:

1. We understood the internal control procedures for revenue recognition and the relevant approval process followed by the Company's management.

2 We utlized audit sampling on specific clients' shipments, which we would verify the relevant documents and test the receivable collection to confirm the existence of sales transaction.

3 We ascertained sales returns and discounts that occurred after the balance sheet date, to ensure whether there is a material misstatement on sales revenue from specific clients in the Company's financial statement.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw a attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company 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 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 Po-Jen Weng and Hui-Min.Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.

PROMATE ELECTRONIC CO., LTD.

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
ASSETS	**Amount**	%	**Amount**	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 31)	$ 1,134,613	8	$ 1,386,846	12
Financial assets at fair value through profit or loss - current (Notes 4, 7, 25, and 31)	2,788	-	7,022	-
Financial assets at amortized cost - current (Notes 4, 9, 10, 31 and 33)	2,236	-	2,278	-
Notes receivable (Notes 4, 11, 24 and 31)	16,772	-	28,258	-
Accounts receivable (Notes 4, 10,11, 24 and 31)	4,736,802	34	3,994,127	36
Accounts receivable from related parties (Notes 4, 11, 31 and 32)	1,863,077	13	1,293,440	12
Other receivables (Notes 4, 11 and 31)	702,503	5	705,315	6
Inventories (Notes 4 and 12)	3,130,805	22	2,038,242	18
Other current assets (Notes 17)	17,976	-	4,456	-
Total current assets	11,607,572	82	9,459,984	84
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 , 23, 31and 32)	81,134	1	34,826	-
Investments accounted for using the equity method (Notes 4, 13 and 28)	847,544	6	884,435	8
Property, plant and equipment (Notes 4, 14, 25 and 33)	315,614	2	317,389	3
Right-of-use assets (Notes 4, 15 and 32)	33,530	-	21,437	-
Other intangible assets (Notes 4 and 16)	3,979	-	2,649	-
Deferred tax assets (Notes 4 and 26)	165,795	1	103,670	1
Other non-current assets (Notes 11, 17 and 31)	1,166,016	8	401,138	4
Total non-current assets	2,613,612	18	1,765,544	16
TOTAL	$ 14,221,184	100	$ 11,225,528	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes18, 31 and 33)	$ 2,569,721	18	$ 2,405,108	21
Short-term bills payable (Notes 18 and 31)	180,000	1	190,000	2
Contract liabilities - current (Notes 21 and 24)	69,374	1	39,593	-
Notes payable (Notes 20 and 31)	237	-	24	-
Accounts payable (Notes 20 and 31)	3,849,089	27	2,584,169	23
Accounts payable to related parties (Notes 20, 31and 32)	4,864	-	16,413	-
Other payables (Notes 21 and 31)	426,732	3	283,008	3
Other payables to related parties (Notes 21, 31 and 32)	13,352	-	10,078	-
Current tax liabilities (Notes 4 and 26)	268,884	2	50,437	-
Lease liabilities - current (Notes 4, 15, 29, 31 and 32)	10,590	-	7,507	-
Other current liabilities (Note 21 and 32)	490,037	3	307,857	3
Total current liabilities	7,882,880	55	5,894,194	52
NON-CURRENT LIABILITIES				
Bonds Payable（Note 19）	539,418	4	967,284	9
Deferred tax liabilities (Notes 4 and 26)	53,471	-	146,456	1
Lease liabilities - noncurrent (Notes 4, 15, 29, 31 and 32)	22,292	-	13,887	-
Net defined benefit liabilities - noncurrent (Notes 4 and 22)	32,234	-	32,515	-
Guarantee Deposits (Notes 21 and 31)	1,051,840	8	284,800	3
Total non-current liabilities	1,699,255	12	1,444,942	13
Total liabilities	9,582,135	67	7,339,136	65
EQUITY (Notes 22, 23 and 28)				
Share capital				
Ordinary shares	1,934,141	14	1,791,260	16
Capital surplus	1,008,022	7	712,730	7
Retained earnings				
Legal reserve	872,428	6	818,510	7
Special reserve	-	-	15,204	-
Unappropriated earnings	821,907	6	541,910	5
Total retained earnings	1,694,335	12	1,375,624	12
Other equity	2,551	-	6,778	-
Total equity	4,639,049	33	3,886,392	35
TOTAL	$ 14,221,184	100	$ 11,225,528	100

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

PROMATE ELECTRONIC CO., LTD.

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, 24 and 32)				
Sales	$ 30,995,947	100	$ 25,061,287	100
OPERATING COSTS (Notes 4, 12, 22, 25 and 32)				
Cost of sales	(29,179,541)	(94)	(23,622,243)	(94)
GROSS PROFIT	1,816,406	6	1,439,044	6
(UNREALIZED) REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(832)	-	689	-
REALIZED GROSS PROFIT	1,815,574	6	1,439,733	6
OPERATING EXPENSES (Notes 11, 14, 15, 16, 22, 25 and 32)				
Selling and marketing expenses	(680,228)	(2)	(597,021)	(2)
General and administrative expenses	(111,184)	(1)	(101,033)	(1)
Research and development expenses	(2,520)	-	(3,667)	-
Total operating expenses	(793,932)	(3)	(701,721)	(3)
OPERATING PROFIT	1,021,642	3	738,012	3
NON-OPERATING INCOME AND EXPENSES (Notes 4, 10, 13, 14, 15, 25 and 32)				
Interest income	395	-	1,363	-
Other income- others	18,447	-	17,013	-
Other gains and losses	(128,728)	-	(212,233)	(1)
Finance costs	(52,811)	-	(68,809)	-
Share of profit (loss) of associates accounted for using equity method	112,384	-	154,253	-
Total non-operating income and expenses	(50,313)	-	(108,413)	(1)
PROFIT BEFORE INCOME TAX	971,329	3	629,599	2
INCOME TAX EXPENSE (Notes 4 and 26)	(177,350)	-	(93,583)	-
NET PROFIT FOR THE PERIOD	793,979	3	536,016	2
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 22)	(367)	-	(915)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 23)	23,164	-	10,127	-

	2021		2020	
	Amount	%	Amount	%
Share of other comprehensive gain of subsidiaries accounted for using the equity method (Notes 4 and 23)	($ 1,764)	-	$ 12,897	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	73	-	183	-
	21,106	-	22,292	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Notes 4 and 23)	(2,012)	-	(1,493)	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income (Notes 4 and 23)	2,788	-	4,044	-
Share of other comprehensive gain of subsidiaries accounted for using the equity method (Notes 4 and 23)	(226)	-	1	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 23 and 26)	402	-	299	-
	952	-	2,851	-
Other comprehensive income (loss) for the period, net of income tax	22,058	-	25,143	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 816,037	3	$ 561,159	2
EARNINGS PER SHARE (Note 27)				
Basic	$ 4.31		$ 2.99	
Diluted	$ 3.75		$ 2.73	

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

PROMATE ELECTRONIC CO., LTD.

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								
	Issued Capital			Retained Earnings			Other Equity		
	Shares (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	179,045	$ 1,790,452	$ 657,690	$ 771,714	$ 4,789	$ 468,168	($ 4,025)	($ 11,180)	$ 3,677,608
Appropriation of 2019 earnings									
Legal reserve	-	-	-	46,796	-	(46,796)	-	-	-
Special reserve	-	-	-	-	10,415	(10,415)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(408,223)	-	-	(408,223)
Conversion of convertible bonds to common stock	81	808	1,708	-	-	-	-	-	2,516
Recognition of equity components due to the issuance of convertible corporate bonds-occurred by subscription right	-	-	53,332	-	-	-	-	-	53,332
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	4,073	-	(4,073)	-
Net profit for the years ended December 31, 2020	-	-	-	-	-	536,016	-	-	536,016
Other comprehensive income (loss) for the years ended December 31, 2020	-	-	-	-	-	(913)	(1,193)	27,249	25,143
Total comprehensive income (loss) for the years ended December 31, 2020	-	-	-	-	-	535,103	(1,193)	27,249	561,159
BALANCE AT DECEMBER 31, 2020	179,126	1,791,260	712,730	818,510	15,204	541,910	(5,218)	11,996	3,886,392
Appropriation of 2020 earnings									
Legal reserve	-	-	-	53,918	-	(53,918)	-	-	-
Special reserve	-	-	-	-	(15,204)	15,204	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(501,553)	-	-	(501,553)
Conversion of convertible bonds to common stock	14,288	142,881	295,292	-	-	-	-	-	438,173
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	24,410	-	(24,410)	-
Net profit for the years ended December 31, 2021	-	-	-	-	-	793,979	-	-	793,979
Other comprehensive income (loss) f for the the years ended December 31, 2021	-	-	-	-	-	1,875	(1,836)	22,019	22,058
Total comprehensive income (loss) for t the years ended December 31, 2021	-	-	-	-	-	795,854	(1,836)	22,019	816,037
BALANCE AT DECEMBER 31, 2021	193,414	$ 1,934,141	$ 1,008,022	$ 872,428	$ -	$ 821,907	($ 7,054)	$ 9,605	$ 4,639,049

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

PROMATE ELECTRONIC CO., LTD.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 971,329	$ 629,599
Adjustments for:		
Expected loss (reversal) on credit impairment	20,000	(3,300)
Depreciation expenses	18,659	17,720
Amortization expenses	1,193	663
Finance costs	52,811	68,809
Share of loss(profit) of associates accounted for using the equity method	(112,384)	(154,253)
Interest income	(395)	(1,363)
Dividend income	(2,698)	(1,244)
Loss (gain) on inventory impairment	147,000	(9,927)
Loss (gain) on disposal of property, plant and equipment	(429)	-
Loss (gain) on Lease Modification	(300)	-
Loss (gain) on disposal of investments	13	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(1,622)	(1,341)
Unrealized (realized) gain on transactions with associates and joint ventures	832	(689)
Net loss (gain) on foreign currency exchange	(7,709)	(8,213)
Loss (gain) on scrap of inventories	3,759	1,721
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	5,856	(4,057)
Decrease (increase) notes receivable	11,486	(4,426)
Decrease (increase) in accounts receivable	(762,675)	(1,002,641)
Decrease (increase) in accounts receivable due from related parties	(569,637)	(465,136)
Decrease (increase) in other receivable	5,600	(69,627)
Decrease (increase) in inventories	(1,243,322)	396,877
Decrease (increase) in other current assets	(13,520)	3,275
Increase (decrease) in contract liabilities	29,781	(16,650)
Increase (decrease) in notes payable	213	5
Increase (decrease) in accounts payable	1,264,920	861,441
Increase (decrease) in accounts payable to related parties	(11,549)	(1,431)
Increase (decrease) in other payable	143,294	47,032
Increase (decrease) in other payable to related parties	3,274	5,842
Increase (decrease) in net defined benefit liability	(648)	(567)
Increase (decrease) in other current liabilities	182,180	86,237
Cash generated from (used in) operations	135,312	374,356
Interest paid	(41,164)	(66,109)
Income tax paid	(113,538)	(19,263)
Net cash generated from (used in) operating activities	(19,390)	288,984

	2021	2020
		(Continued)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	($ 19,121)	($ 2,400)
Acquisition of financial assets at fair value through other comprehensive income	(59,554)	(7,415)
Proceeds from disposal of financial assets at amortized cost	19,271	2,534
Proceeds from disposal of financial assets at fair value through other comprehensive income	36,410	274
Interest received	395	1,363
Dividends received from subsidiaries and associates	144,428	126,641
Other dividends received	2,698	1,244
Increase in prepayments for business facilities	-	(285)
Acquisition of property, plant and equipment	(7,551)	(3,693)
Acquisition of intangible assets	(2,523)	-
Increase in refundable deposits	(764,878)	(248,315)
Acquisition of subsidiary company	-	(54,000)
Proceeds from capital reduction of investments accounted for using equity method	-	500
Net cash used in investing activities	(649,996)	(183,552)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of corporate bond	-	1,015,887
Increase in short-term loans	172,214	-
Decrease in short-term loans	-	(228,414)
Decrease in short-term notes and bills payable	(10,000)	(20,000)
Repayments of long-term debt	-	(18,828)
Payments of lease liabilities	(10,548)	(8,745)
Increase in guarantee deposits received	767,040	224,840
Payments of cash dividends	(501,553)	(408,223)
Net cash generated from financing activities	417,153	556,517
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(252,233)	661,949
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,386,846	724,897
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,134,613	$ 1,386,846

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

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Promate Electronic Co., Ltd. (the "Company") is a listed company that was established in May, 1986. The Company is mainly engaged in the distribution and sales of electronic/electrical components, sales of computer software and electrical products, and sales of electronic/electrical components.

The Company conducted an IPO on the Taipei Exchange (TPEx) in September 2002, and its common shares were listed on the Taiwan Stock Exchange (TWSE) since May 2004.

After carefully evaluating the opportunities of the business unit as well as Promate Electronic as a whole, the Board of Directors concluded that creating a separate entity is the next reasonable step for the business. With two separate entities, Promate Electronic and Promate Solutions will have the flexibility and agility needed to pursue growth in a concentrated manner. Most importantly, this will enable each entity to serve customers more effectively and deliver values to shareholders.

As of August 1st, 2013, the Company is pleased to announce that this business unit will form a fully-owned subsidiary under Promate Solutions Corporation.

The functional currency of the Company is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 16, 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), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by Financial Supervisory Commission (FSC).

Except for the following, 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 Company's accounting policies.

b. The IFRSs endorsed by 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)

Note1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022..

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

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

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

3) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

4) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of 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. The Company will restate its comparative information when it initially applies the aforementioned amendments.

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
arising from a Single Transaction”	

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 that deferred taxes 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.

5) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that result in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

6) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company 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:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company 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
- 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:

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

g) The Company chose the accounting policy from options permitted by the standards;

h) 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;

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

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

7) 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 Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company 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

8) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Company will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.)

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

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 the asset or liability.

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries and related equity items, as appropriate, in the parent company only financial statements.

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 financial statements are authorized for issue; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period 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 the fair value was 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 that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting parent company only financial statements, the functional currencies of the Company and the Group (including subsidiaries and associates that use currency 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; 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.

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.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions between subsidiaries is eliminated in full in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipments

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 categories

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 assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivable and notes receivable (including related party) at amortized cost, contract assets and other receivables (including related party), 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 such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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 debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both collecting of contractual cash flows and selling of such financial assets; and

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI and operating lease receivables.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables and operating lease receivables. For all other financial instruments, the Company 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 Company 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 represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

c) Derecognition of financial assets

The Company 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 a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by an entity in the Company are recognized at the proceeds received, net of direct issue costs.

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

3) Convertible corporate bonds

The composite financial instruments (convertible corporate bonds) issued by the company are based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments, and their components are classified into financial liabilities and equity at the time of initial recognition.

At the time of initial recognition, the fair value of the liability component is estimated at the prevailing market interest rate of similar non-convertible instruments, and measured at the amortized cost calculated using the effective interest method before the conversion or maturity date. The component of liability embedded in non-equity derivatives is measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the overall fair value of the compound instrument minus the fair value of the separately determined liability component, which is recognized as equity after deducting the impact of income tax, and will not be measured in the future. When the conversion right is executed, the related liability component and the amount of equity will be transferred to equity and capital reserve—issuance premium. If the conversion right of convertible corporate bonds has not been executed on the maturity date, the amount recognized in equity will be transferred to capital reserve—issuance premium.

The transaction costs related to the issuance of convertible corporate bonds are allocated to the liabilities (included in the carrying amount of the liabilities) and equity components (included in equity) of the instrument in proportion to the total apportionment price.

4) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

k. Revenue recognition

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

Revenue from the sale of goods

The commodity sales revenue comes from the agency distribution of electronic components and the sales of special application display modules, medical touch displays and embedded control system products, which are mainly sold to the computer and peripheral equipment industry and other electronics industries. Since the above products arrive at the customer's designated location or when the shipment is started, the customer has the contractually agreed price and the right to use the product and bears the main responsibility for resale, and bears the risk of obsolescence and obsolescence of the product, the company recognizes at that point in time list income and accounts receivable. Advance receipts from sales are recognized as contract liabilities before the products arrive or depart.

When the material is removed for processing, the control of the ownership of the processed product has not been transferred, so the revenue is not recognized when the material is removed.

l. Leasing

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company 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. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service 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 and net interest on the net defined benefit liabilities (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 liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

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

1) Current tax

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

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward 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 except where the Company 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 only recognized 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 they 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 asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

There were no significant uncertainties in the accounting policies, estimates and basic assumptions adopted by the Company after being evaluated by the management of the Company.

6. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash on hand	$ 1,194	$ 1,219
Checking accounts and demand deposits	1,133,419	1,385,627
	$ 1,134,613	$ 1,386,846

The market rate intervals of cash in bank, at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Demand deposits	0.001%～0.2%	0.001%～0.5%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2021	December 31, 2020
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Domestic quoted shares	$ 2,788	$ 6,922
Redemption option on convertible bonds	-	100
	$ 2,788	$ 7,022

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2021	December 31, 2020
Non-current		
Investments in equity instruments	$ 81,134	$ 34,826

Investments in equity instruments at FVTOCI:

	December 31, 2021	December 31, 2020
Non-current		
Domestic investments		
Listed shares		
HIGGSTEC Inc.	$ 27,931	$ 32,428
Medimaging Integrated Solution Inc.	4,312	-
Unlisted shares		
UPI Semiconductor Corp.	-	1,009
Medimaging Integrated Solution Inc.	-	951
Tricorntech Corp.	438	438
DigiZerocarbon Corp.	500	-
Foreign investments		
Private Funds		
Esquarre IoT Landing Fund,L.P.	47,953	-
	$ 81,134	$ 34,826

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2021	December 31, 2020
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$ 2,236	$ 2,278
Less: Allowance for impairment loss	-	-
	$ 2,236	$ 2,278

a. On December 31, 2021 and 2020, the interest rate intervals of time deposits with original maturity date more than 3 months were 0.3% and 1.1%, respectively.

b. Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.

c. Financial assets at amortized cost as collateral for borrowings are set out in Note 33.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified a at amortized cost.

	December 31, 2021	December 31, 2020
Gross carrying amount	$ 2,236	$ 2,278
Allowance for impairment loss	-	-
Amortized cost	2,236	2,278
Fair value adjustment	-	-
	$ 2,236	$ 2,278

In order to minimize credit risk, the Company has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors. The Company's exposure and the external credit ratings are continuously monitored and assessed for whether there has been a significant increase in credit risk since the last period to the reporting date.

The Company considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

At Amortized Cost

Category		Gross carrying amount	
	Expected Loss Rate	December 31, 2021	December 31, 2020
Normal	0%-0.01%	$ 2,236	$ 2,278

There was no change in the allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost for the years ended December 31, 2021 and 2020.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2021	December 31, 2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 16,772	$ 28,258
Less: Allowance for impairment loss	-	-
	$ 16,772	$ 28,258
From operation	$ 16,772	$ 28,258
Accounts receivables		
At amortized cost		
Gross carrying amount	$ 4,778,066	$ 4,015,391
Gross carrying amount- related parties	1,863,077	1,293,440
Less: Allowance for impairment loss	(41,264)	(21,264)
	$ 6,599,879	$ 5,287,567
Other receivables		
Accounts receivables at FVTOCI	$ 596,497	$ 623,283
Tax refund receivables	94,000	71,529
Others	12,006	10,503
	$ 702,503	$ 705,315

Notes Receivable and Accounts Receivables

At amortized cost

The average credit period of the sales of goods was 90-150 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual accounts debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Company measures the loss allowance for all accounts receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. As the Company’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company’s different customer base.

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

The following table details the loss allowance of notes receivables and accounts receivable based on the Company’s provision matrix.

December 31, 2021

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%~0.04%	0.36%~20.12%	14.29%~30.07%	18.75%~37.18%	22.22%~100%	
Gross carrying amount	$ 5,732,570	$ 744,304	$ 155,480	$ 14,105	$ 11,456	$ 6,657,915
Loss allowance (Lifetime ECL)	(1,219)	(16,335)	(13,897)	(1,270)	(8,543)	(41,264)
Amortized cost	$ 5,731,351	$ 727,969	$ 141,583	$ 12,835	$ 2,913	$ 6,616,651

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%~0.04%	0.54%~8.34%	10.46%~14.32%	18.75%~23.15%	22.22%~100%	
Gross carrying amount	$ 4,767,606	$ 505,842	$ 52,510	$ 2,786	$ 8,345	$ 5,337,089
Loss allowance (Lifetime ECL)	(994)	(10,598)	(1,378)	(59)	(8,235)	(21,264)
Amortized cost	$ 4,766,612	$ 495,244	$ 51,132	$ 2,727	$ 110	$ 5,315,825

The movements of the loss allowance of accounts receivables and overdue receivables were as follows:

	For the Year Ended December 31			
	2021		2020	
	Trade Receivables	Overdue Receivables	Trade Receivables	Overdue Receivables
Balance on January 1	$ 21,264	$ 13,942	$ 24,567	$ 13,939
Add: Amount of expected loss recognized	20,000	-	-	-
Less: Amounts reversed	-	-	(3,300)	-
Classified to overdue receivable	-	-	(3)	3
Balance on December 31	$ 41,264	$ 13,942	$ 21,264	$ 13,942

12. INVENTORIES

	December 31, 2021	December 31, 2020
Merchandise inventories	$ 3,130,805	$ 2,038,242

Operating cost summarized by nature is listed below.

	For the Year Ended December 31	
	2021	2020
Cost of Goods Sold	$ 29,028,782	$ 23,630,449
Impairment（Price recovery）	147,000	(9,927)
Write-off	3,759	1,721
	$ 29,179,541	$ 23,622,243

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2021	December 31, 2020
Investments in subsidiaries	$ 847,544	$ 883,790
Investments in associates	-	645
	$ 847,544	$ 884,435

a. Investments in subsidiaries

	December 31, 2021	December 31, 2020
Promate Solutions Corporation.	$ 705,833	$ 727,839
PROMATE INTERNATIONAL CO., LTD.	62,373	59,306
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	15,633	33,613
PROMATE ELECTRONICS COMPANY USA	8,501	8,661
CT Continental Corporation	55,204	54,371
	$ 847,544	$ 883,790

	Proportion of Ownership (%)	
	December 31, 2021	December 31, 2020
Promate Solutions Corporation.	66.21%	66.21%
PROMATE INTERNATIONAL CO., LTD.	100%	100%
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	100%	100%
PROMATE ELECTRONICS COMPANY USA	100%	100%
CT Continental Corporation	90%	90%

Refer to Note 30 to the Company's consolidated financial statements for the year ended December 31, 2021 for the disclosures of the Company's acquisitions of CT Continental Corporation.

Refer to Note 37 and Table 5 for the details of the subsidiaries indirectly held by the Company.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020was based on the subsidiaries' financial statements which have been audited for the same years.

b. Investments in associates

	December 31, 2021	December 31, 2020
Associates that are not individually material		
Prosperity Venture Capital I, Limited	$ -	$ 645

	Proportion of Ownership and Voting Rights Held by the Company	
Name of Associate	December 31, 2021	December 31, 2020
Prosperity Venture Capital I, Limited	-	21.62%

(Note) Prosperity Venture Capital I, Limited has discontinued operations. Therefore, the Company recognized loss on disposal of associate of NT$13 thousand and listed in other gains and losses.

Refer to Table 5 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

All the associates were accounted for using the equity method.

Summarized financial information in respect of each of the Company's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

	December 31, 2021	December 31, 2020
Total assets	$ -	$ 2,848
Liability	$ -	($ 25)
Equity	$ -	$ 2,823
Proportion of the Company's ownership	-	21.62%
Equity attributable to the Company	$ -	$ 610
Difference between previous year's investment cost and equity value	-	35
Carry amount	$ -	$ 645

	For the Year Ended December 31	
	2021	2020
Revenue	$ -	$ -
Net gain (loss)	($ 2,806)	($ 15,954)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	($ 2,806)	($ 15,954)
Dividend received	$ -	$ 500

14. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Cost							
Balance on January 1, 2021	$ 205,987	$ 158,942	$ 10,775	$ 10,078	$ 21,996	$ 13,547	$ 421,325
Additions	-	-	-	1,388	521	5,642	7,551
Disposals	-	-	-	(1,125)	-	-	(1,125)
Balance on December 31, 2021	$ 205,987	$ 158,942	$ 10,775	$ 10,341	$ 22,517	$ 19,189	$ 427,751
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 56,719	$ 10,493	$ 9,326	$ 16,183	$ 11,215	$ 103,936
Depreciation expense	-	5,153	215	267	1,975	1,716	9,326
Disposals	-	-	-	(1,125)	-	-	(1,125)
Balance on December 31, 2021	$ -	$ 61,872	$ 10,708	$ 8,468	$ 18,158	$ 12,931	$ 112,137
Carrying amount on December 31, 2021	$ 205,987	$ 97,070	$ 67	$ 1,873	$ 4,359	$ 6,258	$ 315,614
Cost							
Balance on January 1, 2020	$ 205,987	$ 158,942	$ 10,775	$ 10,006	$ 18,697	$ 13,419	$ 417,826
Additions	-	-	-	72	3,179	442	3,693
Disposals	-	-	-	-	(165)	(314)	(479)
Reclassifications	-	-	-	-	285	-	285
Balance on December 31, 2020	$ 205,987	$ 158,942	$ 10,775	$ 10,078	$ 21,996	$ 13,547	$ 421,325
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 51,549	$ 10,251	$ 9,066	$ 14,663	$ 9,352	$ 94,881
Depreciation expense	-	5,170	242	260	1,685	2,177	9,534
Disposals	-	-	-	-	(165)	(314)	(479)
Balance on December 31, 2020	$ -	$ 56,719	$ 10,493	$ 9,326	$ 16,183	$ 11,215	$ 103,936
Carrying amount on December 31, 2020	$ 205,987	$ 102,223	$ 282	$ 752	$ 5,813	$ 2,332	$ 317,389

There was no indication of an impairment loss in the years ended December 31, 2021 and 2020; therefore, the Company did not perform impairment assessment.

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

Buildings- Office in Taiwan	61 years
Buildings- Plant in Taiwan	25-30 years
Machinery Equipment	3-10 years
Transportation Equipment	5 years
Office Equipment	3-10 years
Miscellaneous Equipment	3-20 years

Property, plant and equipment pledged as collateral for borrowings are set out in Note 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amounts		
Buildings	$ 28,476	$ 19,566
Transportation equipment	5,054	1,871
	$ 33,530	$ 21,437

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets		
Buildings	$ 32,453	$ -
Transportation equipment	5,043	-
	$ 37,496	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 7,473	$ 6,352
Transportation equipment	1,860	1,834
	$ 9,333	$ 8,186

Due to the early termination of the lease contract during current period, the Company's right-of-use assets and lease liabilities were reduced by NT$16,070 thousand and NT$16,370 thousand respectively. Thus, it resulted in a lease modification benefit of NT$300 thousand.

Expect for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the year ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31, 2021	December 31, 2020
Carrying amounts		
Current	$ 10,590	$ 7,507
Non-current	$ 22,292	$ 13,887

Range of discount rate for lease liabilities was as follows:

	December 31, 2021	December 31, 2020
Buildings	3%	3%
Transportation equipment	5.69%	5.69%

c. Material lease-in activities and terms

The Company leased a number of cars for use by business personnel or warehouse personnel for 3 years. The lease contracts for these cars do not contain terms for the right of renewal or the right of purchase.

The Company also leased certain buildings for use as plant and office for a period 2 to 5 years. The lease contracts for offices located in Taiwan specify that the lease payments will be adjusted by customer price index each year. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Company 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 low-value asset leases	$ 746	$ 1,310
Total cash outflow for lease	($ 11,294)	($ 10,055)

The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The Company has no commitments to enter into leases for periods beginning after the balance sheet date.

16. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance on January 1, 2021	$ 4,525
Addition	2,523
Disposal	-
Balance on December 31, 2021	$ 7,048
Accumulated amortization	
Balance on January 1, 2021	($ 1,876)
Amortization expense	(1,193)
Disposal	-
Balance on December 31, 2021	($ 3,069)
Carrying amount on December 31, 2021	$ 3,979
Cost	
Balance on January 1, 2020	$ 8,847

	Computer Software
Disposal	(4,322)
Balance on December 31, 2020	$ 4,525
Accumulated amortization	
Balance on January 1, 2020	($ 5,535)
Amortization expense	(663)
Disposal	4,322
Balance on December 31, 2020	($ 1,876)
Carrying amount on December 31, 2020	$ 2,649

Besides amortization expense, there was no major addition, disposal or impairment to the intangible assets in the year ended December 31, 2021 and 2020. Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer Software	3～10 years

Amortization expenses summarized by function are as below.

	For the Year Ended December 31	
	2021	2020
Operating costs	$ -	$ -
Selling and marketing expenses	-	-
General and administrative expenses	1,193	663
Research and development expenses	-	-
	$ 1,193	$ 663

17. OTHER ASSETS

	December 31, 2021	December 31, 2020
Current		
Prepayments	$ 16,088	$ 4,057
Others	1,888	399
	$ 17,976	$ 4,456
Non-current		
Overdue receivables (Note 11)	$ 13,942	$ 13,942
Allowance for impairment loss - Overdue receivables (Note 11)	(13,942)	(13,942)
Refundable deposits	1,166,016	401,138
	$ 1,166,016	$ 401,138

Refundable deposits

Refundable deposits are mainly paid to suppliers as performance bond.

18. BORROWINGS

a. Short-term borrowings

	December 31, 2021	December 31, 2020
Secured borrowings (Note 33)		
Bank loans (1)	$ 1,765,000	$ 2,060,000
Bank loans - letters of credit (2)	804,721	345,108
	$ 2,569,721	$ 2,405,108

1) The effective weighted average interest rates for bank loans ranged from 0.577%～0.830% and 0.6035%～0.9371% per annum as of December 31, 2021 and 2020, respectively.

2) The effective weighted average interest rate for letters of credit loans was 0.510~0.7729% and 0.50% ～0.8682% per annum as of S December 31, 2021 and 2020, respectively.

b. Short-term bills payable

	December 31, 2021	December 31, 2020
Commercial paper	$ 180,000	$ 190,000
Less: Unamortized discount on bills payable	-	-
	$ 180,000	$ 190,000

The effective weighted average interest rates for commercial papers ranged from 0.828% and 0.908% ～0.958% per annum as of December 31, 2021 and 2020, respectively.

19. Convertible Bond

	December 31, 2021	December 31, 2020
Domestic unsecured convertible bonds	$ 549,200	$ 997,400
Less：Discounts on bonds payable	(9,782)	(30,116)
Less: Current portion	-	-
	$ 539,418	$ 967,284

Unsecured Domestic Convertible Bonds - Third Issue

On June 8, 2020, the Company issued 10 thousand NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $1,000,000 thousand. In addition, the bond is publicly underwritten by bidding auction, the issue price is $101, and the actual total issue amount is $1,020,987 thousand. The annual interest rate of the issuance coupon is 0%, the issuance period is three years, and the maturity date is June 8, 2023.

The major terms are as follows:

a. In the period of circulation from three months after the issuance of the convertible corporate bonds to forty business days before the maturity of the bonds, the Company may notify the bondholders under the conversion measures and redeem all bonds in cash at the nominal amount when the agreed conditions are met.

b. When this convertible bond expires, it will be repaid in cash based on the denomination of the bond.

c. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. The conversion price at issuance was NT$ 34.50.

d. The conversion price after the issuance of convertible corporate bonds will be adjusted according to the anti-dilution clause of the third Unsecured Convertible Bonds Issuance and Conversion Rules of the Company. The conversion price was adjusted from NT$32.16 per share to NT$30.16 per share since August 6, 2021, i.e. the ex-dividend date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 1.28% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $5,100 thousand)	$ 1,015,887
Equity component (less transaction costs allocated to the equity component of $255 thousand)	(53,332)
Redemption right	100
Liability component on the date of issuance (less transaction costs allocated to the liability component of $4,845 thousand)	962,655
Interest charged at an effective interest rate of 1.28%	7,145
Conversion of corporate bond payable into common shares	(2,516)
Liability component on December 31, 2020	967,284
Interest charged at an effective interest rate of 1.28%	10,307
Conversion of corporate bond payable into common shares	(438,173)
Liability component on December 31, 2021	$ 539,418

20. NOTES AND ACCOUNTS PAYABLE

	December 31, 2021	December 31, 2020
Notes payable		
Non-trade	$ 237	$ 24
Accounts payable		
Accounts payable	$ 3,849,089	$ 2,584,169
Accounts payable - related parties	$ 4,864	$ 16,413

Accounts Payable

The average credit period for purchases of goods was between 30-120 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER LIABILITIES

	December 31, 2021	December 31, 2020
Current		
Other payables		
Accrued commissions	$ 22,641	$ 14,261
Payables for salaries or bonuses	97,470	50,606
Payables for compensation of employees and remuneration of directors	97,000	62,000
Payables for annual leave s	10,700	10,100
Accrued freights	48,649	44,892
Payables for dividends	519	519
Accrued Interests	3,433	3,003
Others	146,320	97,627
	$ 426,732	$ 283,008
Other payables - related parties s (Note 32)		
Accrued freights	$ 13,352	$ 10,078
Contract liability (Note 24)	$ 69,374	$ 39,593
Others		
Refund liability (1)	$ 486,610	$ 291,379

	December 31, 2021	December 31, 2020
Others	3,427	16,478
	$ 490,037	$ 307,857
Non-current		
Other liabilities		
Guarantee deposits(2)	$ 1,051,840	$ 284,800

1) Refund liabilities is based on historical experience, management's judgments and other known reasons for which estimated product returns and rebates may occur in the reporting period. Refund liabilities are recognized as a reduction of operating income in the periods in which the related goods are sold.

2) Guarantee deposits are mainly collected from customers.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company have pension plans under the Labor Pension Act (LPA), which are state-managed defined contribution plans. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law are operated by the government of the Republic of China (ROC). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$ 54,567	$ 54,425
Fair value of plan assets	(22,333)	(21,910)
Net defined benefit liabilities (assets)	$ 32,234	$ 32,515

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Fair Value of the Plan Assets
Balance on January 1, 2021	$ 54,425	($ 21,910)	$ 32,515
Service cost			
Service cost of current period	153	-	153
Net interest expense (income)	272	(112)	160
Recognized in loss (profit)	425	(112)	313

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Fair Value of the Plan Assets
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(274)	(274)
Actuarial loss – change in demographic assumptions	1,375	-	1,375
Actuarial loss – changes in financial assumptions	-	-	-
Actuarial loss – experience adjustments	(734)	-	(734)
Recognized in other comprehensive loss (gain)	641	(274)	367
Contributions from employer	-	(961)	(961)
Benefits paid	(924)	924	-
Balance on December 31, 2021	$ 54,567	($ 22,333)	$ 32,234
Balance on January 1, 2020	$ 52,320	($ 20,153)	$ 32,167
Service cost			
Service cost of current period	150	-	150
Net interest expense (income)	393	(155)	238
Recognized in loss (profit)	543	(155)	388
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(647)	(647)
Actuarial loss – change in demographic assumptions	467	-	467
Actuarial loss – changes in financial assumptions	$ 1,372	$ -	$ 1,372
Actuarial loss – experience adjustments	(277)	-	(277)
Recognized in other comprehensive loss (gain)	1,562	(647)	915
Contributions from employer	-	(955)	(955)
Balance on December 31, 2020	$ 54,425	($ 21,910)	$ 32,515

The amount recognized as profit or loss for the defined benefit plan is summarized by function as follows:

	For the Year Ended December 31	
	2021	2020
Operating cost	$ -	$ -
Selling and marketing expenses	241	294
General and administrative expenses	72	94
Research and development expenses	-	-
	$ 313	$ 388

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

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

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

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

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 were as follows:

	December 31, 2021	December 31, 2020
Discount rate(s)	0.50%	0.50%
Expected rate(s) of salary increase	2.00%	2.00%
Death rate	According to the sixth mortality experience table of Taiwan life insurance industry	According to the fifth mortality experience table of Taiwan life insurance industry
Disability rate	According to 10% of expected mortality rate	According to 10% of expected mortality rate

Employee turnover rate

Age	December 31, 2021	December 31, 2020
20 years old ~ 30 years old	7%~10%	7%~10%
35 years old ~ 60 years old	0%~4%	0%~4%

Based on the empirical data of the turnover rate of the Company in the past and the future trend, the revised data were adopted.

The turnover rate under 20 years old shall be calculated as 20 years old; the turnover rate of each age Company shall be calculated in the way of internal difference.

Voluntary retirement rate

Assuming that Z is the earliest retirement age for individual employees

Age	December 31, 2021	December 31, 2020
Z	15%	15%
Z＋1～64	3%	3%
65	100%	100%

However, the voluntary retirement rate of individual employees shall not be less than 1.5 times of the turnover rate for the same age adopted by the Company.

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

	December 31, 2021	December 31, 2020
Discount rate(s)		
0.25% increase	($ 1,298)	($ 1,377)
0.25% decrease	$ 1,347	$ 1,430

	December 31, 2021	December 31, 2020
Expected rate(s) of salary increase		
0.25% increase	$ 1,304	$ 1,385
0.25% decrease	($ 1,264)	($ 1,341)

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

	December 31, 2021	December 31, 2020
The expected contributions to the plan for the next year	$ 981	$ 977
The average duration of the defined benefit obligation	9.6	10.2

23. Equity

a. Share capital

Common stock

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	250,000	250,000
Shares authorized	$ 2,500,000	$ 2,500,000
Number of shares issued and fully paid (in thousands)	193,414	179,126
Shares issued	$ 1,934,141	$ 1,791,260

Fully paid ordinary shares, with a par value of NT$10, each of which carries one vote per share and carry a right to receive dividends

Of the Company’s authorized shares, 10,000 thousand shares had been reserved for the issuance of convertible bonds and employee share options.

As of December 31, 2021, 3,176 thousand of common shares issued from convertible bonds has yet to complete the registration process.

b. Capital surplus

	December 31, 2021	December 31, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 291,960	$ 291,960
Conversion of employee stock options	66,208	66,208
Conversion of bonds	733,444	438,152
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal of acquisition	45,604	45,604
Less: transfer to capital	(267,199)	(267,199)
Less: cash dividends paid	(73,408)	(73,408)
Less: Treasury stock cancellation	(9,461)	(9,461)
	787,148	491,856
May be used to offset a deficit only		
Changes in percentage of ownership interest in subsidiaries (2)	166,292	166,292
May not be used for any purpose		
Employee share options	1,250	1,250
Share options on Convertible Bond	53,332	53,332
	54,582	54,582
	$ 1,008,022	$ 712,730

1) 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 share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing 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 bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, refer to employees' compensation and remuneration of directors in Note 25, h.

The Company's dividend policy is formulated according to the Company's capital budget, mid- and long-term operational planning and financial status, as well as by reference to the general level of dividends in the industry and capital markets as the basis for dividend policy. Related earnings can be distributed in the form of stock dividends or cash dividends. However, the percentage of cash dividends shall not be less than 20% of the total dividends. The percentage of cash dividends will be increased when future earnings and funds are more abundant.

A legal reserve should be appropriated from earnings until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019, which have been approved in the shareholders' meetings on July 26, 2021 and June 15, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 53,918	$ 46,796
Special reserve (Reversal)	($ 15,204)	$ 10,415
Cash dividends	$ 501,553	$ 408,223
Cash dividends per share (NT$)	$ 2.80	$ 2.28

The appropriation of earnings for 2021 was proposed by the Company's board of directors on March 16, 2022. The appropriation and dividends per share were as follows:

Legal reserve	$ 82,026
Cash dividends	737,021
Cash dividends per share (NT$)	3.78

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 15, 2022.

d. Special reserves

	For the Year Ended December 31	
	2021	2020
Beginning on January 1	$ 15,204	$ 4,789
Appropriations (reversal) of special reserves		
In respect of debits to other equity items	(15,204)	10,415
Balance on December 31	$ -	$ 15,204

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	**2020**
Balance on January 1	($ 5,218)	($ 4,025)
Recognized for the period		
Exchange differences arising on translating the financial statements of foreign operations	(1,610)	(1,194)
Share from associates accounted for using the equity method	(226)	1
Other comprehensive income recognized for the period	(1,836)	(1,193)
Balance on December 31	($ 7,054)	($ 5,218)

2) Unrealized gain or loss on Financial Assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance on January 1	$ 11,996	($ 11,180)
Recognized for the period		
Unrealized gain (loss) - equity instruments	23,164	10,127
Net remeasurement of loss allowance	2,788	4,044
Share from associates accounted for using the equity method	(3,933)	13,078
Other comprehensive income recognized for the period	22,019	27,249
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(24,410)	(4,073)
Balance on S December 31	$ 9,605	$ 11,996

24. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 30,988,693	$ 25,055,021
Revenue from NRE and repair service	1,496	624
	30,990,189	25,055,645
Other operating income		
Service revenue	5,758	5,642
	$ 30,995,947	$ 25,061,287

a. Revenue from contracts with customers

Revenue from the sale of goods

Revenue from the sale of goods mainly comes from the distribution of electronic components and the sale and manufacture of industrial computer monitors and customized products. Goods are categorized into electronic components (application-specific and LCD display products, linear/distributed components, application-specific and image processing ICs) as well as embedded control systems, medical displays, and application-specific display modules (e.g., medical, factory automation, military, outdoor use, and sports equipment). The Company sells goods at the agreed prices stipulated in contracts, quotations or orders.

Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

b. Contract balances

	December 31, 2021	December 31, 2020
Notes receivables (Note 11)	$ 16,772	$ 28,258
Accounts receivables (Note 11)	$ 6,599,879	$ 5,287,567
Contract liabilities - current (Note 21)		
Sale of goods	$ 69,374	$ 39,593

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

c. Disaggregation of revenue

For the year ended December 31, 2021

	Reportable Segment					
	Application-specific and LCD Display Products	Linear/ Distributed Components	Image Processing ICs	Application-specific ICs	Others	Total
Types of goods or services						
Revenue from the sale of goods	$ 5,129,047	$14,168,437	$ 6,793,639	$ 2,639,621	$ 2,265,203	$30,995,947

For the year ended December 31, 2020

	Reportable Segment					
	Application-specific and LCD Display Products	Linear/ Distributed Components	Image Processing ICs	Application-specific ICs	Others	Total
Types of goods or services						
Revenue from the sale of goods	$ 3,883,305	$11,972,090	$ 5,632,695	$ 1,928,084	$ 1,645,113	$25,061,287

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest Income		
Bank deposits	$ 340	$ 1,315
Financial assets at amortized cost	39	27
Imputed interest of deposit	16	21
	$ 395	$ 1,363

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income		
Other operating lease	$ 11,552	$ 11,236
Dividend Income		
Financial assets at FVTPL	206	129
Financial assets at FVTOCI	2,492	1,115
	2,698	1,244
IT service revenue	2,440	2,580
Directors and supervisors' remuneration	1,757	1,953
	$ 18,447	$ 17,013

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain (loss) on financial instruments		
Mandatorily measured at FVTPL	$ 1,622	$ 1,341
Gain (loss) on disposal of investment in associations (Note 13)	(13)	-
Net foreign exchange gains (losses)	(113,941)	(201,121)
Gain (loss) on disposal of property, plant and equipment	429	-
Gain on Lease Modification	300	-
Bank charge	(17,657)	(14,031)
Other	532	1,578
	($ 128,728)	($ 212,233)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 41,594	$ 60,862
Interest on convertible corporate bond	10,307	7,145
Interest on lease liabilities	910	802
	$ 52,811	$ 68,809

There was no interest capitalization in the Company for the year ended December 31, 2021 and 2020.

e. Impairment losses recognized

	For the Year Ended December 31	
	2021	2020
Trade receivables	($ 20,000)	$ 3,300
Inventories (included in operating costs)	($ 147,000)	$ 9,927

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of deprecation by function		
Operating costs	$ -	$ -
Operating expenses	18,659	17,720
	$ 18,659	$ 17,720
An analysis of amortization by function		
Operating costs	$ -	$ -
Operating expenses	1,193	663
	$ 1,193	$ 663

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 356,802	$ 260,381
Post-employment benefits (Note 22)		
Defined contribution plans	7,405	6,912
Defined benefit plans	313	388
	7,718	7,300
Other employee benefits	26,672	22,955
Total employee benefits expense	$ 391,192	$ 290,636
An analysis of employee benefits expense by function		
Operating costs	$ -	$ -
Operating expenses	391,192	290,636
	$ 391,192	$ 290,636

h. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors at the rates 7.5%-10% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.
The compensation to employees and remuneration to the directors of 2021 and 2020 were approved by the Company's board of directors on March 16, 2022 and March 24, 2021, respectively.
Accrual rate

	For the Year ended December 31	
	2021	20209
Employees' compensation	7.5%	7.5%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	$ 80,500	$ 52,000
Remuneration of directors	16,500	10,500

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the 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.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 591,805	$ 821,691
Foreign exchange losses	(705,746)	(1,022,812)
Net foreign exchange gains and losses	($ 113,941)	($ 201,121)

26. INCOME TAXES RELATING TO CONTINUING OPERATION

a. Income tax recognized in profit or loss

Major components of tax expense (income) recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current period	$ 325,225	$ 105,744
Income tax on unappropriated earnings	-	646
Adjustment for prior years	6,760	(5,142)
	331,985	101,248
Deferred tax		
In respect of the current period	(154,635)	(7,665)
Income tax expense recognized in profit or loss	$ 177,350	$ 93,583

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

	For the Year Ended December 31	
	2021	2020
Income before income tax	$ 971,329	$ 629,599
Income tax expense calculated at the statutory rate	$ 194,266	$ 125,919
Tax-exempt income	(22,556)	(27,840)
Income tax on unappropriated earnings	-	646
Unrecognized deductible temporary differences	(1,120)	-
Adjustments for prior year	6,760	(5,142)
Income tax expense recognized in profit or loss	$ 177,350	$ 93,583

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of current period		
Translating the financial statements of foreign operations	$ 402	$ 299
Actuarial profit and loss of defined benefit plans	73	183
Income tax recognized in other comprehensive income (loss)	$ 475	$ 482

c. Current tax assets and liabilities

	December 31, 2021	December 31, 2020
Current tax liabilities		
Income tax payable	$ 268,884	$ 50,437

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Impairment loss	$ 5,993	($ 3,018)	$ -	$ 2,975
Allowance for impairment loss	272	(272)	-	-
Allowance for write-down of inventories	16,842	29,400	-	46,242
Unrealized sales return and allowance	58,276	41,503	-	99,779
Unrealized gross profit	143	158	-	301
Unrealized foreign exchange loss	15,723	(11,622)	-	4,101
Defined benefit obligation	4,855	(129)	73	4,799
Exchange differences on translating foreign operations	1,297	-	402	1,699
Convertible bonds payable	-	3,490	-	3,490
Payable for annual leave	-	2,140	-	2,140
Others	269	-	-	269
	$ 103,670	$ 61,650	$ 475	$ 165,795
Deferred tax liabilities				
Temporary differences				
Unappropriated Earnings from subsidiaries	($ 10,921)	$ 765	$ -	($ 10,156)
Unrealized purchase allowance	(135,535)	92,220	-	(43,315)
	($ 146,456)	$ 92,985	$ -	($ 53,471)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Impairment loss	$ 5,993	$ -	$ -	$ 5,993
Allowance for impairment loss	272	-	-	272
Allowance for write-down of inventories	18,828	(1,986)	-	16,842
Unrealized sales return and allowance	26,827	31,449	-	58,276
Unrealized gross profit	270	(127)	-	143
Unrealized foreign exchange loss	966	14,757	-	15,723
Defined benefit obligation	4,786	(114)	183	4,855

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Exchange differences on translating foreign operations	998	-	299	1,297
Others	269	-	-	269
	$ 59,209	$ 43,979	$ 482	$ 103,670
Deferred tax liabilities				
Temporary differences				
Unappropriated Earnings from subsidiaries	($ 7,094)	($ 3,827)	$ -	($ 10,921)
Unrealized purchase allowance	(103,048)	(32,487)	-	(135,535)
	($ 110,142)	($ 36,314)	$ -	($ 146,456)

e. Income tax assessments

The tax returns of the Company and Promate Solutions Corporation through 2019 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share total	$ 4.31	$ 2.99
Diluted earnings per share total	$ 3.75	$ 2.73

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

Net Profit for the Period

	For the Year Ended December 31	
	2021	2020
Income for the period attributable to owners of the Company	$ 793,979	$ 536,016
Earnings used in the computation of basic earnings per share	$ 793,979	$ 536,016
Effect of potentially dilutive ordinary shares:		
The after-tax interest of convertible bonds	8,245	5,716
Earnings used in the computation of diluted earnings per share	$ 802,224	$ 541,732

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	184,310	179,059
Effect of potentially dilutive ordinary shares:		
Employees' compensation	2,261	1,984
Corporate bond	27,271	17,607
Weighted average number of ordinary shares used in the	213,842	198,650

	For the Year Ended December 31	
	2021	2020
computation of diluted earnings per share		

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus would be settled in shares, and if the resulting potential shares have a dilutive effect, these shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year. Please refer to Note 29 to the Company's consolidated financial statements for the year ended December 31, 2021

28. ACQUISITION OF A SUBSIDIARYS

The Company acquired CT Continental Corporation in order to expand its agent distribution of computers and peripheral devices. For details about the acquisition of CT Continental Corporation refer to Note 30 to the Company's consolidated financial statements for the year ended December 31, 2021.

29. CASH FLOW INFORMATION

a. Non-cash transaction

For the year ended December 31, 2020, the Company entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

The Company reclassified prepayments for equipment in the amount of NT$285 thousand to property, plant and equipment for the year ended December 31, 2020.

b. Reconciliation of liabilities arising from financing activities

For the year ended December 31, 2021

			Non-cash Changes				
	Balance as of January 1, 2021	Cash Flows	New Lease	Lease Modified	Interest Amortized	Foreign Currency Exchange Rates	Balance as of December 31, 2021
Short-term borrowings	$ 2,405,108	$ 172,214	$ -	$ -	$ -	($ 7,601)	$ 2,569,721
Short-term bills payable	190,000	(10,000)	-	-	-	-	180,000
Guarantee deposits received	284,800	767,040	-	-	-	-	1,051,840
Lease liabilities	21,394	(10,548)	37,496	(16,370)	910	-	32,882
	$ 2,901,302	$ 918,706	$ 37,496	($ 16,370)	$ 910	($ 7,601)	$ 3,834,443

For the year ended December 31, 2020

			Non-cash Changes				
	Balance as of January 1, 2020	Cash Flows	New Lease	Lease Modified	Interest Amortized	Foreign Currency Exchange Rates	Balance as of December 31, 2020
Short-term borrowings	$ 2,641,746	($ 228,414)	$ -	$ -	$ -	($ 8,224)	$ 2,405,108
Short-term bills payable	210,000	(20,000)	-	-	-	-	190,000
Long-term borrowings	18,828	(18,828)	-	-	-	-	-
Guarantee deposits received	59,960	224,840	-	-	-	-	284,800
Lease liabilities	29,337	(8,745)	-	-	802	-	21,394
	$ 2,959,871	($ 51,147)	$ -	$ -	$ 802	($ 8,224)	$ 2,901,302

30. CAPITAL MANAGEMENT

The Company 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.

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Company engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Company.

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

31. FINANCIAL INSTRUMENTS

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

December 31, 2021

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Financial Liabilities					
Financial liabilities at amortized cost:					
－Bond payable	$ 539,418	$ 549,200	$ -	$ -	$ 549,200

December 31, 2020

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Financial Liabilities					
Financial liabilities at amortized cost:					
－Bond payable	967,284	997,400	-	-	997,400

The Level 2 and Level 3 fair value measurements above are determined by discounted cash flow analysis based on the income approach. The significant unobservable inputs used in Level 3 fair value measurements reflect the discount rates of counterparty credit risk

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				
Domestic listed shares	$ 2,788	$ -	$ -	$ 2,788
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	$ 32,243	$ -	$ -	$ 32,243
Domestic unlisted shares and domestic emerging market shares	-	-	938	938
Foreign Private Funds	-	-	47,953	47,953
	$ 32,243	$ -	$ 48,891	$ 81,134

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 6,922	$ -	$ -	$ 6,922
Redemption option on convertible bonds	-	100	-	100
	$ 6,922	$ 100	$ -	$ 7,022
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	$ 32,428	$ -	$ -	$ 32,428
Domestic unlisted shares and domestic emerging market shares	-	-	2,398	2,398
	$ 32,428	$ -	$ 2,398	$ 34,826

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

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

Financial Assets at Fair Value Through Other Comprehensive Income	For the year ended December 31	
	2021	**2020**
Equity Instrument		
Balance at January 1	$ 2,398	$ 1,945
Purchase	48,453	453
Transfer out from Level 3	(1,960)	-
Provision for impairment loss	-	-
Balance at December 31	$ 48,891	$ 2,398

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

Financial Instruments	Valuation Techniques and Input
Redemption option on convertible bonds	Discounted cash flow method: estimated future cash flow based on stock price volatility and annual bond yield in the most recent year.
Derivative financial instruments- FX Swap contract	Discounted cash flow method: Estimate the future cash flow according to the observable forward exchange rate on the balance sheet date and the exchange rate stipulated in the contract, and discount them respectively at the discount rate that can reflect the credit risk of each counterpart

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Company measures the fair value of its investments on domestic unlisted shares by using the market approach. The judgment is based on the industry type, the evaluation of the same type of company and the company's operating situation.

c. Categories of financial instruments

	December 31, 2021		December 31, 2020	
Financial assets				
Financial assets at FVTPL				
Mandatorily classified as at FVTPL	$	2,788	$	7,022
Financial assets at amortized cost (Note 1)		9,622,019		7,811,402
Financial assets at FVTOCI				
Equity instruments		81,134		34,826
Financial liabilities				
Measured at amortized cost (Note 2)		8,635,523		6,740,884

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes and accounts receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable, other payables, convertible bonds payable and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debit investments, accounts receivables, accounts payables, borrowings and lease liabilities. The Company's Corporate Treasury monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below).

a) Foreign currency risk

The Company and its subsidiaries had foreign currency sales and purchases, which exposed the Company to foreign currency risk. The Company manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by using forward exchange contracts, which was governed by the Company's policies，

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 36.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted 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 pretax profit and other equity associated with the 1% strengthening of the New Taiwan dollar against the relevant currency. For a 1% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ 31,341 (i)	$ 39,404 (i)

(i) This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables, accounts payables and loans, which were not hedged at the end of the reporting period

The Company's sensitivity to foreign currency increased during the current year mainly due to the increase of accounts receivable balance in the USD.

In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest rate risk

The Company evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

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

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
Financial assets	$ 2,236	$ 2,278
Financial liabilities	719,418	1,157,284
Cash flow interest rate risk		
Financial assets	1,133,419	1,385,627
Financial liabilities	2,569,721	2,405,108

The Company is exposed to cash flow interest rate risk in relation to floating-rate bank borrowings. The Company's policy is to keep its borrowings at floating interest rates to minimize the fair value interest rate risk. The Company's cash flow interest rate risk was mainly concentrated in the fluctuations of benchmark interest rate arising from the Company's USD-denominated borrowings.

Sensitivity analysis

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

If interest rates been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profits for the year ended December 31, 2021 and 2020 would decrease/increase by NT$7,182 thousand and NT$5,097 thousand, respectively, mainly attributable to the Company's exposure to the floating-interest rates on bank borrowings and bank deposits

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor the price risk and evaluate when it is necessary to increase the risk aversion position.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had fluctuated by 3%, the pre-tax profit for the year ended December 31, 2021 and 2020 would have increased/decreased by $84 thousand and $211 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income of or the year ended December 31, 2021 and 2020 would have increase/decreased by $2,434 thousand and $1,045 thousand as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to equity prices increased mainly because of its increase in financial assets investment in 2021.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be mainly from the following:

a) The carrying amount of the financial assets recognized in the balance sheets; and

b) The maximum amount payable by the Company due to financial guarantees provided by the Company, regardless of possibility.

Financial assets are potentially affected by the failure of the Company's counterparties to fulfill their contractual obligations. The Company's credit risk is evaluated based on contracts whose fair value at the end of the financial reporting period is positive. The Company's counterparties are financial institutions and companies with sound credit ratings. The Company has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

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

As of December 31, 2021 and 2020, the total accounts receivable of customers accounting for 5% and above of the total accounts receivable accounted for 5.10% and 9.33% of its total accounts receivable, respectively. The Company considers the concentration of credit risk for the remaining accounts receivable not material.

The Company did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

The maximum credit exposure of the Company is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company's available unutilized bank loan facilities set out in section (b) below.

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

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

To the extent that interest flows are floating, the undiscounted amount was derived from the yield curve at the end of the year.

	December 31, 2021			
	Less than 1 year	**2-3 years**	**4-5 years**	**Over 5 years**
Non-derivative financial liabilities				
Short-term borrowings	$ 2,588,517	$ -	$ -	$ -
Short-term bills payable	180,000	-	-	-
Notes payables	237	-	-	-
Accounts payables	3,849,089	-	-	-
Accounts payables to related parties	4,864	-	-	-
Other payables	426,732	-	-	-
Other payables to related parties	13,352	-	-	-
Lease liabilities	11,286	17,900	5,490	-
Refund liability	486,610	-	-	-
Bond payable	-	549,200	-	-
	$ 7,560,687	$ 567,100	$ 5,490	$ -

Additional information about the maturity analysis for lease liabilities

	Less than 1 year	1-5 years	Over 5 years
Lease liabilities	$ 11,286	$ 23,390	$ -

	December 31, 2020			
	Less than 1 year	**2-3 years**	**4-5 years**	**Over 5 years**
Non-derivative financial liabilities				
Short-term borrowings	$ 2,425,156	$ -	$ -	$ -
Short-term bills payable	190,000	-	-	-
Notes payables	24	-	-	-
Accounts payables	2,584,169	-	-	-
Accounts payables to related	16,413	-	-	-

parties				
Other payables	283,008	-	-	-
Other payables to related parties	10,078	-	-	-
Lease liabilities	7,507	14,395	-	-
Refund liability	291,379	-	-	-
Bond payable	-	997,400	-	-
	$ 5,807,734	$ 1,011,795	$ -	$ -

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	Over 5 years
Lease liabilities	$ 7,507	$ 14,395	$ -

b) Financing facilities

	December 31, 2021	December 31, 2020
Unsecured bank overdraft facilities		
Amount used	$ 3,958,283	$ 3,177,442
Amount unused	3,610,277	4,513,768
	$ 7,568,560	$ 7,691,210

e. Transfers of financial assets

Factored accounts receivables that are not yet overdue at the end of the year were as follows:

December 31, 2021

Counter-parties	Balance at January 1	Receivables Factoring Proceeds	Cash Received	Advances Received - Used	Balance at December 31	Credit Lines
Bank SinoPac	$ 252,365	$ 3,888,646	($ 432,873)	($ 3,581,442)	$ 126,696	USD 54,000
	USD 8,902	USD 138,597	(USD 14,503)	(USD 128,419)	USD 4,577	
Taishin International Bank	116,069	3,330,490	(419,709)	(2,744,056)	282,794	USD 50,000
	USD 4,095	USD 118,687	(USD 14,110)	(USD 98,455)	USD 10,217	
Chang Hwa Bank	16,537	603,486	(66,914)	(538,180)	14,929	USD 6,000
	USD 582	USD 21,488	(USD 2,229)	(USD 19,302)	USD 539	
E.Sun Bank	80,672	1,971,780	(284,908)	(1,713,843)	53,701	USD 24,800
	USD 2,846	USD 70,193	(USD 9,732)	(USD 61,367)	USD 1,940	
HSBC Bank	157,640	1,860,510	(272,523)	(1,627,250)	118,377	USD 20,000
	USD 5,557	USD 66,210	(USD 9,317)	(USD 58,173)	USD 4,277	
	$ 623,283	$ 11,654,912	($ 1,476,927)	($ 10,204,771)	$ 596,497	
	USD 21,982	USD 415,175	(USD 49,891)	(USD 365,716)	USD 21,550	

December 31, 2020

Counter-parties	Balance at January 1	Receivables Factoring Proceeds	Cash Received	Advances Received - Used	Balance at December 31	Credit Lines
Bank SinoPac	$ 227,376	$ 3,725,646	($ 371,908)	($ 3,328,749)	$ 252,365	USD 54,000
	USD 7,672	USD 126,082	(USD 12,641)	(USD 112,211)	USD 8,902	
Taishin International Bank	160,591	2,483,350	(213,557)	(2,314,315)	116,069	$ 1,283,000
	USD 5,433	USD 83,824	(USD 7,241)	(USD 77,921)	USD 4,095	
Chang Hwa Bank	13,100	540,523	(216,592)	(320,494)	16,537	USD 6,000
	USD 441	USD 18,263	(USD 7,559)	(USD 10,563)	USD 582	
E.Sun Bank	71,980	1,366,675	(172,498)	(1,185,485)	80,672	USD 21,000
	USD 2,427	USD 46,021	(USD 5,872)	(USD 39,730)	USD 2,846	
HSBC Bank	103,539	1,196,122	(288,122)	(853,899)	157,640	USD 12,000
	USD 3,487	USD 40,333	(USD 9,908)	(USD 28,355)	USD 5,557	
	$ 576,586	$ 9,312,316	($ 1,262,677)	($ 8,002,942)	$ 623,283	
	USD 19,460	USD 314,523	(USD 43,221)	(USD 268,780)	USD 21,982	

The above credit lines may be used on a revolving basis.

The effective weighted average interest rates for factoring ranged from 0.66%～1.09254% for the year ended December 31, 2021, and 0.77%～2.8541% for the year ended December 31, 2020.

Pursuant to the factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by banks. Refer to Note 34 for information on the use of promissory notes provided by the Company as collateral for the sale of accounts receivable.

32. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Names and categories of related parties

Name	Related Party Categories
Promate Solutions Corporation.	Subsidiary
Promate Electronic (Shenzhen) Co., Ltd	Subsidiary
Promate Electronic (Shanghai) Co., Ltd	Subsidiary
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Subsidiary
CT Continental Corp.	Substantive related party (became subsidiary since June 15, 2020)
Weikeng Industrial Co., Ltd.	Substantive related party
Weikeng International Co., Ltd.	Substantive related party
Prosperity Venture Capital I, Limited	Substantive related party
HIGGSTEC Inc.	The management – The company is a corporate director of the entity.

b. Sales of goods

Line Items	Related Party Categories/Name	For the Year ended December 31 2021	2020
Sales	Subsidiaries	$ 1,272,673	$ 939,716
	The management	132	533
	Substantive related parties	5,228	12,398
		$ 1,278,033	$ 952,647
Other revenue	Promate Solutions Corporation	$ 4,197	$ 4,380
	The management	-	153
		$ 4,197	$ 4,533

c. Purchases of goods

Related Party Categories/Name	For the Year ended December 31 2021	2020
Subsidiaries	$ 29,582	$ 20,506
Substantive related parties	19,121	35,378
	$ 48,703	$ 55,884

The related-party transactions were conducted under normal terms.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Accounts receivable	Subsidiaries		
	CT Continental Corp.	$ 1,516,015	$ 1,076,857
	Other	346,014	214,389
	The management	-	14
	Substantive related parties	1,048	2,180
		$ 1,863,077	$ 1,293,440

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from subsidiaries.

The revenue from sales to other customers through CT Continental Corp. for the years ended December 31, 2021 and 2020 were NT$2,817,167 thousand, and NT$2,021,187 thousand respectively.

Its accounts receivable as of December 31, 2021 and 2020 was NT$1,516,015 thousand, and NT$1,076,857 thousand respectively.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Accounts payables	Subsidiaries	$ 3,568	$ 5,168
	Substantive related parties	1,296	11,245
		$ 4,864	$ 16,413
Other payables	Subsidiaries	$ 13,352	$ 10,078

The outstanding accounts payables to related parties are unsecured.

f. Advances received

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Advances received	Subsidiaries	$ 725	$ 725

g. Lease arrangements - the Company is lessee

Related Party Categories/Name	For the Year ended December 31	
	2021	2020
Acquisition of right-of-use assets		
Substantive related parties		
Weikeng Industrial Co., Ltd.	$ 9,085	$ -

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Lease liabilities	Substantive related party		
	Weikeng Industrial Co., Ltd.	$ 6,915	$ 6,453

Related Party Categories/Name	For the Year ended December 31	
	2021	2020
Interest expense		
Substantive related parties		
Weikeng Industrial Co., Ltd	$ 221	$ 206
Gain on lease modification		
Substantive related parties		
Weikeng Industrial Co., Ltd	$ 186	$ -

Lessor	Location	Lease term and Payment Method
Weikeng Industrial Co., Ltd.	Office building on Huanshan Road, Neihu District	The lease term begins on January 1, 2021 and ends on December 31, 2025. Rent is paid every six months, where the monthly rent is NT$199,000.

h. Lease arrangements - the Company is lessor

Operating leases

Rental income is summarized as below.

Lessor	Location	Lease Term and Payment Method	For the Year ended December 31	
			2021	2020
Promate Solutions Corporation.	QingPu Factory	The lease term begins on August 1, 2018 and ends on July 30, 2023. Rent is paid every six months.	$ 11,148	$ 11,148
Prosperity Venture Capital I,	Office building on Huanshan Road,	The lease term begins on March 1, 2017 and ends on February 28,	-	20

Limited	Neihu District	2019, and then begins on March 1, 2019 and ends on February 28, 2021. Rent is paid every six months. (Note)		
			$ 11,148	$ 11,168

Note: In December 2020, the lease was early terminated with Prosperity Venture Capital I, Limited.

i. Acquisition of financial instruments

For the Year ended December 31, 2020

Related Party Categories/Name	Line Item	Number of shares	Transaction subject	Amount
Prosperity Venture Capital I, Limited	Investments in equity instruments at FVTOCI-non current	48,645	Tricorntech Corp.	$ 438
		819	Medimaging Integrated Solution Inc.	15
				$ 453

j. Other transactions with related parties

1) Rental expense

Lessee	Location	Lease Term and Payment Method	For the Year ended December 31 2021	2020
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Warehouse and office in HK	The monthly rent is HK$10,000, and the warehouse is calculated based on the monthly usage area. Since February 2006, the rent has been rented and the rent is paid monthly.	$ 6,555	$ 6,784

2) Others.

Line Items	Related Party Categories/Name	For the Year ended December 31 2021	2020
Freight	Subsidiaries	$ 44,345	$ 47,308
Repair and maintenance	Subsidiaries	$ 97	$ 45
Professional service fees	Subsidiaries	$ 39,410	$ 95,117
Other operating expenses	Subsidiaries	$ 5,357	$ 2,315

k. Other transactions with related parties

Due to business needs, the company purchased 600,000 shares of CT Continental Corp. from the chairman at NT$10 per share and total price is NT$ 6 million, The proposition was presented on the third board of directors' meetings in 2020, and the chairman left due to avoidance of interests. The case was passed unanimously by other directors.

l. Compensation of key management personnel

Line Items	For the Year ended December 31 2021	2020
Short-term employee benefits	$ 61,838	$ 43,141
Other long-term employee benefits	299	261
	$ 62,137	$ 43,402

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31, 2021	December 31, 2020
Land	$ 205,987	$ 196,487
Buildings	95,456	102,188
Financial assets at amortized cost	2,236	2,278
	$ 303,679	$ 300,953

The land and buildings above have been pledged as collateral for bank loans. The Company may not use the pledged assets as collateral for other loans or sell them to other companies.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

1) As of December 31, 2021 and 2020, unused letters of credit for purchases of inventories were as follows:

	December 31, 2021	December 31, 2020
USD	$ 7,955	$ 598
NTD	290,319	150,000

2) As of December 31, 2021 and 2020, the Company had issued promissory notes for the facilities of bank loans, the facilities of accounts receivables factoring and for purchase of inventories amounted to $953,000 thousand and $903,000 thousand, respectively.

3) As of December 31, 2021 and 2020, the Company has issued letters of guarantee for purchase of inventories amounted to $187,784 and $218,786 thousand, respectively.

4) As of December 31, 2021 and 2020, the Company has all issued letters of guarantee for tariff guarantee amounted to $12,000 thousand.

b. Contingent liabilities: None

35. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: NONE

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company' 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:

December 31, 2021

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 298,470	27.68	USD:NTD	$ 8,261,662
CNY	2,970	4.344	CNY:NTD	12,900
HKD	5,054	3.549	HKD:NTD	17,935
EUR	2	31.52	EUR;NTD	55
				$ 8,292,552
Nonmonetary items				
USD	2,562	27.68	USD:NTD	$ 70,916
HKD	4,545	3.549	HKD:NTD	16,131
				$ 87,047
Financial liabilities				
Monetary items				
USD	185,245	27.68	USD:NTD	$ 5,127,590
CNY	332	4.344	CNY:NTD	1,440
HKD	2,507	3.549	HKD:NTD	8,897
				$ 5,137,927

December 31, 2020

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 268,288	28.48	USD:NTD	$ 7,640,843
CNY	2,652	4.377	CNY:NTD	11,608
HKD	2,415	3.673	HKD:NTD	8,869
				$ 7,661,320
Nonmonetary items				
USD	2,411	28.48	USD:NTD	$ 68,665
HKD	9,287	3.673	HKD:NTD	34,111
				$ 102,776
Financial liabilities				
Monetary items				
USD	129,932	28.48	USD:NTD	$ 3,700,477
CNY	86	4.377	CNY:NTD	375
HKD	1,264	3.673	HKD:NTD	4,643
				$ 3,705,495

The Company is mainly exposed to the USD and CNY The following information was aggregated by the functional currencies of the entities of the Company, and the exchange rates between respective functional currencies and the presentation currency were disclosed. For the years ended December 31, 2021 and 2020, realized net foreign exchange (losses) gains were NT$(93,458) thousand and NT$(122,505) thousand, respectively, and unrealized net foreign exchange (losses) gains were NT$(20,503) thousand and NT$(78,616) thousand, respectively.

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. information on investees:

1) Financing provided to others. (None)

2) Endorsement/guarantee provided. (Table 1)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 2)

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

5) Acquisition of individual real estate at costs 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 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Note 7 and 31)

b. Information of investees. (Table 5)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 7)

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

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

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

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

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

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

d. Information of major shareholders (Table 8)

TABLE 1

PROMATE ELECTRONIC CO., LTD.

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Promate Electronic Co., Ltd. and subsidiaries	Promate Electronic (Shanghai) Co., Ltd	(1)	$1,623,667	$ 26,304	$ 26,064	$ -	$ -	0.56	$2,319,525	Y	N	Y
		Promate Electronic (Shenzhen) Co., Ltd.	(1)	1,623,667	52,608	21,720	-	-	0.47	2,319,525	Y	N	Y
1	Promate Electronic (Shanghai) Co., Ltd	Promate Electronic (Shenzhen) Co., Ltd.	(2)	1,623,667	26,304	26,064	-	26,064	0.56	2,319,525	N	N	Y

Note 1：The 2 types of relationship between a guarantor and a guarantee are set out as follows:

(1) Companies in which the Company directly and indirectly holds more than 50 percent of the voting shares.

(2) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares
.

Note 2：The endorsement/guarantee limit is determined by the Company in accordance with Articles 36 and 38 of the Securities and Exchange Act and Operational Procedures for Endorsements/Guarantees resolved by the shareholders' meeting: the total amount of endorsement/guarantee provided by the Company shall not exceed 50% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall not exceed 35% of the net worth of the current period.

(1)According to the above regulations, aggregate Endorsement/Guarantee Limit: shall not exceed forty percent (50%) of net worth NT$4,639,049 (in thousands) × 50% = $2,319,525 (in thousands).
(2)According to the above regulations, limits on Endorsement/Guarantee Given on Behalf of Each Party: Shall not exceed thirty percent (35%) of net worth NT$4,639,049 (in thousands) × 35% = $1,623,667 (in thousands).

PROMATE ELECTRONIC CO., LTD.

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

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 30, 2021				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Promate Electronic Co., Ltd. and subsidiaries	Ordinary shares							
	Higgstec Inc.	The management	Financial assets at fair value through profit or loss - noncurrent	789,000	$ 27,931	-	$ 27,931	Publicly traded stocks
	Medimaging Integrated Solution Inc.	None	〃	66,551	4,312	-	4,312	Emerging Stock Board Companies
	TricornTech Taiwan Corporation	〃	〃	48,645	438	-	438	Non-publicly traded equity investments
	DigiZerocarbon Corp.	〃	〃	50,000	500	-	500	〃
	Esquarre IoT Landing Fund	〃	〃	USD 1,722,592	47,953	-	47,953	Private funds
					$ 81,134		$ 81,134	
Promate Electronic Co., Ltd. and subsidiaries	Ordinary shares							
	KO JA (CAYMAN) CO., LTD.	None	Financial assets at fair value through profit or loss - current	9,696	$ 760	-	$ 760	Publicly traded stocks
	Sports Gear Co., Ltd.	〃	〃	30,000	2,028	-	2,028	〃
					$ 2,788		$ 2,788	
Promate Electronic Co., Ltd. and subsidiaries	Time deposit with an original maturity of more than three months	None	Financial assets at amortized cost - current	USD 80,792	$ 2,236	-	$ 2,236	

Note 1：Refer to Tables 5 and 6 for information on interests in subsidiaries, associates, and joint ventures.

TABLE 3

PROMATE ELECTRONIC CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $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
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Subsidiary	Sale	$446,039	1.44%	Transaction terms are not significantly different from those for third parties	$ -	—	Accounts receivable $168,978	2.54%	
	Promate Electronic (Shenzhen) Co., Ltd.	Subsidiary	〃	499,658	1.61%	〃	-	—	Accounts receivable 98,529	1.48%	
	Promate Electronic (Shanghai) Co., Ltd	Subsidiary	〃	326,975	1.05%	〃	-	—	Accounts receivable 78,507	1.18%	

TABLE 4

PROMATE ELECTRONIC CO., LTD.

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Subsidiary	Accounts receivable $168,978	4.38	-	—	$ 168,978	$ -
	CT Continental Corporation	Subsidiary	Accounts receivable $1,516,015	2.17	$ -	—	548,574	-

PROMATE ELECTRONIC CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars/Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December, 2021			Net Income (Loss) of the Investee)	Investment Gain (Loss) (Note)	Note
				December31, 2021	December 31, 2020	Shares	Percentage of Ownership %	Carrying Value			
Promate Electronic Co., Ltd	With control ability										
	Promate Solutions Corporation.	Taipei, Taiwan	Production and trade of electronic components	$ 297,527	$ 297,527	25,328	66.21	$ 705,833	$ 162,275	$ 107,522	Subsidiary
	Promate International Co., Ltd.	Hong Kong	General investment	52,101	52,101	12,360	100.00	62,373	3,621	3,621	Subsidiary
	Happy On Supply Chain Management Ltd.	Hong Kong	Warehousing and logistics services	12,124	12,124	3,000	100.00	15,633	931	931	Subsidiary
	Promate Electronics Company USA	USA	General trade of electronic components	606	606	20	100.00	8,501	84	84	Subsidiary
	CT Continental Corporation	Taipei, Taiwan	General trade of electronic components	54,000	54,000	5,400	90.00	55,204	926	833	Subsidiary
	Having significant influence										
Promate Electronic Co., Ltd	Prosperity Venture Capital I, Limited	Taipei, Taiwan	General investment	-	17,215	-	-	-	(2,806)	(607)	Associate
	With control ability										
Promate Solutions Corporation	Promate Japan, Inc.	Japan	General trade of electronic components	2,791	2,791	10	100.00	3,254	679	679	Subsidiary

Note: Refer to Table 6 for information on investment in mainland China.

TABLE 6

PROMATE ELECTRONIC CO., LTD.

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

1. For investments in China, disclose the name of the investee, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss for the period, carrying amount of the investment, repatriated investment gains:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Investee Company	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Promate Electronic (Shenzhen) Co., Ltd.	International trade, entrepot trade, trade with companies and trading agents in free trade zones	$ 6,782 (USD200)	100% Indirectly invested through Promate International Co, Ltd. (Note 1)	$ 6,782 USD200	$ -	$ -	$ 6,782 USD200	$ 1,594 (Note 2)	100	$ 1,594 (Note 2)	$ 21,009	$ -
Promate Electronic (Shanghai) Co., Ltd	〃	32,500 (USD1,000)	Same as above	32,500 USD1,000	-	-	32,500 USD1,000	1,966 (Note 2)	100	1,966 (Note 2)	32,893	-

2. Limit on the amount of investment in China

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 39,282 USD 1,200	$ 39,282 USD 1,200	$ 3,003,403

Note 1: Indirect investment in mainland China through holding companies - Promate International co., Ltd.

Note 2: The amount was recognized based on the audited financial statements of the investee company.

Note 3: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company’s consolidated net worth.

PROMATE ELECTRONIC CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investee Company	Nature of Transaction	Purchase/ Sale		Unit Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gains or Losses
		Amount	Percentage		Payment Terms	Compared to General Transactions	Ending Balance	% of Total	
Promate Electronic (Shenzhen) Co., Ltd.	Sales	$ 499,658	1.61%	No significant difference	No significant difference	No significant difference	Accounts receivable $ 98,529	1.48%	$ 9
Promate Electronic (Shanghai) Co., Ltd	Sales	326,975	1.05%	〃	〃	〃	Accounts receivable $ 78,507	1.18%	34

2. Endorsements, guarantees or collateral directly and indirectly provided by investee companies in mainland China through businesses in a third area: Table 1.

2. Financial intermediation directly and indirectly provided by investee companies in mainland China through a third area: None.

3. Other transactions that have a material impact on current profit or loss or financial status: None.

TABLE 8

PROMATE ELECTRONIC CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
AS OF DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Major Shareholder	Shares	
	Number of Shares	**Percentage of Ownership (%)**
None	-	-

Note: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.

6. The impact of the financial difficulties of the Company and the affiliated companies, if any, on the Company's financial position in the past year and as of the printing date of annual report：None.

VII. Review analysis and risk management of financial situation and financial performance:

1. Financial position

Unit: NT$1,000

Year / Item	2021/12/31	2020/12/31	Difference	
			Amount	%
Current assets	13,196,559	10,934,870	2,261,689	20.68
Property, plant and equipment	382,717	391,976	(9,259)	(2.36)
Intangible assets	9,837	6,704	3,133	46.73
Non-current assets	1,176,765	408,870	767,895	187.81
Total Assets	15,212,599	12,044,400	3,168,199	26.30
Current liabilities	8,449,224	6,259,944	2,189,280	34.97
Non-current liabilities	1,757,704	1,520,720	236,984	15.58
Total liabilities	10,206,928	7,780,664	2,426,264	31.18
Capital	1,934,141	1,791,260	142,881	7.98
Capital surplus	1,008,022	712,730	295,292	41.43
Retained earnings	1,694,335	1,375,624	318,711	23.17
Total amount of Equity	5,005,671	4,263,736	741,935	17.40

Analysis standard

The change of each item reaches more than 20%, and the amount of change is more than 10 million.

Description

Current assets: mainly due to the growth of revenues in response to market demands, which result in account receivables increasing.

Other non-current assets: mainly due to the supply deposit payable to supplier increased.

Total assets: mainly due to the growth of revenues in response to market demands, which result in account receivables increasing.

Current liabilities: mainly due to inventory level raised, which result in account payable increasing.

Total liabilities: mainly due to inventory level raised, which result in account payable increasing.

Capital reserve: mainly due to the convertible bonds in 2021 were converted as common stocks.

Retained earnings: mainly due to net profit after tax increased in 2021.

2. Financial performance analysis

Unit: NT$1,000

Item \ Year	2021	2020	Increase (decrease) amount	Difference %
Operating Revenue	32,469,053	26,710,813	5,758,240	21.56
Operating cost	(30,102,015)	(24,691,055)	(5,388,536)	21.80
Operating margin	2,367,038	2,019,758	369,704	18.51
Operating expenses	(1,132,221)	(987,277)	(167,368)	17.35
Operating Profit	1,234,817	1,032,481	202,336	19.60
Non-operating income and expense	(175,360)	(284,866)	(109,506)	38.44
Pre-tax profit	1,059,457	747,615	311,842	41.71
Income tax expense	(210,553)	(142,939)	(67,614)	47.30
Current period net profit	848,904	604,676	244,228	40.39

Analysis standard

Each item has changed more than 20% in the current period, and the amount of change has reached more than NT$ 10 million.

Description:

Operation revenue: mainly due to COVID-19 influences, and market demands increased, which result in operation revenue growing sharply.

Operating costs: mainly due to COVID-19 influences, and market demands increased, which result in operating costs growing sharply.

Non-operating income and expenses: mainly due to net loss of foreign currency exchange decreased in2021.

Profit before tax: mainly due to COVID-19 influences, which result in market demands increasing.

Income tax expense: mainly due to net profit before tax increased in 2021.

Profit after tax: mainly due to COVID-19 influences, which result in market demands increasing.

3. Cash flows

(1) Liquidity analysis of the last two years

Item \ Year	2021	2020	Increase (decrease) %
Cash Flow Ratio (%)	1.97	8.37	(6.46)
Cash Flow Adequacy Ratio (%)	24.24	54.58	(55.59)
Cash Flow Reinvestment Ratio (%)	(5.10)	2.02	(352.48)
Analysis of changes in ratios: 1. Cash flow ratio difference: mainly due to inventory increases sharply. 2. Fund Flow Adequacy Ratio difference: mainly due to inventory increases sharply. 3. Cash reinvestment ratio difference: mainly due to guaranteed deposits paid increases sharply.			

(2) Cash liquidity analysis for the coming year

Unit: NT$1,000

Beginning Cash Balance	Net cash inflow from operating activities	Annual cash inflow	Cash surplus (insufficiency) ＋ －	Remedial measures for cash deficit	
				Investment plan	Financial plan
1,976,856	216,542	99,673	2,076,529	-	-

4. Effect of major capital spending on financial position and business operations
The Company has no significant capital expenditure in the most recent year and no significant capital expenditure is planned for the next five years, which will have no impact on the financial affairs.

5. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year
The purpose of the Company's investment transfer is mainly for business needs or to obtain the agent product strategy application; the company with poor investment performance has allocated the permanent loss from falling price in years; in the past, there are also some companies have been sold to take back the capital; there is no major investment plan in the next year.

6. Risk management analysis
(1) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:
Changes in interest rates and inflation have no significant impact on the Company. The impact of exchange rate changes on the Company is explained as follows:
1) Impact of exchange rate fluctuations on the Company's revenue and profit

Unit: NT$1,000

Item \ Year	2021	2020
Net exchange profits (losses)	(118,609)	(215,711)
Operating Revenue	32,469,053	26,710,813
Net exchange profits (losses) to operating revenues(%)	(0.37)	(0.81)
Operating Profit	1,234,817	1,032,481
Net exchange profits (losses) to operating Profit (%)	(9.61)	(20.89)

Since most of the inbound and outbound transactions of the Company are denominated in US dollars, the exchange rate fluctuations have a direct impact on the Company's profits, resulting in higher exchange losses due to the market exchange rate fluctuations over the past year.

2) The Company's specific measures in response to exchange rate fluctuations are as follows:
e. The Finance Department compiles the "Statistical Table of Foreign Exchange Positions" derived from US dollar assets and liabilities on each business day, which will be used as the basis for hedging foreign exchange deficiency positions.

f. The Finance Department regularly prepares the "Foreign Exchange Hedge List" and "Statistical Analysis Table of Foreign Exchange Positions" to evaluate the profit and loss caused by foreign exchange rate and provide reference for future foreign exchange hedging.
g. The Company's foreign exchange hedging operation adopts the forward purchase of foreign exchange to lock in the exchange rate cost of incoming goods, and reduce the impact of exchange rate fluctuations on the Company.
h. To connect closely with financial institutions to collect relevant information, and acquire the exchange rate of NTD to USD and other international currencies through the financial market online service, so as to provide the Company to carry on the judgment of foreign exchange hedging, reduce the impact on the normal operation caused by exchange loss of dramatic changes in foreign exchange, and plan the responding measures in a timely manner.

(2) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures:

1) Derivative commodity trading of the Company engaged in

a. For the purpose of trading: none.
b. For non-trading purposes:
The Company's forward foreign exchange contracts are primarily designed to protect against the foreign currency claims, liabilities and commitments arising from exchange rate fluctuations. The Company's hedging strategy is designed to evade a large portion of the market price risk. The Company uses the derivatives which are highly negatively correlated with the fair price changes of hedged items as the hedging tools, and conducts the periodic evaluations.
c. Change of destination of derivative trading due to changes in objective environment: the Company is not engaged in the derivative trading with the change of destination of derivative trading due to changes in objective environment.

2) The company has no funds lent to others.

3) The endorsement warranties are all to the subsidiaries

(3) Research and development work to be carried out in the future, and further expenditures expected for research and development work:
The Company is a professional electronic component distributor, mainly engaged in the sale of agent business; therefore, the research and development is mainly to match the customer's product design and import. It is estimated that the research and development cost of this year is about NT$2,418,000.

(4) Major changes in government policies and laws at home and broad and the impact on the Group's financial position and business activities: None

(5) Effects of changes in technology and industry on the Group's financial position and business activities, and response measures: None.

(6) Impact of corporate image change on risk management and response measures: None.

(7) Expected benefits and potential risks of merger and acquisition: None

(8) Expected benefits and potential risks of capacity expansion: None

(9) Risks associated with over-concentration in purchase or sale and response measures:
The reasons for our purchase of LCD panels mainly from AUO are as follows:
In general, the distributor is in the capital and technology intensive industry; based on the resource allocation benefit maximization, most of the distributor is to concentrate its resources in a few star product lines, and has the situation of concentrated stock; for example, the main products of Promate are related products for LCD module, so the purchase is concentrated in AU Optronics; other peers, such as: Yosun, Wintech, Zenitron, WPG and

Ultra Source Technology, also have their main star products, which make them have the situation of concentrated stock; Yosun’s memory active components are its main product, so its purchase focuses on Samsung; Freescale, Systech, ST, ON and other ICs are the main sales of Wintech; Zenitron is mainly engaged in selling the diodes and transistors, so Rohm, IR and Fuji International are its main suppliers; the main force of WPG is the core components and standard general components, and its purchase concentrates on Intel, TI, HYNIX; Ultra Source Technology focuses on purchasing from INTERSIL, FAIRCHILD, N.S and AAA, Sunplus, MediaTek and so on, because of its focus on analog IC, distributed components, specific application IC and memory. According to the situation of the industry, the situation of Promate Electronic' purchase concentrating on AU Optronics is not unique in the industry, but a characteristic of the industry. Therefore, the risks should be reasonable and manageable.

(10) Effects and risk of large-scale share transfer or changes in directors, supervisors, or major shareholders with more than 10% shares on the Group, and the response measures: None.

(11) Impact of change in management rights on the Company, associated risk and response measures: None.

(12) For litigious or non-litigious matters, state the major litigation, non-litigation or administrative litigation proceedings that has been determined or is still in litigation of the Group and the Group's directors, supervisors, presidents, de facto responsible person, major shareholders with more than 10% shares, and subordinate companies. If the result may have material impacts on shareholders' equity or stock price, disclose the facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings, and the handling as of the printing date of the annual report: None.

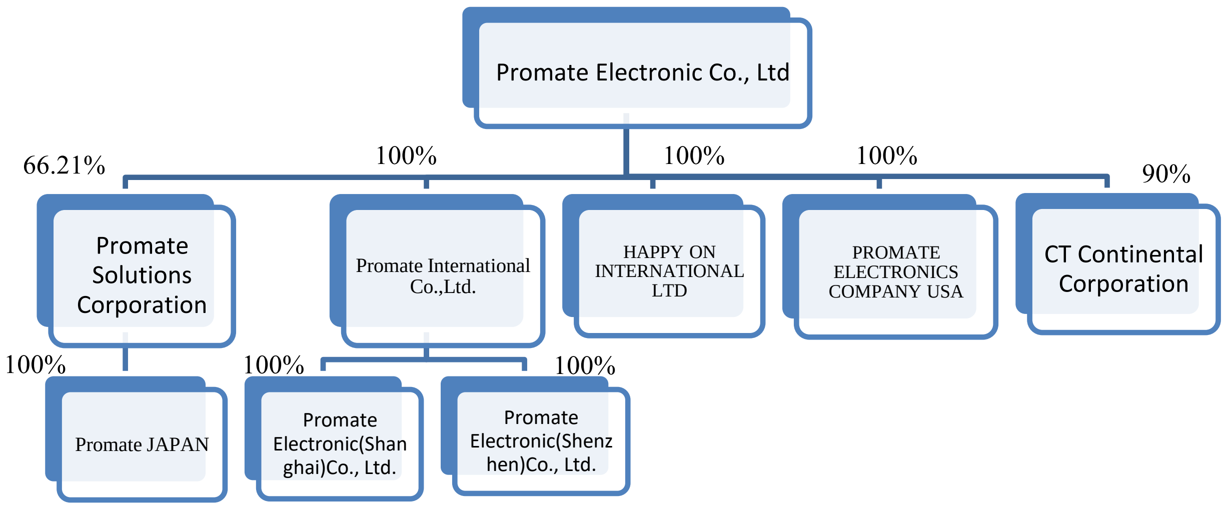
(13) Other major risks and response measures: None.

7. Other important matters:None.

VIII. Special notes

1. Profiles of affiliates enterprises

(1) Organization chart of affiliated enterprises:



Dec. 31, 2021
Unit: NT$1,000

Name of Related Parties	Relationship	Percentage of Ownership	Shares	Investment Amount
Promate Solutions Corporation	Equity method investee	66.21%	25,327,500	297,527
PROMATE INTERNATIONAL CO., LTD.	Equity method investee	100.00%	12,360,000	52,101
Promate Electronic(Shanghai)Co., Ltd.	As the Company's sub-subsidiary	100.00%	-	32,500 (USD1,000,000)
Promate Electronic(Shenzhen)Co., Ltd.	As the Company's sub-subsidiary	100.00%	-	6,782 (USD200,000)
HAPPY ON INTERNATIONAL LTD.	Equity method investee	100.00%	3,000,000	12,124
PROMATE ELECTRONICS COMPANY USA	Equity method investee	100.00%	20,000	606
CT Continental Corporation	Equity method investee	90.00%	5,400,000	54,000
PROMATE JAPAN	Invested company evaluated by Promate Solutions in equity method	100.00%	100,000	2,791

(2) nformation on the shareholders of the companies shall be concluded as the existence of the controlling and subordinate relation in accordance with Article 369-3 of the Company Act: None.

(3) In accordance with Paragraph 2 of Item 2 of Article 369 of the Company Act, subsidiary company directly or indirectly controlled by the Company in personnel, finance or business: none

(4) Information on affiliated enterprises:

Dec. 31, 2021

Name of enterprise	Date of Establishment	Address	Paid-in capital (NT$1,000)	Main business and products
Promate Solutions Corporation	2000.06.05	1F, No. 30, Section 1, Huanshan Road Neihu District, Taipei, 11442 Taiwan	382,549	Production and trade of electronic components
PROMATE INTERNATIONAL CO., LTD.	2000.08.02	Unit 1306 13/F, Landmark North ,39 Lung Sum Avenue, Sheung Shui. N.T	52,101	General investment
Promate Electronic(Shanghai)Co., Ltd.	2009.11.03	Room 126, 1/F, No.393, Lane 1555, Jinshajiang Road West, Jiangqiao Town, Jiading District, Shanghai	32,500	International trade, entrepot trade, trade with companies and trading agents in free trade zones
Promate Electronic(Shenzhen)Co., Ltd.	2009.02.10	Room 1409, 1415, 14/F, Fuchun Oriental Building, No.7006, Shennan Avenue, Futian District, Shenzhen	6,782	International trade, entrepot trade, trade with companies and trading agents in free trade zones
HAPPY ON INTERNATIONAL LTD.	2006.01.04	Unit 1, 3/F, Cheung Fung Industrial Building, No. 23-29, Pak Tin Pah Street, Tsuen Wan, New Territories, Hong Kong	12,539	Warehousing and logistics services
PROMATE ELECTRONICS COMPANY USA	2011.11.01	14712 Franklink Avenue Suite H Tustin, CA 92780	606	General trade of electronic components
CT Continental Corporation	1990.03.12	Unit 1, 3/F, No. 27, Lane 169, Kangning Street, Xizhi District, New Taipei City	60,000	General trade of electronic components
PROMATE JAPAN	2017.03	Tokyo, Japan	2,791	General trade of electronic components

(5) Information of the same shareholders in companies that are presumed to have a relationship of control and subordination: None.

(6) Industries covered by the operations of all affiliates: Including the purchase and sale of electrical materials and electronic components manufacturing as well as international trade industries.

(7) Information on Directors, Supervisors, and Presidents of affiliates:

Apr. 15, 2022

Name of enterprise	Title	Name or Representative	Shares held	
			Number of shares	Shareholding percentage
Promate Solutions Corporation	Chairperson	Cheer Du	403,981	1.06%
	Director	Promate Electronic Co., Ltd. (Representative: Eric Chen)	25,327,500	66.21%
	Director	Promate Electronic Co., Ltd. (Representative: Ciou-Jiang HU)	25,327,500	66.21%
	Director	Liu-Ping Chen	-	-
	Independent Director	Ying-Min Zhong	-	-
	Independent Director	Mau-Shiung Chen	-	-
	Independent Director	Yue-Xiu Liu	-	-
PROMATE INTERNATIONAL CO., LTD.	Chairperson	Promate Electronic Co., Ltd. (Representative: Eric Chen)	12,360,000	100%

Promate Electronic (Shanghai) Co., Ltd.	Owner	Yi-Lin Song	-	100%
Promate Electronic (Shenzhen) Co., Ltd.	Owner	Yi-Lin Song	-	100%
HAPPY ON INTERNATIONAL LTD.	Owner	Zih-Ying Wu	3,000,000	100%
PROMATE ELECTRONICS COMPANY USA	Owner	Ting-Cong Chen	20,000	100%
CT Continental Corporation	Chairperson	Ya-Shu Guo	581,550	10%
	Director	Promate Electronic Co., Ltd. (Representative: Eric Chen)	5,400,000	90%
	Director	Promate Electronic Co., Ltd. (Representative: Yu-Fong Chen)	5,400,000	90%
	Supervisor	Yi-Jyun Chen	4,800	-
PROMATE JAPAN	Owner	Andy Chen	100,000	100%

(8) Affiliated enterprises' operational review

Dec. 31, 2021 Unit: NT$1,000 ,Except EPS: NT$

Name of enterprise	Capital	Total Assets	Total liabilities	Net worth	Operating Revenue	Operating Profit	Current profit and loss (After tax)	Earnings Per Share (NT$) (After tax)
Promate Solutions Corporation	382,549	1,770,780	703,931	1,066,849	1,745,768	201,176	162,274	4.24
PROMATE INTERNATIONAL CO., LTD.	52,101	62,504	89	62,415	-	(85)	3,621	Note
Promate Electronic(Shanghai)Co., Ltd.	32,500	137,190	104,297	32,893	408,086	(1,596)	1,966	Note
Promate Electronic(Shenzhen)Co., Ltd.	6,782	194,570	173,561	21,009	658,476	(3,789)	1,594	Note
HAPPY ON INTERNATIONAL LTD.	12,539	33,923	17,792	16,131	50,847	1,275	931	Note
PROMATEELECTRONICS COMPANY USA	606	12,837	4,336	8,501	8,343	146	84	Note
CT Continental Corporation	60,000	68,613	6,678	61,935	32,770	1,365	926	Note
PROMATE JAPAN	2,791	9,615	6,361	3,254	13,592	621	679	Note

Note: The limited company has not issued shares and is not applicable.

(9) Consolidated financial declaration statement of affiliated enterprises and consolidated financial statement: Please refer to the consolidated financial statements of the parent-subsidiary company for the latest year audited by an accountant.

(10) Affiliation report: None.

2. Private placement of securities in the most recent year and as of the printing date of the annual report: None.
3. Holding or disposal of stocks of the Company by subsidiaries in the past year and as of the date of report: None.
4. Other supplemental information: None.

IX. Matters, if any, that may affect shareholders' equity or securities price as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent year and as of the printing date of the annual report: None.

Promate Electronic Co., Ltd.

Chairperson: Eric Chen