Promate Electronic Co., Ltd.

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

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:

<u>Occurrence of shipment with revenue gained from specific clients</u>

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

(Continued)

	2021	2020
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.

1) 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.

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 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 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 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.

2) 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:

a) 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;

b) The Company 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 Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company 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 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

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 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

	December 31, 2021	December 31, 2020
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

Name of Associate	Proportion of Ownership and Voting Rights Held by the Company	
	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
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
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
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)

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

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
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
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	For the Year Ended December 31 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 computation of diluted earnings per share	213,842	198,650

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

	Balance as of January 1, 2021	Cash Flows	Non-cash Changes: New Lease	Non-cash Changes: Lease Modified	Non-cash Changes: Interest Amortized	Non-cash Changes: 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

	Balance as of January 1, 2020	Cash Flows	Non-cash Changes: New Lease	Non-cash Changes: Lease Modified	Non-cash Changes: Interest Amortized	Non-cash Changes: 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 parties	16,413	-	-	-
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, 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
			$ 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	For the Year ended December 31 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	For the Year ended December 31 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	For the Year ended December 31 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

	Foreign Currencies	Exchange Rate		Carrying Amount
				$ 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)

ABLE 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.

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	-

TABLE 5

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.

TABLE 7

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

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 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.

PROMATE ELECTRONIC CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEM

Statement 1

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash in hand		$ 1,194
Checking accounts and demand deposits		302,031
Foreign currency deposit	Mainly including USD 29,525 thousand (exchange rate of 27.68), EUR 0.8 thousand (exchange rate of 31.32), CNY 71 thousand (exchange rate of 4.344), and HKD 3,894 thousand (exchange rate of 3.549)	831,388
		$ 1,134,613

Statement 2

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF FINANCIAL ASSETS MEASURED AT FVTPL -CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specidied Otherwise)

Name	Number of Shares	Face value	Total Amount	Interest rate	Acquisition cost	Fair value Unit price	Fair value Total Amount	Fair value change attributable to change in credit risk	Remarks
Listed Securities									
Koja (Cayman) Co., Lld.	9,696	10	$ 760	-	$ 1,295	$ 78.4	$ 760	($ 535)	
Great Tree Pharmacy Co., Ltd.	30,000	10	2,028	-	2,339	67.6	2,028	(311)	
			$ 2,788		$ 3,634		$ 2,788	($ 846)	

Statement 3

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST -CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specidied Otherwise)

Name	Description	Face value	Amount	Interest rate	Book Value	Accumulated Impairment	Collateral
First Bank	Time deposits	USD 80,792	$ 2,236	0.3%	$ 2,236	$ -	Note 33

Statement 4

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Check		
Client A	Payment for goods	$ 12,395
Client D		1,826
Client E		2,237
Others (Note)	〃	314
		$ 16,772

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Statement 5

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
At amortized cost		
Non-related Parties	Payment for goods	$ 338,585
Client E	〃	4,439,481
Others (Note)		4,778,066
Related parties		
Promate Solutions Corporation.	〃	168,978
Promate Electronic (Shenzhen) Co., Ltd.	〃	98,529
Promate Electronic (Shanghai) Co., Ltd	〃	78,507
CT Continental Corp.	〃	1,516,015
Weikeng Industrial Co., Ltd.	〃	863
Weikeng International Co., Ltd.	〃	185
		1,863,077
Less: Allowance for doubtful accounts		(41,264)
		$ 6,599,879

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Statement 6

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Non-related Parties		
Factored accounts receivables	Bank SinoPac	$ 126,696
	Taishin International Bank	282,794
	Chang Hwa Bank	14,929
	E.Sun Bank	53,701
	HSBC Bank	118,377
		596,497
Tax refund receivables		94,000
Others (Note)		12,006
		$ 702,503

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Statement 7

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount - Cost	Amount - Net realizable value
Merchandise	Linear/Distributed Components	$ 1,352,603	$ 1,511,070
	LCD Display Products	828,033	791,639
	Image Processing ICs	699,513	656,537
	Application specific IC	256,818	347,619
	Memory	121,526	124,781
	Others	103,524	96,746
		3,362,017	$ 3,528,392
	Less: Allowance for write-down of inventories	(231,212)	
		$ 3,130,805	

Statement 8

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Name	Description	Amount
Prepayment	Insurance	$ 3,098
	Others	1,275
Advance Payments		1,073
Excess VAT paid		10,642
Suspense payments		1,145
Payment on behalf of others		743
		$ 17,976

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specidied Otherwise)

	Beginning Balance		Additions in Investment		Decrease in Investment		Valuation	Ending Balance		Collateral
	Shares	Fair Value	Shares	Amount	Shares	Amount	Adjustment	Shares	Fair Value	
Ordinary shares										No
Jam Technologies, Inc.	77,821	$ -	-	$ -	77,821	$ -	$ -	-	$ -	
Always Positive Solar Silicon, Inc.	525,000	-	-	-	525,000	-	-	-	-	
MiTAC Inc. (Claridy Solutions, Inc.)	18,140	-	-	-	-	-	-	18,140	-	
EasyCloud Corporation	8,889	-	-	-	8,889	-	-	-	-	
uPI Semiconductor Corp.,	56,080	1,009	44,000	11,101	100,080	12,110	-	-	-	
Higgstec Inc	789,000	32,428	-	-		-	(4,497)	789,000	27,931	
Medimaging Integrated Solution Inc.	52,819	951	13,732	-	-	-	3,361	66,551	4,312	
TricornTech Taiwan Corporation	48,465	438	-	-	-	-	-	48,465	438	
DigiZerocarbon Corp.	-	-	50,000	500	-	-	-	50,000	500	
		$ 34,826		$ 11,601		$ 12,110	($ 1,136)		$ 33,181	
Private Funds										
ESQUAREE IoT LANDING FUND L.P.		$ -		$ 47,953		$ -	$ -		$ 47,953	

Note: The number of share of JAM TECHNOLOGIES, INC.、ALWAYS POSITIVE SOLAR SILICON, INC and EasyCloud Corporation were decreased by 77,821 shares, 525,000 shares, and 8,889 shares respectively, which is due to theses company were dissolved and liquidated in 2020,

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specidied Otherwise)

	Beginning Balance		Increase (Note 1)		Decrease (Note 2)						Ending Balance				
	Shares	Amount	Shares	Amount	Shares	Amount	Investment gain or loss	Disposal gain or loss	Exchange differences arising on translating the foreign operations	Actuarial profit and loss of defined benefit plans	Shares	Ownership interest %	Amount	Valuation basis	Collateral
PROMATE SOLUTIONS CO., LTD.	25,328	$ 727,839	-	$ -	-	$ 131,471	$ 107,522	$ -	($ 226)	$ 2,169	25,328	66.21%	$ 705,833	Equity Methid	No
PROMATE INTERNATIONAL CO., LIMITED	12,360	59,306	-	68	-	-	3,621	-	(622)	-	12,360	100%	62,373	〃	〃
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	3,000	33,613	-	-	-	17,790	931	-	(1,121)	-	3,000	100%	15,633	〃	〃
PROMATE ELECTRONICS COMPANY USA	20	8,661	-	-	-	-	84	-	(244)	-	20	100%	8,501	〃	〃
PROSPERITY VENTURE CAPITAL LTD.	11	645	-	-	11	-	(607)	(13)	(25)	-	-	-	-	〃	〃
CT CONTINENTAL CORP.	5,400	54,371	-	-	-	-	833	-	-	-	5,400	90%	55,204	〃	〃
		$ 884,435		$ 68		$ 149,261	$ 112,384	($ 13)	($ 2,238)	$ 2,169			$ 847,544		

Note 1: PROMATE INTERNATIONAL CO., LIMITED increased by NT$68 thousand in 2021, which is due to the company's inventory sales and the realized benefits of its subsidiaries.

Note 2: PROMATE SOLUTIONS CO., LTD. decreased by NT$131,471 thousand in 2021, which was due to the receipt of cash dividends NT$ 126,638, NT$3,933 thousand of other comprehensive profit and loss and the unrealized benefits of NT$900 thousand from the company's sales of inventories and subsidiaries.

HAPPY ON SUPPLY CHAIN MANAGEMENT LTD decreased by NT$17,790 thousand in 2021, which was due to the receipt of cash dividends.

Statement 11

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF CHANGES IN RIGHTS-OF-USE ASSETS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Building	Transportation Equipment	Total	Remarks
Cost				
Balance on January 1, 2021	$ 32,270	$ 4,762	$ 37,032	
Additions	32,453	5,043	37,496	
Expiration	(28,914)	(1,699)	(30,613)	
Balance on December 31, 2021	$ 35,809	$ 8,106	$ 43,915	
Accumulated Depreciation				
Balance on January 1, 2021	$ 12,704	$ 2,891	$ 15,595	
Depreciations	7,473	1,860	9,333	
Expiration	(12,844)	(1,699)	(14,543)	
Balance on December 31, 2021	$ 7,333	$ 3,052	$ 10,385	
Net Amount on December 31, 2021	$ 28,476	$ 5,054	$ 33,530	

Statement 12

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specidied Otherwise)

Name	Ending balance	Contract period	Range of Interest Rates (%	Loan commitment	Collateral
Financial institution	$ 405,000	2021/10/22-2022/03/30	0.80%~0.82%	$ 622,800	No
〃	352,375	2021/11/08-2022/03/02	0.51%~0.80%	500,000	〃
〃	300,000	2021/12/30-2022/03/30	0.72%	376,800	〃
〃	226,080	2021/10/28-2022/02/18	0.6977%~0.83%	293,520	〃
〃	200,000	2021/05/25-2022/06/17	0.577%~0.5771%	200,000	〃
〃	200,000	2021/12/21-2022/01/20	0.72%	350,000	〃
〃	150,000	2021/11/16-2022/01/14	0.82%	350,000	〃
Others	736,266	2021/11/05-2022/03/04	0.60%~0.82%		〃
	$ 2,569,721				

Statement 13

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Check		
Z Company	Security fee	$ 26
C Person	Rental	211
		$ 237

Statement 14

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Non-related Parties		
Vendor A	Payment for goods	$ 597,184
Vendor B	〃	308,654
Vendor E	〃	361,307
Vendor G	〃	237,775
Vendor H	〃	197,458
Vendor K	〃	362,122
Other (Note)	〃	1,784,589
		$ 3,849,089
Related parties		
Promate Solutions Corporation.	〃	$ 3,568
Weikeng Industrial Co., Ltd.	〃	1,296
		$ 4,864

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

Statement 15

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specidied Otherwise)

Item	Description	Lease Term	Discount Rate	Current	Non-current	Ending Balance
Building	Mainly used as office	2-5 years	3%	$ 8,154	$19,675	$27,829
Transportation Equipment	Mainly used by salesman or warehouse personnel	3 years	5.69%	2,436	2,617	5,053
Total				$10,590	$22,292	$32,882

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Company A		$ 5,723
Company B		7,449
Company C		4,310
Company D		4,218
Other (Note)		47,674
		$ 69,374

Note: The amount of individual account in others does not exceed 5% of the account balance.

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Other received in advance		$ 1,019
Refund liability		486,610
Temporary payment		1,150
Collection		1,258
		$ 490,037

Note: The amount of individual account in others does not exceed 5% of the account balance.

Statement 18

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Quantity (In Thousand Units)	Amount
Sales revenue		
Specific applications and LCD panel related products	3,507	$ 5,129,047
Linear/distributed components	5,884,378	14,168,437
Image processing IC	389,816	6,793,639
Application-specific chips	1,227,905	2,639,621
Other	251,653	2,265,203
		$ 30,995,947

Statement 19

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Amount
Merchandise, beginning of year	$ 2,295,153
Additions: Merchandise purchased	30,101,786
Deductions: Loss of disposal of merchandise	(3,759)
Transferred to operating expense	(14,475)
Merchandise, end of year	(3,362,017)
Cost of goods sold, merchandise	29,016,688
Additions: processing fee	12,094
Deductions: Impairment loss (gain) on inventories	147,000
Deductions: Loss of disposal of merchandise	3,759
	$ 29,179,541

Statement 20

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Selling & Marketing Expenses	General & Administrative Expenses	Research & Development Expenses	Amount
Salary expense	$ 303,476	$ 42,973	$ 1,056	$ 347,505
Freight expense	177,867	26	-	177,893
Professional service fee	39,684	9,956	1,247	50,887
Others (Note)	159,201	58,229	217	217,647
	$ 680,228	$ 111,184	$ 2,520	$ 793,932

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement 21

PROMATE ELECTRONIC CO., LTD.

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Specidied Otherwise)

	2021			2020		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employees' Benefit Expenses						
Salary Expense	$ -	$ 323,287	$ 323,287	$ -	$ 235,191	$ 235,191
Labor and Health Expenses	-	17,015	17,015	-	14,690	14,690
Pension Expenses	-	7,718	7,718	-	7,300	7,300
Directors' Remuneration	-	16,500	16,500	-	10,500	10,500
Other Employees Benefit Expenses	-	26,672	26,672	-	22,955	22,955
Total	$ -	$ 391,192	$ 391,192	$ -	$ 290,636	$ 290,636
Depreciation Expense	$ -	$ 18,659	$ 18,659	$ -	$ 17,720	$ 17,720
Amortization Expense	-	1,193	1,193	-	663	663

Note:

1. The number of employees for this year and the previous year were 215 and 203 respectively, of which the number of directors who did not serve concurrently was 5 and 5 respectively.

2. (1) The average employee benefit expenses were $1,784 thousand and $1,415 thousand for the years ended December 31, 2021and 2020 ("Employee benefit expenses - remuneration of directors"/"average number of employees - board of directors without holding employment positions").

(2) The average salaries and bonuses were $1,539 thousand and $1,188 thousand for the years ended December 31, 2021 and 2020 (Salary and bonus/"average number of employees - board of directors without holding employment positions").

(3) The average salary and bonus increased by 29.55% year over year. ("Average salary and bonus for the year ended 2021 - average salary and bonus for the year ended 2019"/average salary and bonus for the year ended 2019).

(4) The remuneration of independent directors: The Company has established an audit committee, so it has no supervisor.

(5) For the remuneration system of directors, managers and employees of Promate Electronic Co., LTD. (the "Company"), the Company's Salary and Remuneration Committee evaluates the remuneration policies and systems of the Company's directors, managers and employees in a professional and objective position , To meet at least twice a year, and to hold meetings at any time as needed to assist the board of directors in evaluating and supervising the company's overall remuneration policy for its decision-making reference. The Committee should refer to the usual level of salary payment in the industry, and consider the performance of the Company's operations and employees' personal performance appraisal, as well as future business risks, and should not guide directors, managers and employees to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration. ; And under the principle that the ratio of remuneration for directors, managers and employees ' short-term performance and the payment time of part of the variable remuneration should be determined in consideration of the characteristics of the industry and the nature of the company's business, etc., the following powers should be faithfully performed, and the recommendations should be submitted to the board of directors for discussion:

a. To ensure that the company's salary and remuneration levels comply with relevant labor regulations and are sufficient to attract outstanding talents.

b. Formulate and regularly review the policies, systems, standards and structures for performance appraisal and salary levels of directors, managers and employees.

c. Establish and regularly evaluate the performance and remuneration of d directors, managers and employees.

d. The content and amount of remuneration for directors, managers and employees should be determined in consideration of its rationality. The decision on remuneration for directors, managers and employees should not deviate significantly from financial performance.