YUAN High-Tech Development Co., Ltd.
Financial Report and Independent Auditors' Review Report
For the Years Ended December 31, 2021 and 2020
(Stock Code: 5474)

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YUAN High-Tech Development Co., Ltd.

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

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Independent Auditors' Review Report

(111) Cai-Shen-Bao-Zi No. 21005043

To YUAN High-Tech Development Co., Ltd.,

Opinions

The Balance Sheets as of December 31, 2021 and 2020, and the Comprehensive Income Statements, the Statements of Changes in Equity and Cash Flows Statements for the periods from January 1 to December 31, 2021 and 2020, as well as the Notes to the Financial Statements (including a summary of major accounting policies) of YUAN High-Tech Development Co., Ltd., (hereinafter referred to as "the Company") have been audited by us.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and cash flows for the periods from January 1 to December 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and interpretations from International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Company's 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.

Key audit matters for the Company's Financial Statements for the year ended December 31, 2021 are stated as follows:

Cut-off time for operating income recognition

Description

Please refer to Note IV(XXV) for accounting policies of revenue recognition and Note VI(XVI) for the accounting items of operating income. The Company's operating income in 2021 was NT$1,792,439 thousand.

The sales pattern of the Company is primarily to sell the products to customers with the shipment of goods from the warehouse of the processing plant, and the revenue is recognized at the time of shipment (when control over the inventory is transferred to the customer). The Company recognizes sales revenue mainly based the changes of inventories at the warehouse contained in the reports and other related information provided by the warehouse custodian of the processing plant. In addition, the timing of sales recognition varies depending on the terms of the agreements with the customers. The process of revenue recognition involves numerous manual operations, which may result in inappropriate timing of sales revenue recognition or discrepancy between the quantity of physical inventory and the quantity reflected in the accounting records. Due to large volume of daily sales transactions of the Company, and the transaction amounts prior to and after the balance sheet date are significant to the Financial Statements, we identified the cut-off time for sales revenue as a key audit matter.

Audit procedure to address the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Understood the operating model of the Company and assessed the reasonableness of the Company's operating income cycle system.
2. Tested the appropriateness of internal control over the cut-off time of sales revenue for a specified period prior to and after the balance sheet date, including reviewing the supporting documents of shipment from the warehouse of the processing plant, and validating whether the changes in inventories had been accurately recorded in the proper period.
3. Conducted physical count of inventory quantities on site and checked if they were consistent with the quantities in accounting records. Looked into the reasons for the discrepancy between the physical count and the accounting records, and tested the adjustment items prepared by the Company to ensure that the major differences were adjusted and recorded.

The assessment of allowance for inventory valuation losses

Description

Please refer to Note IV(X) for accounting policies of inventory valuation, Note V(II) for uncertainty in accounting estimates and assumptions for inventory valuation, and Note VI(IV) for accounting items in inventories. As of December 31, 2021, the Company's inventories and allowance for inventory valuation losses amounted to NT$417,810 thousand and NT$41,979 thousand, respectively.

The Company is mainly engaged in the manufacturing and sales of computer multimedia peripheral video converters and interface cards. Due to rapidly changing technology, the inventories are subject to the fluctuation in market prices and there is a higher risk of inventory losses arising from market value decline or obsolescence. The Company recognizes normal inventories at the lower of cost and net realizable value. Losses are recognized based on the net realizable value for those inventories individually identified as obsolete or damaged. The allowance for inventory valuation losses is provided for inventories measured at the lower of cost and net realizable value as well as inventories individually identified as obsolete or damaged. As the amounts of the Company's inventories are material, the types of inventories vary, and the estimates of net realizable value for individually obsolete or damaged inventories are subject to management's judgment, we considered the assessment of allowance for inventory valuation losses as a key audit matter.

Audit procedure to address the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Obtained the details of net realizable value of inventory costs and the amounts of obsolete losses, checked related supporting documents, ensured it was accurately recalculated, and evaluated the basis and reasonableness of management's estimated net realizable value.
3. Reviewed relevant information obtained during the inventory count process, and asked management and related staff in charge of inventories if any sluggish, surplus, aged, obsolete or damaged inventories were missed out on the detailed inventory list.

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

To ensure that the Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Financial Statements.

In preparation of 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 cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of 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 misstatements, 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 Misstatements are considered material if misstated individual or aggregate amounts 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 evaluate the risk of material misstatements due to fraud or error in the Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit 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. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
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 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 expression, structure and contents of the Financial Statements (including

relevant Notes), and whether the Financial Statements fairly present relevant transactions and items.

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 of the Republic of China, 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 the key audit matters in the audit of the Company's Financial Statements for the year ended December 31, 2021. 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.

PwC Taiwan

Feng, Min-Chuan

CPA

Hsu, Yung-Chien

Securities and Futures Bureau, Financial Supervisory Commission, R.O.C.
Approval Document No.: Jin-Guan-Zheng-Liu-Zi No.0960038033
Securities and Exchange Commission of the Ministry of Finance
Approval Document No.: the Ministry of Finance Securities & Futures Commission Letter No. (84) Taiwan-Finance-Securities-(6)-13377

March 21, 2022

YUAN High-Tech Development Co., Ltd.
Balance Sheet
December 31, 2021 and 2020

Unit: NT$ thousand

	Assets	Note	December 31, 2021 Amount		December 31, 2021 %	December 31, 2020 Amount		December 31, 2020 %
	Current assets							
1100	Cash and cash equivalents	VI(I)	$	278,223	14	$	655,987	28
1150	Net notes receivable	VI(II)		9,620	-		2,874	-
1170	Net accounts receivable	VI(II)(III)		31,869	2		8,529	-
130X	Inventories	VI(IV)		375,831	18		333,571	14
1470	Other current assets	VI(III)		178,728	9		149,410	7
11XX	**Total current assets**			874,271	43		1,150,371	49
	Non-current assets							
1600	Property, plant and equipment	VI(V)		1,092,552	54		1,093,383	47
1755	Right-of-use assets	VI(VI)		17,086	1		26,038	1
1760	Net amount of investment properties	VI(VIII) & VIII		22,309	1		22,442	1
1780	Intangible assets			3,083	-		5,452	-
1840	Deferred income tax assets	VI(XXII)		29,412	1		25,975	1
1900	Other non-current assets	VI(IX)		3,963	-		5,569	1
15XX	**Total non-current assets**			1,168,405	57		1,178,859	51
1XXX	**Total assets**		$	2,042,676	100	$	2,329,230	100

(Continued on the next page)

YUAN High-Tech Development Co., Ltd.
Balance Sheet
December 31, 2021 and 2020

Unit: NT$ thousand

	Liabilities and equity	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Liabilities					
	Current liabilities					
2130	Contract liabilities - current	VI(XVI)	$ 43,153	2	$ 29,474	1
2150	Notes payable		53,596	3	199,338	9
2170	Accounts payable		74,330	4	214,301	9
2200	Other payables	VI(X)	99,250	5	123,882	5
2230	Current tax liabilities		45,382	2	154,467	7
2250	Liability provision - current	VI(XII)	23,110	1	20,851	1
2280	Lease liabilities - current		9,371	-	15,831	1
2300	Other current liabilities		3,583	-	3,170	-
21XX	**Total current liabilities**		351,775	17	761,314	33
	Non-current liabilities					
2550	Liability provision - non-current	VI(XII)	43,161	2	38,574	2
2580	Lease liabilities - non-current		5,462	1	3,495	-
2600	Other non-current liabilities	VI(XI)	1,120	-	5,111	-
25XX	**Total non-current liabilities**		49,743	3	47,180	2
2XXX	**Total liabilities**		401,518	20	808,494	35
	Equity					
	Share capital	VI(XIII)				
3110	Share capital of common stock		403,559	20	337,298	14
	Capital reserve	VI(XIV)				
3200	Capital reserve		793	-	793	-
	Retained earnings	VI(XV)				
3310	Legal capital reserve		244,090	12	182,484	8
3350	Unappropriated earnings		1,031,012	50	1,038,457	45
	Other equity					
3500	Treasury shares	VI(XIII)	(38,296)	(2)	(38,296)	(2)
3XXX	**Total equity**		1,641,158	80	1,520,736	65
	Material Contingent Liabilities and Unrecognized Contractual Commitments	IX				

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chen, Li-Min　　Manager：Lin, Hung-Pei　　Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Balance Sheet
December 31, 2021 and 2020

Unit: NT$ thousand

	Material Subsequent Events	XI				
3X2X	**Total liabilities and equity**		$ 2,042,676	100	$ 2,329,230	100

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chen, Li-Min　　Manager：Lin, Hung-Pei　　Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Comprehensive Income Statement
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand
(Except for earnings per share in NT$)

	Item	Note	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating income	VI(XVI)	$ 1,792,439	100	$ 2,705,342	100
5000	Operating costs	VI(IV)	(994,604)	(56)	(1,596,446)	(59)
5900	Gross profit		797,835	44	1,108,896	41
	Operating expenses	VI(XI)(XX) (XXI)				
6100	Selling and marketing expenses		(39,856)	(2)	(52,033)	(2)
6200	Administrative expenses		(112,399)	(6)	(114,338)	(4)
6300	R&D expenses		(158,688)	(9)	(153,494)	(6)
6450	Expected credit loss	XII(II)	(2,500)	-	-	-
6000	Total operating expenses		(313,443)	(17)	(319,865)	(12)
6900	Operating profit		484,392	27	789,031	29
	Non-operating income and expenses					
7100	Interest income	VI(XVII)	624	-	3,036	-
7010	Other income	VI(XVIII)	9,328	1	9,813	1
7020	Other gains and losses	VI(XIX)	(9,344)	(1)	(26,516)	(1)
7050	Finance costs		(622)	-	(659)	-
7000	Total non-operating income and expenses		(14)	-	(14,326)	-
7900	**Net income before tax**		484,378	27	774,705	29
7950	Income tax expenses	VI(XXII)	(100,294)	(5)	(159,285)	(6)
8200	**Net profit in the current period**		$ 384,084	22	$ 615,420	23
	Items of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on re-measurements of defined benefit plans	VI(XI)	$ 1,730	-	$ 811	-
8349	Income tax related to components that will not be reclassified to profit or loss	VI(XXII)	(346)	-	(162)	-
8300	**Other comprehensive income, net**		$ 1,384	-	$ 649	-
8500	**Total comprehensive income for**		$ 385,468	22	$ 616,069	23

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chen, Li-Min Manager：Lin, Hung-Pei Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Comprehensive Income Statement
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand
(Except for earnings per share in NT$)

	the period			
	Earnings per share	VI(XXIII)		
9750	Basic earnings per share		$ 9.66	$ 15.41
9850	Diluted earnings per share		$ 9.63	$ 15.37

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chen, Li-Min Manager：Lin, Hung-Pei Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Statement of Changes in Equity
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

	Notes	Share capital of common stock	Capital reserve	Retained earnings: Legal capital reserve	Retained earnings: Unappropriated earnings	Treasury shares	Total equity
2020							
Balance as of January 1, 2020		$ 337,298	$ 793	$ 156,453	$ 600,203	$ -	$ 1,094,747
Net profit in the current period		-	-	-	615,420	-	615,420
Other Comprehensive Income		-	-	-	649	-	649
Total comprehensive income for the period		-	-	-	616,069	-	616,069
Appropriation and distribution of earnings for 2019:	VI(XV)						
Provision for legal surplus reserve		-	-	26,031	(26,031)	-	-
Cash dividends		-	-	-	(151,784)	-	(151,784)
Repurchase of treasury shares		-	-	-	-	(38,296)	(38,296)
Balance as of December 31, 2020		$ 337,298	$ 793	$ 182,484	$ 1,038,457	($ 38,296)	$ 1,520,736
2021							
Balance as of January 1, 2021		$ 337,298	$ 793	$ 182,484	$ 1,038,457	($ 38,296)	$ 1,520,736
Net profit in the current period		-	-	-	384,084	-	384,084
Other Comprehensive Income		-	-	-	1,384	-	1,384
Total comprehensive income for the period		-	-	-	385,468	-	385,468
Appropriation and distribution of earnings of 2020:	VI(XV)						
Provision for legal surplus reserve		-	-	61,606	(61,606)	-	-

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chen, Li-Min Manager：Lin, Hung-Pei Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Statement of Changes in Equity
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

	Notes	Share capital of common stock	Capital reserve	Retained earnings: Legal capital reserve	Retained earnings: Unappropriated earnings	Treasury shares	Total equity
Cash dividends		-	-	-	(265,046)	-	(265,046)
Stock dividends		66,261	-	-	(66,261)	-	-
Balance as of December 31, 2021		$ 403,559	$ 793	$ 244,090	$ 1,031,012	($ 38,296)	$ 1,641,158

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chen, Li-Min Manager：Lin, Hung-Pei Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Cash Flow Statement
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

	Note	From January 1 to December 31, 2021	From January 1 to December 31, 2020
Cash flows from operating activities			
Current net profit before tax		$ 484,378	$ 774,705
Adjustments			
Income and expenses			
Depreciation expenses	VI(V)(VI)(VIII)(XX)	26,542	15,081
Amortization expenses	VI(XX)	4,729	4,262
Expected credit loss	XII(II)	2,500	-
Interest income	VI(XVII)	(624)	(3,036)
Loss on disposal of property, plant, and equipment	VI(XIX)	-	1
Profit from lease modification	VI(VI)(XIX)	-	(6)
Interest expense		622	659
Changes in assets/liabilities relating to operating activities			
Net changes in assets related to operating activities			
(Increase) decrease in notes receivable		(6,746)	835
Increase in accounts receivable		(25,840)	(5,020)
Increase in inventory		(42,260)	(168,043)
Increase in other current assets		(29,318)	(36,629)
Net change in liabilities related to operating activities			
Increase in contract liabilities - current		13,679	8,682
Increase (decrease) in notes payable		(145,742)	128,003
Increase (decrease) in accounts payable		(139,971)	138,780
Increase (decrease) in other payables		(25,320)	46,649
Increase (decrease) in other current liabilities		413	(95)
Increase in liability provision		6,846	12,130
Decrease in other non-current liabilities		(2,261)	(2,227)
Cash inflow from operating activities		121,627	914,731
Interest received		624	3,036
Interest paid		(622)	(656)
Income tax paid		(213,162)	(68,007)
Net cash inflow (outflow) from operating activities		(91,533)	849,104
Cash flows from investing activities			
Acquisition of property, plant and equipment	VI(V)	(4,799)	(1,089,639)
Acquisition of investment properties	VI(VIII)	-	(459)
Purchase of intangible assets		(2,360)	(3,905)
Decrease (increase) in refundable deposits		1,606	(1,292)
Net cash outflow from investment activities		(5,553)	(1,095,295)
Cash flows from financing activities			
Short-term loans		310,000	-

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chen, Li-Min Manager：Lin, Hung-Pei Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Cash Flow Statement
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

	Note	From January 1 to December 31, 2021	From January 1 to December 31, 2020
Repayment of short-term loans		(310,000)	-
Repayment of leasing principal	VI(XXIV)	(15,632)	(17,646)
Cash dividends	VI(XV)	(265,046)	(151,784)
Repurchase of treasury shares	VI(XIII)	-	(38,296)
Net cash outflow from financing activities		(280,678)	(207,726)
Decrease in cash and cash equivalents for the current period		(377,764)	(453,917)
Balance of cash and cash equivalents at the beginning of period		655,987	1,109,904
Balance of cash and cash equivalents at the end of the period		$ 278,223	$ 655,987

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chen, Li-Min　　Manager：Lin, Hung-Pei　　Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Notes to the Financial Report
For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand
(unless otherwise specified)

I. Company History

YUAN High-Tech Development Co., Ltd. (hereinafter referred to as "the Company") was established in October, 1990 in the Republic of China, and is mainly engaged in the manufacturing, processing and trading of computer multimedia peripheral video converters and interface cards, electronic and computer parts, general import and export business of the aforementioned products, and the distribution and bidding business of the aforementioned products on behalf of domestic manufacturers.

II. Date and Procedures for Adoption of the Financial Report

The financial report was authorized for issuance by the Board of Directors on March 21, 2022.

III. Application of New and Amended Standards and Interpretations

(I.) Effect of the application of new and amended International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

The following table lists the newly issued, amended and revised IFRSs and interpretations as endorsed by the FSC in 2021:

Newly Issued, Amended, and Revised Standards and Interpretations	The effective date published by International Accounting Standards Board (IASB)
Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9	January 1, 2021
The Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - Interest Rate Benchmark Reform	January 1, 2021
Amendments to IFRS 16 - COVID-19 – Related Rent Concessions After June 30, 2021	April 1, 2021 (Note)

Note: The FSC allows the application as early on January 1, 2021.

The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(II.) The impact of newly issued and amended IFRS endorsed by FSC but yet has not been adopted by the Company

The following table lists the newly issued, amended and revised IFRSs and interpretations as endorsed by the FSC in 2022:

Newly Issued, Amended, and Revised Standards and Interpretations	The effective date published by International Accounting Standards Board (IASB)
Amendments to IFRS 3 - Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022
Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(III.) The impact of IFRS published by the IASB but not yet endorsed by the FSC

The following table lists the newly issued, amended and revised IFRSs and interpretations published by the IASB but not yet endorsed by the FSC:

Newly Issued, Amended, and Revised Standards and Interpretations	The effective date published by International Accounting Standards Board (IASB)
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be decided by IASB
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9-Comparative Information	January 1, 2023
Amendments to IAS 1 - Classification of Liabilities as Current or	January 1, 2023

Non-current	
Amendments to IAS 1 - Disclosure Initiative-Accounting Policies	January 1, 2023
Amendments to IAS 8 - Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

The main accounting policies adopted in the preparation of this financial report are described below. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(I) Statement of Compliance

The financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, and interpretations from International Financial Reporting Interpretations Committee and Standing Interpretations Committee (collectively as "IFRSs") endorsed by the Financial Supervisory Commission of the Republic of China.

(II) Basis of Preparation

1. Except for the following important items, this financial report is prepared at historical cost:

   A defined benefit liability is recognized as the net value of the pension fund assets minus the present value of the defined benefit obligation.

2. The preparation of financial report in compliance with IFRSs requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Please refer to Note V for items involving in a higher degree of judgment or complexity or items involving in significant assumptions and estimates to the financial report.

(III) Translation of foreign currency

The items presented in the financial report of the Company are measured at the currency (i.e., functional currency) of the main economic environment in which the Company operating. This financial report is presented in the functional currency of the Company, New Taiwan Dollar.

Transaction in foreign currencies and balances

1. Transaction in foreign currencies are translated into functional currencies at the spot exchange rate on the trading day or the measurement date, and the translation differences generated by such transactions are recognized as profit or loss for the current period.
2. The balance of monetary assets and liabilities in foreign currencies shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the translation differences generated by such adjustment shall be recognized as profit and loss for the current period.
3. If the balance of non-monetary assets and liabilities in foreign currencies is not measured at fair value, it shall be measured at the historical exchange rate of the initial trading day.
4. All other exchange gains and losses shall be presented under "Other gains and losses" in the Income Statement.

(IV) The classification criteria for assets and liabilities whether are current or non-current

1. An asset that meets any of the following conditions shall be classified as current asset:
   (1) The asset is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
   (2) The liability is held primarily for trading purposes;
   (3) The asset is expected to be realized within 12 months after the balance sheet date; and
   (4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to pay off a liability at least 12 months after the balance sheet date.

   The Company classifies all assets that do not meet the foregoing conditions as non-current.
2. A liability that meets any of the following conditions shall be classified

as current liability:

(1) The liability is expected to be paid off in the normal operating cycle;
(2) The liability is held primarily for trading purposes;
(3) The liability is expected to be paid off within 12 months after the balance sheet date; and
(4) The liability of which the settlement term cannot be deferred unconditionally to at least 12 months after the balance sheet date. However, the terms of a liability which may result in the settlement of an equity instrument at the option of the counterparty will not affect its classification.

The Company classifies all liabilities that do not meet the foregoing conditions as non-current.

(V) Cash equivalents

Cash equivalents refer to short-term investments with highly liquidity that can be converted into quota cash at any time with little risk of change in value. Time deposits that meet the foregoing definition and are held for the purpose of meeting short-term cash commitments in operation are classified as cash equivalents.

(VI) Accounts and notes receivable

1. Accounts and notes receivable refer to the accounts and notes which have the right to unconditionally receive the consideration for the transfer of goods or services in accordance with the contract.
2. The Company measures the short-term accounts and notes receivable without interest paid at the original invoice value, due to the little effect from discount.
3. The Company's expected factoring receivables are operated for the purpose of selling, and shall be measured at fair value subsequently, with changes recognized as profit and loss for the current period.

(VII) Impairments of financial assets

At each balance sheet date, the Company, taking into account all reasonable and verifiable information (including forward-looking information) regarding financial assets measured at amortized cost, and accounts receivable with material financial components, measures the loss allowance by the expected credit loss in 12 months for those without credit risk increased significantly since the initial recognition, and measures the loss allowance by the expected credit loss during the duration for those with credit risk increased significantly since the initial recognition. For accounts receivable that do not contain a material financial component, the Company measures the loss allowance by the expected credit loss during the duration.

(VIII) Derecognition of financial assets

The Company will derecognize a financial asset if:

1. The contractual rights to receive cash flows from the financial asset expire.
2. The Company transfers the contractual rights to receive cash flows from the financial asset and virtually has transferred all the risks and rewards of the ownership of the financial asset.
3. The Company transfers the contractual rights to receive cash flows from the financial asset without retaining control over the financial asset.

(IX) Lessor's lease transaction - operating lease

The deduction of any inducement given to the lessee from the lease income of an operating lease shall be recognized as the current profit or loss by the straight-line method during the lease term.

(X) Inventories

Inventory shall be measured at the lower of cost or net realized value, and the cost is determined by weighted average method. The costs of finished goods and work in process include raw materials, direct labor, other direct costs and manufacturing overhead related to production, but does not include borrowing costs. The item by item comparison method is adopted for the lower of comparative cost and net realized value. The net realized value refers to the balance of the estimated selling price in the normal course of business minus the estimated cost to be invested until completion and related variable selling expenses.

(XI) Property, plant and equipment

1. Property, plant and equipment are accounted for on the basis of acquisition cost.
2. Subsequent costs are included in the asset's carrying amount or

recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replacement shall be derecognized. All other maintenance costs shall be recognized as current profit or loss when incurred.

3. Property, plant and equipment shall be subsequently measured by the cost model, and shall be depreciated by the straight-line method based on the estimated service life except for land If each item of property, plant and equipment is material, it shall be depreciated separately.

4. The Company reviews each asset's residual values, service lives and depreciation methods at the end date of each fiscal year. If expected values of residual values and service lives differ from the previous estimates or there has been a material change in the expected consumption pattern of the future economic benefits contained in the asset, it shall be treated in accordance with the provisions of the IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for changes in accounting estimates since the date of the change. The service life of each asset is as follows:

Machinery equipment	2 to 5 Years
Transportation equipment	5 Years
Office equipment	2 to 5 Years
Lease improvement	2 Years

(XII) Lessee's lease transaction - right-of-use assets/lease liabilities

1. The leased assets shall be recognized as the right-of-use assets and lease liabilities on the date when they are available to the Company. When the lease contract is a short-term lease or a lease of an underlying asset of low value, the lease payment shall be recognized as expense during the lease period by straight-line method.

2. The lease liabilities shall be recognized at the present value of the unpaid lease payments at the commencement date of lease discounted at the Company's interest rate on the increment loan. A lease payment is a fixed payment minus any lease inducement that may be received.

   The lease liabilities shall be measured by the interest method and the amortized cost method subsequently, and the provision for interest expense shall be made during the lease term. When the lease term or lease payment changes not due to the contract modification, the lease liability will be reassessed and the remeasurement amount will be adjusted to the right-of-use asset.

3. The right-of-use assets shall be recognized at cost on the commencement date of lease, and the cost shall include:

   (1) The initial measurement amount of the lease liability;

   (2) Any lease payment paid on or before the commencement date.

   The right-of-use assets shall be measured by the cost model subsequently, and the provision for depreciation expense shall be made on the earlier of the expiry date of the asset's service life or the expiry date of the lease term. When the lease liability is reassessed, the right-of-use assets will be adjusted to any remeasurement of the lease liability.

4. For a lease modification that reduces the scope of the lease, lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between the carrying amount and the remeasurement amount of the lease liability in the profit and loss.

(XIII) Investment properties

Investment properties shall be recognized at acquisition cost, and measured by the cost model subsequently. Except for land, investment property shall be depreciated by the straight-line method according to the estimated service life, which is 10-20 years.

(XIV) Intangible assets

Computer software

Computer software shall be recognized at acquisition cost, and amortized over an estimated service life of 1 - 5 years by the straight-line method.

(XV) Impairment of non-financial assets

On the balance sheet date, the Company estimates the recoverable amount of the assets with an indication of impairment, and recognizes the impairment loss when the recoverable amount is lower than the book value. The recoverable amount refers to the fair value of an asset minus the cost of disposal or its use value, whichever is higher. When the impairment of an asset recognized in previous years does not exist or decreases, the impairment loss shall be reversed, provided that the increase in the carrying amount of the asset resulting from the reversal of the impairment loss shall not exceed the carrying amount of the asset after deducting depreciation or amortization if the impairment loss is not recognized.

(XVI) Loans

It refers to a short-term loan from a bank. At the time of initial recognition, the Company shall measure the loans by deducting transaction costs from their fair value, and shall subsequently recognize the interest expense in profit and loss during the current period according to the amortization procedure using the effective interest method for any difference between the price after deducting transaction costs and the redemption value in profit and loss.

(XVII) Accounts and notes payable

1. Accounts and notes payable are debts incurred for the purchase of raw materials, goods or services on credit and notes payable incurred either arising from business or not arising from business.
2. The Company measures the short-term accounts and notes payable without interest paid at the original invoice value, due to the little effect from discount.

(XVIII) Derecognition of financial liabilities

The Company derecognizes financial liabilities when its contractual obligations specified have been performed, canceled or due.

(XIX) Offsetting of financial assets and liabilities

The Company may offset the financial assets and financial liabilities against each other and present them net in the balance sheet only when it has a legally enforceable right to offset the recognized amount of financial assets and liabilities, and intends to close on a net basis or realize assets and pay off liabilities at the same time.

(XX) Liability provision

Provision for liabilities (including warranties and provisions for liabilities arising from litigation) shall be recognized when the Company has a current legal or constructive obligation arising from a past event, and it is likely that the Company will have to discharge resources with economic benefit in the future to fulfill the obligation, the amount of such obligation can be reliably estimated. The provision for liabilities shall be measured by the best estimated present value of the expenditure required to fulfill the obligation at the balance sheet date, with a pre-tax discount rate which reflects the current market assessment of the time value of money and the specific risk of the liability. The amortization of the discount shall be recognized as interest expense. No provision for liabilities shall be recognized for future operating losses.

(XXI) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits shall be measured at the undiscounted amount expected to be paid and shall be recognized as expenses when the services are provided.

2. Pension

   (1) Defined contribution plans
   For a defined contribution plan, the amount of the pension fund to be contributed shall be recognized as the current pension cost on an accrual basis. Contributions paid in advance shall be recognized as assets to the extent refundable cash or reduced future payments.

   (2) Defined benefit plans

   A. Net obligations under defined benefit plans shall be calculated by discounting the amount of future benefits earned by the employee from the current or past services, and by present value of defined benefit obligations less the fair value of plan assets at the balance sheet date. Net obligations under defined benefit plan shall be calculated on an annually basis by actuaries using the projected unit benefit method. The discount rate adopted shall be the market yield (at the balance sheet date) of government bonds in the same currency and period as the defined benefit plan at the balance sheet date.

   B. The remeasurement amount generated by the defined benefit plan shall be recognized in other comprehensive income for the period in which it is incurred and expressed in retained earnings.

3. Employees compensation and remuneration to directors and supervisors

   Employees compensation and remuneration to directors and supervisors shall be recognized as expenses and liabilities where there are legal or constructive obligations and the amounts can be reasonably estimated. If there is a difference between the actual amount distributed and the accrued amount resolved subsequently, it shall be treated as a change in accounting estimate. In addition, if employees compensation is issued in stock, the number of shares shall be calculated based on the closing price of the day prior to the resolution of the board of directors.

(XXII) Income tax

1. Income tax expense includes current and deferred income taxes. Income tax shall be recognized in profit and loss, except that income tax related to items included in other comprehensive income or directly included in equity shall be separately included in other comprehensive income or directly included in equity.
2. The Company shall calculate the current income tax on the basis of the tax rates that are legislated or substantially legislated at the balance sheet date by the country in which the Company operates and generates its taxable income. Management shall evaluate on a regularly basis the status of income tax returns in respect of applicable income tax regulations and, where applicable, estimate income tax liabilities based on the taxes expected to be paid to tax authorities. The expense of income tax imposed on undistributed earnings under the Income Tax Act shall not be recognized according to the actual distribution of undistributed earnings until the next year of the year in which the surplus is generated after the earnings distribution plan is approved by the shareholders' meeting.
3. Deferred income tax shall be recognized on the basis of temporary differences between the tax basis of assets and liabilities and their carrying amounts on the balance sheet, using the balance sheet method. Deferred tax is subject to the tax rate (and tax law) that is legislated or substantially legislated at the balance sheet date and is expected to apply at the time of realization of the relevant deferred tax asset or settlement of the deferred tax liability.
4. Deferred income tax assets shall be recognized to the extent that temporary differences are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets shall be reassessed on each balance sheet date.
5. The Company shall offset the current income tax assets and current

income tax liabilities against each other only when it has the legal enforcement power to offset the recognized current income tax assets and liabilities against each other and intends to repay them on a net basis or realize assets and pay off liabilities at the same time. The Company shall offset the deferred income tax assets and liabilities against each other only when it has the legal enforcement power to offset the current income tax assets and the current income tax liabilities against each other, and the deferred income tax assets and liabilities are generated by the same taxpayer, or by different taxpayers, levied by the same tax authority, provided that each taxpayer intends to repay them on a net basis or realize assets and pay off liabilities at the same time.

6. Unused income tax credits transferred in later period arising from research and development expenditure shall be recognized as income tax assets to the extent that future tax income is likely to be available for the use of the unused income tax credit.

(XXIII) Share capital

1. Common stock is classified as equity, and the incremental costs directly attributable to the issuance of new shares or stock options shall be included as price deduction in equity with the net amount after deduction of income tax.
2. When the Company repurchases its outstanding shares, it recognizes the consideration paid, including any directly attributable incremental costs, as a reduction of shareholders' equity on a net after-tax basis. When the repurchased shares are subsequently re-issued, the difference between the book value and the consideration received after deducting any directly attributable increment costs and income tax effects of the repurchased shares shall be recognized as an adjustment of shareholders' equity.

(XXIV) Dividend distribution

Cash dividends distributed to the shareholders are recorded in the Company’s Financial Statements when the shareholders’ meeting or the Board of Directors resolves to approve the dividend distribution. Cash dividends are recognized as liabilities. Stock dividends are recognized as stock dividends to be distributed when the shareholders’ meeting resolves on the distribution and are reclassified to common stock on the effective date of new shares issuance.

(XXV) Revenue recognition

1. Merchandise sales

(1) The Company develops, manufactures and sells computer multimedia peripheral video converters, interface cards and other related products, and recognizes the sales revenue when the control of the products is transferred to the customer, that is, when the products are delivered to the customer, the customer has the discretion over the distribution and price of the products, and the Company has no outstanding performance obligations that may affect the customer's acceptance of the products. The delivery of products shall be deemed to have occurred only when the products are shipped to the designated location, the risk of obsolescence and loss has been transferred to the customer and the customer has accepted the products pursuant to the sales contract or there is objective evidence that all acceptance criteria have been met.

(2) The sales revenue of computer multimedia peripheral video converters, interface cards and other related products shall be recognized according to the quantity of goods purchased by the customer and the price of item agreed upon. The terms of collection of sales transactions are agreed upon in accordance with the general commercial transaction model and the market practice, therefore, it is concluded that there is no material financial component to the contract.

(3) Sales allowances granted to customers are generally calculated on a 12-month cumulative sales basis. The Company estimates sales allowances using the expected value approach based on historical experience. Revenue recognized is limited to the portion of the sales that is highly likely not to be materially reversed in the future and shall be updated on each balance sheet date. Estimated sales allowance payable to customer in relation to sales as at the balance sheet date shall be recognized as a refund liability. Payment terms for sales transactions are usually 30 to 60 days due from the date of shipment. The Company will not adjust the transaction price to reflect the time value of currency if the time interval between the transfer of the promised goods to the customer and the payment by

the customer has not exceeded one year.

(4) The Company provides standard warranty for the products sold, shall be obligated to refund for product defects, and shall recognize liability provisions at the time of sales.

(5) Accounts receivable shall be recognized when the goods are delivered to the customer, since the Company has an unconditional right to the contract price from that point on and can collect consideration from the customer only after the lapse of time.

2. Acquisition costs of customer contracts

The incremental costs incurred by the Company in obtaining the customer contracts are expected to be recoverable. However, as the contract period is less than one year, such costs shall be recognized as expenses when incurred.

(XXVI) Operating segments

Information about the Company's operating segments is reported in a manner consistent with internal management reports provided to principal operating decision maker. The principal operating decision maker is responsible for allocating resources to the operating segments and evaluating their performance. The principal operating decision maker of the Company is identified as the Board of Directors.

V. Major sources of uncertainty in major accounting judgments, estimates and assumptions

At the time of the preparation of this financial report, management has used its judgment in determining the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations concerning future events according to the current conditions as at the balance sheet date. Significant accounting estimates and assumptions made that may differ from actual results will be continuously evaluated and adjusted taking into account historical experience and other factors. Such estimates and assumptions are subject to the risk of a material adjustment of the carrying amounts of assets and liabilities in the following fiscal year. The Company has considered the economic impact of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. Please refer to the following descriptions of the uncertainties in significant accounting judgments, estimates and assumptions:

(I) Significant judgments adopted for accounting policies

None.

(II) Significant accounting estimates and assumptions

Valuation of inventory

Since inventories are valued at the lower of cost and net realized value, the Company must use judgment and estimation to determine the net realized value of inventories at the balance sheet date. Due to rapid changing technology, the Company evaluates the amount of inventory for normal wear and tear, obsolescence, or without market value at the balance sheet date and offsets the cost of inventory to net realized value. This inventory valuation is based primarily on product demand estimates for specific periods in the future and may be subject to material change.

As of December 31, 2021, the carrying amount of the Company's inventory is NT$375,831.

VI. Description of Material Accounting Items

(I) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and working capital	$ 753	$ 788
Check deposits and current deposits	202,570	520,299
Time deposits	74,900	134,900
	$ 278,223	$ 655,987

1. The Company transacts with financial institutions of high credit quality, and transacts with a variety of financial institutions to diversify credit risk; therefore, the probability of counterparty's default is remote.
2. The Company has not pledged any cash and cash equivalents.

(II) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 9,620	$ 2,874
Less: allowance for loss	-	-
	$ 9,620	$ 2,874
Accounts receivable	$ 35,069	$ 9,229

Less: allowance for loss	(3,200)	(700)
	$ 31,869	$ 8,529

1. The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	$ 34,382	$ 9,620	$ 8,595	$ 2,874
Within 30 days	2	-	23	-
31-90 days	7	-	-	-
91-180 days	-	-	-	-
More than 181 days	678	-	611	-
	$ 35,069	$ 9,620	$ 9,229	$ 2,874

The above aging analysis is based on the number of days overdue.

2. Balances of accounts receivable and notes receivable as of December 31, 2021 and 2020 were generated by contracts with customer, and the balance of accounts receivable under contracts with customer as of January 1, 2020 was NT$7,918.
3. Without regard to collateral held or other credit enhancements, the maximum exposure amount representing most the credit risk of the Company’ s notes receivable as of December 31, 2021 and 2020 is NT$9,620 and NT$2,874, and the maximum exposure amount representing most the credit risk of the Company’ s accounts receivable as of December 31, 2021 and 2020 is NT$31,869 and NT$8,529, respectively.
4. Please refer to Note XII (II) for information on the credit risks.

(III) Transfer of financial assets

Transferred financial assets derecognized as a whole

The Company entered into an account receivable factoring agreement with Taipei Fubon Commercial Bank Co., Ltd., CTBC Bank Co., Ltd., EnTie Commercial Bank Co., Ltd. and Cathay United Bank Co., Ltd. On November 9, 2021, December 17, 2021, July 17, 2020, and November 9, 2021 respectively. The Company is contractually free from the risk of non-collection of such transferred receivables and is only liable for losses arising from commercial disputes, and the Company has no ongoing involvement in such transferred receivables. Therefore, the Company derecognizes such factoring accounts receivable. The relevant information regarding those outstanding accounts receivable is as follows:

	Amount of accounts receivable factoring	Derecognition amount	Unused credit facilities
December 31, 2021	$ 152,356	$ 152,356	$ 355,913
December 31, 2020	128,922	128,922	305,216

The foregoing derecognition amounts are unadvanced and presented as "other current assets". The Company transacts its factoring accounts receivable with financial institutions of high credit quality, and transacts with a variety of financial institutions to diversify credit risk; therefore, the probability of counterparty's default is remote.

(IV) Inventories

	December 31, 2021		
	Costs	Loss allowance for falling price	Carrying amount
Raw material	$ 380,625	($ 26,577)	$ 354,048
Work in process	33,884	(15,026)	18,858
Finished products	3,301	(376)	2,925
Total	$ 417,810	($ 41,979)	$ 375,831

	December 31, 2020		
	Costs	Loss allowance for falling price	Carrying amount
Raw material	$ 332,161	($ 27,171)	$ 304,990
Work in process	29,388	(1 1,263)	18,125
Finished products	10,698	(242)	10,456
Total	$ 372,247	($ 38,676)	$ 333,571

Inventory cost recognized as expense and loss in the current period:

	2021	2020
Cost of inventory sold	$ 991,301	$ 1,579,408
Loss from falling price	3,303	17,038
	$ 994,604	$ 1,596,446

(V) Property, plant and equipment

	2021						
	Land	Land improvements	Machinery equipment	Transportation equipment	Office equipment	Lease improvement	Total
January 1							
Costs	$ 1,078,743	$ -	$ 6,471	$ 3,960	$ 11,340	$ 1,765	$ 1,102,279
Accumulated depreciation	-	-	(1,954)	(2,489)	(2,688)	(1,765)	(8,896)
	$ 1,078,743	$ -	$ 4,517	$ 1,471	$ 8,652	$ -	$ 1,093,383
January 1	$ 1,078,743	$ -	$ 4,517	$ 1,471	$ 8,652	$ -	$ 1,093,383
Additions	-	114	1,773	1,746	1,166	-	4,799
Disposal cost	-	-	(1,660)	-	(345)	(1,765)	(3,770)
Accumulated depreciation disposed of	-	-	1,660	-	345	1,765	3,770
Depreciation expenses	-	(3)	(2,294)	(735)	(2,598)	-	(5,630)
December 31	$ 1,078,743	$ 111	$ 3,996	$ 2,482	$ 7,220	$ -	$ 1,092,552
December 31							
Costs	$ 1,078,743	$ 114	$ 6,584	$ 5,706	$ 12,161	$ -	$ 1,103,308
Accumulated depreciation	-	(3)	(2,588)	(3,224)	(4,941)	-	(10,756)
	$ 1,078,743	$ 111	$ 3,996	$ 2,482	$ 7,220	$ -	$ 1,092,552
	$ 1,078,743	$ 111	$ 3,996	$ 2,482	$ 7,220	$ -	$ 1,092,552

2020

	Land	Machinery equipment	Transportation equipment	Office equipment	Lease improvement	Total
January 1						
Costs	$ -	$ 3,522	$ 3,960	$ 6,287	$ 1,765	$ 15,534
Accumulated depreciation	-	(1,866)	(1,783)	(2,850)	(883)	(7,382)
	$ -	$ 1,656	$ 2,177	$ 3,437	$ 882	$ 8,152
January 1	$ -	$ 1,656	$ 2,177	$ 3,437	$ 882	$ 8,152
Additions	1,078,743	3,723	-	7,173	-	1,089,639
Disposal cost	-	(774)	-	(2,120)	-	(2,894)
Accumulated depreciation disposed of	-	774	-	2,119	-	2,893
Depreciation expenses	-	(862)	(706)	(1,957)	(882)	(4,407)
December 31	$ 1,078,743	$ 4,517	$ 1,471	$ 8,652	$ -	$ 1,093,383
December 31						
Costs	$ 1,078,743	$ 6,471	$ 3,960	$ 11,340	$ 1,765	$ 1,102,279
Accumulated depreciation	-	(1,954)	(2,489)	(2,688)	(1,765)	(8,896)
	$ 1,078,743	$ 4,517	$ 1,471	$ 8,652	$ -	$ 1,093,383

The real property, plant and equipment of the Company have not been provided as guarantee.

(VI) Leasing transaction - lessee

1. The underlying assets leased by the Company are buildings, with a general lease term between 1 and 2 years. The lease agreements are negotiated individually and contain a variety of terms and conditions. There are no restrictions other than that the leased assets may not be used as guaranteed for loan.
2. The Company shall lease the parking space and office space for a period not exceeding 12 months.
3. Information on the book value and recognized depreciation expenses of the right-of-use assets is as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Buildings	$ 17,086	$ 26,038

	2021	2020
	Depreciation expenses	Depreciation expenses
Buildings	$ 20,779	$ 10,568

4. The increase of the Company's right-of-use assets for the years ended December 31, 2021 and 2020 is NT$11,827 and NT$14,910, respectively.
5. Information on the profit and loss relating to the lease contract is as follows:

	2021	2020
Items affecting current profit and loss		
Interest expense on lease liabilities	$ 417	$ 656
Expenses attributable to short-term lease contract	271	252
Profit and loss on lease modification	-	6

6. The total lease cash outflow of the Company for the years ended December 31, 2021 and 2020 is NT$16,320 and NT$18,554, respectively.

(VII) Lease transactions - lessor

1. The underlying assets rented out by the Company include land and buildings, with a general lease term of 1 year. Lease agreements are negotiated individually and contain a variety of terms and conditions. In order to preserve the use of the leased assets, the lessee is usually required not to use the leased assets as guarantee for loan or to provide salvage value guarantee.
2. For the rental income recognized by the Company under operating lease agreement for the years ended December 31, 2021 and 2020, please refer to Note VI(VIII), on which there is no variable lease payment.
3. The maturity date analysis of the lease payment made by the Company under operating lease is as follows:

	December 31, 2021	December 31, 2020
2021	-	1,487
2022	753	753
	$ 753	$ 2,240

(VIII) Investment properties

2021	Land	Buildings and structures	Total
January 1			
Costs	$ 21,520	$ 23,538	$ 45,058
Accumulated depreciation	-	(22,616)	(22,616)
	$ 21,520	$ 922	$ 22,442
January 1	$ 21,520	$ 922	$ 22,442
Depreciation expenses	-	(133)	(133)
December 31	$ 21,520	$ 789	$ 22,309
December 31			
Costs	$ 21,520	$ 23,538	$ 45,058
Accumulated depreciation	-	(22,749)	(22,749)
	$ 21,520	$ 789	$ 22,309

	2020		
	Land	Buildings and structures	Total
January 1			
Costs	$ 21,520	$ 23,079	$ 44,599
Accumulated depreciation	-	(22,510)	(22,510)
	$ 21,520	$ 569	$ 22,089
January 1	$ 21,520	$ 569	$ 22,089
Additions	-	459	459
Depreciation expenses	-	(106)	(106)
December 31	$ 21,520	$ 922	$ 22,442
December 31			
Costs	$ 21,520	$ 23,538	$ 45,058
Accumulated depreciation	-	(22,616)	(22,616)
	$ 21,520	$ 922	$ 22,442

1. Rental income and direct operating expenses of investment properties:

	2021	2020
Rental income from investment properties (Note)	$ 1,489	$ 1,478
Direct operating expenses incurred in investment properties with rental income in the current period	$ 336	$ 317

Note: Accounted for "Other income".

2. The fair value of the investment properties held by the Company as of December 31, 2021 and 2020 is NT$50,102 and NT$57,696, respectively. The fair value is based on the evaluation of the transaction prices of similar properties in the vicinity of the related assets and belongs to the third level fair value.

3. Please refer to Note VIII for details of the investment properties provided as guarantee.

(IX) Other non-current assets

	December 31, 2021	December 31, 2020
Refundable deposits	$ 3,963	$ 5,569

(X) Other payables

	December 31, 2021	December 31, 2020
Wages payable	$ 75,977	$ 84,755
Remuneration payable to directors and supervisors	10,091	16,140
Remuneration payable to employees	10,091	16,140
Commission payable	814	2,607
Other expense payables	2,277	4,240
	$ 99,250	$ 123,882

(XI) Pension

1.(1) In accordance with the provisions of the Labor Standards Act, the Company has formulated a retirement plan with defined benefits, which applies to the seniority of all regular employees prior to the implementation of the Labor Pension Act on July 1, 2005, and to the subsequent seniority of employees who choose to continue to apply the Labor standards Act after the implementation of the Labor Pension Act. If an employee is eligible for retirement, the pension payment shall be based on his/her seniority and the average salary of the six months prior to his/her retirement. Two bases will be given for each year of service up to 15 years (inclusive), and one base will be given for each year of service exceeding 15 years, subject to a maximum of 45 accumulated bases. The Company allocates 2% of the total salary per month to the retirement fund, which is deposited in a special account at the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. In addition, before the end of each fiscal year, the Company shall estimate the balance of the special account for the retirement reserve fund for the employees referred to in the preceding paragraph. If the balance is insufficient to cover the estimated pension amount of the employees eligible for retirement in the following year, the Company will allocate the balance in a lump sum before the end of March next year.

(2) Amounts recognized on the balance sheets are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	($ 39,750)	($ 43,090)
Fair value of plan assets	38,975	38,314
Net defined benefit liabilities	($ 775)	($ 4,776)

(3) Changes in net defined benefit liabilities are as follows:

2021	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1	($ 43,090)	$ 38,314	($ 4,776)
Service costs for the current period	(715)	-	(715)
Interest (expenses) income	(129)	115	(14)
	(43,934)	38,429	(5,505)
Remeasurements:			
Effect of changes in financial assumptions	1,174	-	1,174
Experience adjustments	-	556	556
	1,174	556	1,730
Pension fund contribution	-	3,000	3,000
Pension paid	3,010	(3,010)	-
Balance as of December 31	($ 39,750)	$ 38,975	($ 775)

2020	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1	($ 41,772)	$ 33,959	($ 7,813)
Service costs for the current period	(719)	-	(719)
Interest (expenses) income	(292)	237	(55)
	(42,783)	34,196	(8,587)
Remeasurements:			

Effect of changes in financial assumptions	(307)	-	(307)
Experience adjustments	-		1,118
	(307)	1,118	811
Pension fund contribution	-	3,000	3,000
Balance as of December 31	($ 43,090)	$ 38,314	($ 4,776)

(4) Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate secularization products, etc.). The utilization is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum return in the annual distribution shall not be lower than the earnings attainable from two-year time deposits with interest rates offered by local banks. If the return is lower than aforementioned rates, government shall make payment for the deficit after being approved by the government authority. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 in IAS 19. For the fair value of the total assets of the fund as of December 31, 2021 and 2020, please refer to the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The major actuarial assumptions relating to pension are summarized as follows:

	2021	2020
Discount rate	0.60%	0.30%
Future salary growth rate	2.50%	2.50%

The assumptions for future mortality are based on the estimates of the 6th Standard Ordinary Experience Mortality Table for the life insurance industry in Taiwan.

The analysis of the impact on the present value of defined benefit obligations arising from the changes in major actuarial assumptions is provided below:

	Discount rate		Future salary growth rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2021				
Effect on the present value of defined benefit obligations	($ 488)	$ 502	$ 393	($ 385)
December 31, 2020				
Effect on the present value of defined benefit obligations	($ 602)	$ 619	$ 497	($ 487)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. In practical terms, many assumptions are interrelated and changing one individual assumption may trigger the changes in other assumptions. The method used to conduct the sensitivity analysis is consistent with the calculation of the net pension liabilities recognized in the balance sheets.

The method and assumptions used to conduct the sensitivity analysis are the same as those in the previous year.

(6) The Company's projected contribution to retirement plan for 2022 is NT$3,000.

(7) As of December 31, 2021, the weighted average duration of the retirement plan is 6 years. Maturity analysis of pension payments

Within 1 year	$ 14,565
2 years to 5 years	12,177
Over 6 years	7,625
	$ 34,367

2.(1) Since July 1, 2005, the Company has established a defined contribution retirement plan for employees of Taiwan nationality in accordance with the Labor Pension Act. The Company contributes 6% of the monthly salary as labor pension funds to individual labor pension accounts at the Bureau of Labor Insurance, Ministry of

Labor for employees every month in respect of the employee's choice to apply the labor pension system stipulated in the Labor Pension Act. The employee's pension shall be paid by monthly or in a lump sum based on his/her special pension account and accumulated income.

(2) The pension costs recognized by the Company under the foregoing pension plan for the years ended December 31, 2021 and 2020 are NT$6,329 and NT$5,673 respectively.

(XII) Liability provision

	Repair and warranty	Litigation compensation	Total
Balance as of January 1, 2021	$ 57,573	$ 1,852	$ 59,425
Increase in provision for liabilities during the current period	6,846	-	6,846
Balance as of December 31, 2021	$ 64,419	$ 1,852	$ 66,271

	Repair and warranty	Litigation compensation	Total
Balance as of January 1, 2020	$ 45,443	$ 1,852	$ 47,295
Increase in provision for liabilities during the current period	12,130	-	12,130
Balance as of December 31, 2020	$ 57,573	$ 1,852	$ 59,425

The analysis of liability provision is as follows:

	December 31, 2021	December 31, 2020
Current	$ 23,110	$ 20,851
Non-current	$ 43,161	$ 38,574

1. Repair and warranty

The provision for liabilities of repair and warranty of the Company's are mainly related to the sales of computer multimedia peripheral video converters and interface cards, etc., and are estimated based on the historical repair and warranty information of such products. The Company expects that such liability provision will occur over the next three years.

2. Litigation compensation

In a patent infringement dispute with Societa Italiana per lo Sviluppo Dell 'Elettronica S.P.A, the German court ruled on January 9, 2013 that the Company had infringed the German Patent No. EP402973 of Sisvel, and the Company shall: (1) bear the court fees of the second instance; (2) bear the reasonable legal fees of Sisvel; (3) indemnify Sisvel for any loss incurred as a result of the infringement. The calculation of actual damages shall be based on royalty, and the actual sales figures of the Company shall be used as the basis for royalty calculation. Since the whole case has been concluded, the Company has made a liability provision of NT$1,852 according to the judgment.

(XIII) Share capital

1. The authorized capital of the Company is NT$800,000, which is divided into 80,000 shares with a face value of NT$10 per share. As of December 31, 2021, the paid-in capital is NT$403,559. The payments of all shares issued by the Company have been received.

2. Reconciliation of the number of outstanding shares of common stock between the beginning of the period and the end of the period is as follows: (Unit: in thousands of shares)

	2021	2020
January 1	33,131	33,730
Stock dividends	6,626	-
Repurchase of treasury shares	-	(599)
December 31	39,757	33,131

3. Treasury shares

(1) The reasons for the recovery of shares and the number:

		December 31, 2021	
Name of the holding company	Reasons for recovery	Number of shares	Carrying amount
The Company	Shares transferred to employees	599,000	$ 38,296

		December 31, 2020	
Name of the holding company	Reasons for recovery	Number of shares	Carrying amount
The Company	Shares transferred to employees	599,000	$ 38,296

(2) It is stipulated by the Securities and Exchange Act that the proportion of the number of shares repurchased by a company shall not exceed 10% of the total number of shares issued by such company, and the total amount of shares repurchased shall not exceed the retained earnings plus the premium of issued shares and the realized capital reserve.

(3) The treasury shares held by the Company shall not be pledged in accordance with the Securities and Exchange Act, and no shareholders are entitled to their rights until the shares have been transferred.

(4) In accordance with the provisions of the Securities and Exchange Act, shares repurchased for the purpose of transferring shares to employees shall be transferred within five years from the date of repurchase. If the shares are not transferred within the time limit, the Company shall be deemed to have not issued shares, and shall go through the alteration registration to cancel the shares. For the purpose of maintaining the Company's credit and shareholders' equity, the Company shall go through the alteration registration and cancellation of shares within six months from the date of repurchase.

(XIV) Capital reserve

In accordance with the Company Act, the surplus from the issuance of shares in excess of par value and the capital reserves from the receipt of donations shall be used to cover losses, and shall be distributed as new shares or distributed in cash to shareholders according to their original shareholding ratio when the Company has no accumulated losses. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, when the foregoing capital reserve is appropriated to capital, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not appropriate capital reserve to capital if the loss is still not covered after appropriating capital surplus to capital deficiency.

(XV) Retained earnings

1. In accordance with the Articles of Incorporation, if there is earnings in the annual total account, in addition to paying all taxes in accordance with the law, the earnings shall be used to make up the loss of the previous year first, and 10% shall be set aside as the legal surplus reserve. If there is surplus, it shall be retained or distributed according to the resolution of the shareholders' meeting. When the surplus is distributed by cash dividends, the Company shall authorize the Board of Directors to adopt a special resolution and report to the shareholders' meeting in accordance with laws and regulations.
2. The Company's dividend policy is as follows: At the end of each fiscal year, the Company's Board of Directors shall make a proposal for the earnings distribution or loss recovery plan, and dividends shall be distributed in the form of cash dividends in part or in whole, of which stock dividends shall not exceed 90% of the dividends distributed for the current fiscal year.
3. The legal surplus reserve shall be exclusively used to cover accumulated deficit, to issue new shares or distribute cash to shareholders in proportion to their original shareholding ratio, provided that legal surplus reserve used for the issue of new shares or cash distributed to shareholders shall be limited to the portion in excess of 25% of the paid-in capital.
4. When distributing the earnings, in accordance with the regulations, the

Company shall set aside special surplus reserve from the debit balance of other equity items at the balance sheet date in the current year. When the debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

5. On July 20, 2021 and June 8, 2020, the Company's shareholders' meetings resolved to approve the distribution of 2020 and 2019 earnings as follows:

	2020		2019	
	Amount	Dividends Per Share (NT$)	Amount	Dividends Per Share (NT$)
Legal capital reserve	$ 61,606		$ 26,031	
Cash dividends	265,046	$ 8	151,784	$ 4.50
Stock dividends	66,261	2	-	
	$ 392,913		$ 177,815	

6. On March 21, 2022, the Board of Directors proposed the following distribution of 2021 earnings:

	2021	
	Amount	Dividends Per Share (NT$)
Legal capital reserve	$ -	
Cash dividends	-	$ -
Stock dividends	-	-
	$ -	

As of March 21, 2022, the above-mentioned proposal for distribution of 2021 earnings has not been resolved by the shareholders' meeting.

(XVI) Operating income

	2021	2020
Income from contracts with customers	$ 1,792,439	$ 2,705,342

1. Disaggregation of income from contracts with customers

The income of the Company is derived from the rendering of goods that are transferred at a certain point and can be broken down by the following main product lines:

	2021	2020
Sales income		
Computer multimedia peripheral video		
Converters and interface cards, etc.	$ 1,788,342	$ 2,703,413

Others	4,097	1,929
Total	$ 1,792,439	$ 2,705,342

2. Contract liabilities

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities:			
Contract liabilities - advances on sales	$ 43,153	$ 29,474	$ 20,792

3. Contract liabilities at the beginning of period recognized as income in the current period

	2021	2020
The beginning balance of contract liabilities is recognized as income in the current period		
Advances on sales	$ 15,911	$ 15,836

(XVII) Interest income

	2021	2020
Interest on bank deposits	$ 624	$ 3,036

(XVIII) Other income

	2021	2020
Rental income	$ 1,489	$ 1,478
Other income - others	7,839	8,335
	$ 9,328	$ 9,813

(XIX) Other gains and losses

	2021	2020
Loss on disposal of property, plant, and equipment	$ -	($ 1)
Profit from lease modification	-	6
Foreign exchange loss	(9,173)	(26,381)
Other losses	(171)	(140)
	($ 9,344)	($ 26,516)

(XX) Additional information on the nature of expense

	2021	2020
Employee benefit expenses	$ 229,753	$ 244,515
Depreciation expenses of right-of-use assets	20,779	10,568
Depreciation expenses of real property, plant and equipment	5,630	4,407
Depreciation expenses of investment properties - buildings and structures	133	106

Amortization expense of intangible assets	4,729	4,262
	$ 261,024	$ 263,858

(XXI) Employee benefit expenses

	2021		2020	
Salary expenses	$	202,375	$	216,640
Labor and health insurance expenses		12,738		11,153
Pension expenses		7,058		6,447
Other employment costs		7,582		10,275
	$	229,753	$	244,515

1. In accordance with the Articles of Incorporation, the Company shall, after deducting the accumulated losses based on the current year's profits, if there is still earnings, allocate no less than 2% as employee compensation and no more than 2% as remuneration to directors and supervisors.

2. For the years ended December 31, 2021 and 2020, the Company estimated the employee compensation as NT$10,091 and NT$16,140 respectively, estimated the remuneration to directors and supervisors as NT$10,091 and NT$16,140 respectively, and presented the said amounts in the salaries expense account.

   The amounts are estimated at 2% based on the profits for the year ended December 31, 2021. The estimated amount are consistent with the actual distributed amount resolved by the Board of Directors and it is paid in cash.

   The compensation for employees and remuneration to directors and supervisors resolved by the Board of Directors for 2020 are consistent with the amounts recognized in the financial report of 2020.

   Information on remuneration for employees, directors and supervisors approved by the Board of directors of the Company is available at the Market Observation Post System.

(XXII) Income tax

1. Income tax expenses

   (1) Components of income tax expense

	2021	2020
Current tax:		

Income tax incurred in current period	$ 100,575	$ 164,596
Additional income tax on unappropriated earnings	11,158	4,138
Overvaluation of income tax in previous years	(7,656)	(725)
Total income tax in the period	104,077	168,009
Deferred income tax:		
Initial generation and reversal of temporary differences	(3,783)	(8,724)
Total deferred income tax	(3,783)	(8,724)
Income tax expenses	$ 100,294	$ 159,285

(2) The income tax amount relating to other comprehensive income:

	2021	2020
Remeasurement of defined benefit plan	($ 346)	($ 162)

2. Reconciliation between income tax expense and accounting profit

	2021	2020
Income tax at the statutory tax rate	$ 96,875	$ 154,941
Effects from items excluded by tax regulation	(83)	931
Overvaluation of income tax in previous years	(7,656)	(725)
Additional income tax on unappropriated earnings	11,158	4,138
Income tax expenses	$ 100,294	$ 159,285

3. Amounts of deferred tax assets or liabilities arising from temporary differences are as follows:

2021	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
Temporary differences:					
- Deferred income tax assets:					
Bad debt expense	$ -	$ 550	$ -		$ 550
Loss on inventory write-down	7,734	661	-	-	8,395
Pension expense that is not actually contributed	955	(454)	(346)	-	155
Unrealized exchange losses	5,299	1,697	-	-	6,996
Unrealized repair expense	11,516	1,369	-	-	12,885

Bonus for unused leave	471	(40)	-	-	431
Total	$ 25,975	$ 3,783	($ 346)	$ -	$ 29,412

4. The Company's profit-seeking enterprise income tax has been approved by the tax collection authority to the year 2019.

(XXIII) Earnings per share

	2021		
	After-tax amount	Adjusted weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to common shareholders in the current period	$ 384,084	39,757	$ 9.66
Diluted earnings per share	-		
Net profit attributable to common shareholders in the current period	384,084	39,757	
Effect of potentially dilutive common shares			
Employee compensation	-	109	
Impact of net current profit attributable to common shareholders plus potential common stocks	$ 384,084	39,866	$ 9.63

	2020		
	After-tax amount	Adjusted weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to common	$ 615,420	39,930	$ 15.41

shareholders in the current period			
Diluted earnings per share			
Net profit attributable to common shareholders in the current period	615,420	39,930	
Effect of potentially dilutive common shares			
Employee compensation	-	116	
Impact of net current profit attributable to common shareholders plus potential common stocks	$ 615,420	40,046	$ 15.37

(XXIV) Changes in liabilities generated from financing activities

	2021 Lease liabilities	2020 Lease liabilities
January 1	$ 19,326	$ 22,062
Changes in cash flow from financing	(15,632)	(17,646)
Other non-cash changes	11,139	14,910
December 31	$ 14,833	$ 19,326

VII. Related Party Transactions

(XXV) Parent company and ultimate controller: None.

(XXVI) Information of remuneration to the main management

	2021	2020
Short-term employee benefits	$ 44,254	$ 41,347
Post-employment benefits	3,000	3,000
Total	$ 47,254	$ 44,347

VIII. Pledged Assets

The Company's assets provided as guarantee are as follows:

	Carrying amount		
Asset item	December 31, 2021	December 31, 2020	Guarantee purpose
Investment properties - land	$ 21,520	$ 21,520	Guarantee of borrowing limit
Investment properties - buildings and structures	789	922	Guarantee of borrowing limit
	$ 22,309	$ 22,442	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

None.

X. Losses due to Major Disasters

None.

XI. Material Subsequent Events

Please refer to Note VI(XV) for the details of the proposal for distribution of 2021 earnings submitted by the Board of Directors on March 21, 2022.

XII. Others

(I) Capital management

The capital management the Company aims to ensure the Company's ability as a going concern, so as to maintain an optimal capital structure to reduce the cost of capital, and provide returns to shareholders. In order to maintain or restructure its capital structure, the Company may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company uses a debt-to-capital ratio to monitor its capital, which is calculated by dividing the total liabilities of the balance sheet by the total liabilities and equity.

The Company's strategy in 2021 remains the same as that in 2020, with a commitment to maintain a debt ratio below 40%-45%. The debt-to-capital ratio of the Company as of December 31, 2021 and 2020 is 20% and 35%, respectively.

(II) Financial instruments

1. Categories of financial instruments

As of December 31, 2021 and 2020, the carrying amounts of financial assets (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets of factoring receivables, and refundable deposits) classified as measured at amortized cost under IFRS 9 by the Company are NT$478,887 and NT$813,281 respectively, the carrying amounts of financial liabilities (including notes payable, accounts payable and other payables) classified as measured at amortized cost are NT$227,176 and NT$537,521 respectively, and the carrying amounts of lease liabilities are NT$14,833 and NT$19,326 on December 31, 2021 and 2020, respectively.

2. Risk Management Policy

(1) The Company's daily operations are subject to a number of financial risks, including market risks (including exchange rate risks and interest rate risks), credit risks and liquidity risks. The Company adopts a comprehensive risk management and control system to clearly identify, measure and control the risks described, seeking to mitigate the potential adverse impact on the Company's financial position and performance.

(2) Risk management shall be carried out by the Finance and Accounting Department of the Company in accordance with the policies approved by the Board of Directors. The Finance and Accounting Department of the Company is responsible for identifying, assessing and mitigating financial risks through close cooperation with the Company's internal operating units. The Board of Directors has established written principles for overall risk management and written policies on specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus working capital.

3. The nature and extent of the material financial risk

(1) Market risks

Exchange rate risk

A. The Company is engaged in the business involved in several non-functional currencies (the functional currency of the Company is new Taiwan dollar), which are subject to exchange rate fluctuations. Information on assets and liabilities in foreign currency that are significantly affected by exchange rate fluctuations is as follows:

	December 31, 2021		
(Foreign currency: functional currency)	Foreign currency (NT$ thousand)	Exchange rate	Carrying amount (NT$)
Financial assets			
Monetary items			
USD:NTD	$ 12,037	27.68	$ 333,184
Financial liabilities			
Monetary items			
USD:NTD	$ 1,921	27.68	$ 53,173

December 31, 2020			
(Foreign currency: functional currency)	Foreign currency (NT$ thousand)	Exchange rate	Carrying amount (NT$)
Financial assets			
Monetary items			
USD:NTD	$ 13,331	28.48	$ 379,667
Financial liabilities			
Monetary items			
USD:NTD	$ 5,610	28.48	$ 159,773

B. The aggregate amount of total conversion losses (realized and unrealized) recognized by the Company for the years ended December 31, 2021 and 2020 for the monetary items, which have been materially affected by exchange rate fluctuations, is NT$9,173 and NT$26,381, respectively.

C. The impacts on foreign currency market risks of the Company due to material exchange rate fluctuations are analyzed as follows:

2021			
	Sensitivity analysis		
(Foreign currency: functional currency)	Range of changes	Impacts on profit and loss	Impacts on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,665	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 425	$ -

2020			
	Sensitivity analysis		
(Foreign currency: functional currency)	Range of changes	Impacts on profit and loss	Impacts on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,037	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 1,278	$ -

Cash flow and interest rate risks with fair value

A. The main interest-bearing assets of the Company are cash (presented as "cash and cash equivalents"). As all the maturity dates are less than 12 months, there is no material risk of interest rate changes affecting the cash flow.

B. The Company does not use any financial instruments to hedge its interest rate risk.

(2) Credit risk

A. The credit risk of the Company is the risk of financial loss of the Company due to the failure of a customer or a counterparty of a financial instrument to fulfill its contractual obligations, which is mainly caused by the inability of the counterparty to repay the cash flow of accounts receivable payable on the terms of collection and the contractual cash flow classified as measured amortized cost.

B. The Company establishes credit risk management from a corporate perspective. In accordance with the stated internal credit policy, each of the Company's operating units shall carry out the management and credit risk analysis of each new customer before establishing the payment and delivery terms and conditions with such customer. Internal risk control is to assess the credit quality of customers by taking into account their financial position, historical experience, and other factors.

C. The Company adopts IFRS 9 to provide the following assumptions as a basis for judging whether the credit risk of a financial instrument has increased significantly since the initial recognition:

D. When the contract payment is overdue for more than 30 days according to the agreed terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.

E. The Company adopts IFRS 9 to provide assumptions that if the contract payment is overdue for more than 90 days according to the agreed terms, it is deemed to have breached the contract.

F. The Company groups the accounts receivable from customers according to the characteristics of customer ratings and customer types and adopts a simplified approach to estimate the expected credit losses based on a provision matrix.

G. The Company adjusts the loss rate based on historical and current information for a specific period by taking into account the forward-looking considerations for the future to estimate the allowance for losses on accounts receivable. The reserve matrices as of December 31, 2021 and 2020 are as follows:

	Not overdue	1 - 90 days overdue
December 31, 2021		

Expected loss rate	5.73%	5.75%	
Total book value	$ 44,002	$ 9	
Allowance for loss	2,521	1	
	91 - 180 days overdue	More than 181 days overdue	Total
December 31, 2021			
Expected loss rate	5.75%	100.00%	
Total book value	$ -	$ 678	$ 44,689
Allowance for loss	-	678	3,200

	Not overdue	1 - 90 days overdue	
December 31, 2020			
Expected loss rate	0.78%	0.78%	
Total book value	$ 11,469	$ 23	
Allowance for loss	89	-	
	91 - 180 days overdue	More than 181 days overdue	Total
December 31, 2020			
Expected loss rate	0.78%	100.00%	
Total book value	$ -	$ 611	$ 12,103
Allowance for loss	-	611	700

H. The statement of changes in allowance loss of the Company's accounts receivable adopting simplified approach is as follows:

	2021 Accounts receivable	2020 Accounts receivable
January 1	$ 700	$ 700
Provision of impairment loss	2,500	-
December 31	$ 3,200	$ 700

(3) Liquidity risk

A. The Company's Finance Department monitors the Company's working capital requirements to ensure that adequate funds are available to meet operational requirements.

B. The Company invests the remaining funds in interest-bearing demand deposits and time deposits (presented as "cash and contractual cash"). The instrument chosen by the Company has an appropriate maturity date or sufficient liquidity. The Company held the monetary market positions of NT$277,470 and NT$655,199 as of December 31, 2021 and 2020, respectively, which are expected to generate immediate cash flows to manage liquidity risk.

C. The following table shows the Company's non-derivative financial liabilities grouped according to their respective maturity dates, which are analyzed based on the remaining period from the balance sheet date to the contract maturity date.. The amount of contract cash flow disclosed in the following table is the amount undiscounted.

December 31, 2021	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:				
Lease liabilities	$ 9,614	$ 5,545	$ -	$ -

December 31, 2020	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:				
Lease liabilities	$ 16,223	$ 3,565	$ -	$ -

(III) Information on fair value

1. Please refer to Note VI(VIII) for the fair value information of investment property at cost.
2. The carrying amounts of financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables, approximate to their fair values.

(IV) Other Matters

Due to the COVID-19 epidemic and the government's measures to prevent COVID-19, the Company has implemented relevant measures and continues to manage related matters, which have had no material impact on the Company's operations and business in 2021.

XIII. Separately Disclosed Items

(I) Information on significant transactions

1. Lending of funds to others: None.
2. Endorsement/guarantee provided for others: None.
3. Marketable securities held at the end of year (excluding investments in subsidiaries, associates, and joint ventures): None.
4. Accumulated purchase or disposal of individual marketable securities

in excess of NT$300 million or 20% of the paid-in capital: None.

5. Acquisition of real estate at cost in excess of NT$300 million or 20% of paid-in capital: None.
6. Disposal of real estate at price in excess of NT$300 million or 20% of the paid-in capital: None.
7. Purchases or sales to related parties of at least NT$100 million or 20% of paid-in capital: None.
8. Accounts receivable from related parties equal to or in excess of NT$100 million or 20% of paid-in capital: None.
9. Engaged in derivatives trading: None.
10. The business relationship between the parent company and subsidiaries, and between subsidiaries, and significant transactions and amounts: None.

(II) Information on investees

None.

(III) Information on investments in mainland China

None.

(IV) Information on substantial shareholders

Information of major shareholders: Please refer to Schedule 1.

XIV. Segment Information

(I) General information

The Company operates in a single industry and has been identified as a single reporting segment by the operating decision maker, the Board of Directors, who evaluates performance of and allocates resources to the Company as a whole.

(II) Segment Information

1. The Company's operating segment profit and loss is measured at the pre-tax operating profit and loss and is used as a basis for performance evaluation. The accounting policies and estimates of the operating segment is the same as the summary of significant accounting policies and significant accounting estimates and assumptions set forth in Note IV and Note V.

2. The financial information presented to key operating decision makers is the same as and with the same measurement method as that in the consolidated income statement.

(III) Product and service information

The Company is mainly engaged in the manufacturing, processing and trading of computer multimedia peripheral interface cards, such as TV cards and digital signal processor, etc., which are classified into a single product line, and hence it is not required to disclose product information.

(IV) Geographic information

Geographic information for 2021 and 2020 is provided below:

	2021		2020	
Region	Revenue	Non-current assets	Revenue	Non-current assets
Asia	$ 1,413,268	$ -	$ 2,249,804	$ -
America	95,503	-	78,149	-
Europe	66,533	-	108,967	-
Taiwan	213,109	1,138,993	267,020	1,152,884
Others	4,026	-	1,402	-
	$ 1,792,439	$ 1,138,993	$ 2,705,342	$ 1,152,884

(V) Major customers' information

Information of major customers for 2021 and 2020 is provided below:

Customer name	2021	2020
Company A	$ 912,712	$ 1,820,017
Company B	185,169	153,031
Company C	88,326	155,171
	$ 1,186,207	$ 2,128,219

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YUAN High-Tech Development Co., Ltd.
Information on substantial shareholders
December 31, 2021

Schedule 1

Name of substantial shareholders	Shares	Shares Ratio
Wei Sheng Investment Co., Ltd.	9,511,321	23.56%
Li, Shih-Chang	3,919,005	9.71%
Li, Shih-Kuei	3,174,000	7.86%
Xiang Li Investment Co., Ltd.	2,814,705	6.97%

YUAN High-Tech Development Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2021

Statement 1 Unit: NT$ thousand

Item	Summary	Amount	
Cash on hand		$	713
Petty cash			40
Check deposits			184
Current deposits	US$5,477, exchange rate: 27.68		202,386
Time deposits			74,900
		$	278,223

YUAN High-Tech Development Co., Ltd.
Statement of Accounts Receivable
December 31, 2021

Statement 2 | Unit: NT$ thousand

Customer name	Amount	Remark
Customer A	$ 34,025	
Others	1,044	The amount of each single customer does not exceed 5% of the total outstanding of accounts receivable
Sub-total	35,069	
Less: Allowance for doubtful accounts	(3,200)	
	$ 31,869	

YUAN High-Tech Development Co., Ltd.
Statement of Inventories
December 31, 2021

Statement 3 Unit: NT$ thousand

Item	Amount: Costs	Amount: Net Realizable Value	Summary
Raw materials	$ 380,625	$ 383,455	Net realizable value of raw material is determined at replacement cost. Work in process and finished goods are measured at their net realizable value.
Work in process (Semi-finished goods)	33,884	34,189	
Finished products		8,027	
Total	417,810	$ 425,671	
Less: Allowance for inventory valuation loss	(41,979)		
	$ 375,831		

YUAN High-Tech Development Co., Ltd.
Statement of Notes Payable
December 31, 2021

Statement 4 Unit: NT$ thousand

Item	Amount	Remark
Supplier A	$ 30,867	
Supplier B	6,998	
Others	15,731	The amount of each single supplier does not exceed 5% of the total outstanding of notes payable
	$ 53,596	

YUAN High-Tech Development Co., Ltd.
Statement of Accounts Payable
December 31, 2021

Statement 5 Unit: NT$ thousand

Item	Amount	Remark
Supplier A	$ 15,751	
Supplier B	11,300	
Supplier C	10,652	
Supplier D	10,504	
Supplier E	3,918	
Supplier F	3,809	
Others	18,396	The amount of each single supplier does not exceed 5% of the total outstanding of accounts payable
	$ 74,330	

YUAN High-Tech Development Co., Ltd.
Statement of Sales Income
From January 1, 2021 to December 31, 2021

Statement 6 Unit: NT$ thousand

Item	Quantity	Amount
Computer multimedia peripheral video converters and interface cards	1,483,282 pieces	$ 1,788,342
Other computer related products	736,568 pieces	4,097
Net sales income		$ 1,792,439

YUAN High-Tech Development Co., Ltd.
Statement of Cost of Goods Sold
From January 1, 2021 to December 31, 2021

Statement 7 Unit: NT$ thousand

Item	Amount
Raw materials at beginning of period	$ 332,161
Add: Raw material purchase	849,267
Less: raw materials at end of period	(380,625)
Used by departments	(1,445)
Others	(5,951)
Raw materials consumed	793,407
Manufacturing expense - Processing fee	118,956
Manufacturing overheads	912,363
Add: work-in-process at beginning of period	29,388
Purchase	70,450
Others	134
Less: work-in-process at end of period	(33,884)
Used by departments	(1,124)
Cost of finished products	977,327
Add: finished products at beginning of period	10,698
Purchase	87
Less: finished products at end of period	(3,301)
Used by departments	(356)
Cost of manufacturing and sales	984,455
Loss on inventory write-down	3,303
Other operating costs	6,846
Operating costs	$ 994,604

YUAN High-Tech Development Co., Ltd.
Statement of Selling and Marketing Expenses
From January 1, 2021 to December 31, 2021

Statement 8 Unit: NT$ thousand

Item	Amount	Remark
Salary expenses	$ 22,334	
Freight	2,093	
Others	15,429	The amount of individual item does not exceed 5% of the account balance
	$ 39,856	

YUAN High-Tech Development Co., Ltd.
Statement of General and Administrative Expenses
From January 1, 2021 to December 31, 2021

Statement 9 Unit: NT$ thousand

Item	Amount	Remark
Salary expenses	$ 55,669	
Depreciation	24,634	
Labor expense	7,102	
Others	24,994	The amount of individual item does not exceed 5% of the account balance
	$ 112,399	

YUAN High-Tech Development Co., Ltd.
Statement of Research and Development Expenses
From January 1, 2021 to December 31, 2021

Statement 10 | Unit: NT$ thousand

Item	Amount	Remark
Salary expenses (including pension and overtime pay)	$ 131,429	
Insurance expenses	10,234	
Others	17,025	The amount of individual item does not exceed 5% of the account balance
	$ 158,688	

YUAN High-Tech Development Co., Ltd.
Summary of employee benefits, depreciation, depletion and amortization expenses by function for the current period (continued)
From January 1, 2021 to December 31, 2021

Statement 11 Unit: NT$ thousand

By function / By nature	2021 Operation Costs	2021 Operation Expenses	2021 Total	2020 Operation Costs	2020 Operation Expenses	2020 Total
Employee benefit expenses						
Salary expenses	$ -	$ 192,284	$ 192,284	$ -	$ 200,500	$ 200,500
Labor and health insurance expenses	-	12,738	12,738	-	11,153	11,153
Pension expenses	-	7,058	7,058	-	6,447	6,447
Remuneration Paid to Directors	-	10,091	10,091	-	16,140	16,140
Other employee benefit expenses	-	7,582	7,582	-	10,275	10,275
Depreciation expenses	-	26,542	26,542	-	15,081	15,081
Amortization expenses	-	4,729	4,729	-	4,262	4,262

Note:

1. The average number of employees for the current year and the previous year was 141 and 134, respectively. Among them, there were 3 and 4 directors, respectively, who did not concurrently serve as employees.
2. For companies whose shares are listed on the TWSE/TPEx, the following information should also be disclosed:
   (1) The average employee benefits expense for the current year is NT$1,592 ("Total employee benefit expenses for the current year - Total Directors' remuneration" / "Number of employees for the current year - Number of Directors who do not concurrently serve as employees")
   The average employee benefits expense for the previous year is NT$1,757 ((Total employee benefit expenses for the previous year - Total Directors' remuneration) / (Number of employees for the previous year - Number of Directors who do not concurrently serve as employees))
   (2) The average employee salary expense for the current year is NT$1,393 (Total employee salary expenses for the current year / (Number of employees for the current year - Number of Directors who do not concurrently serve as employees))
   The average employee salary expense for the previous year was NT$1,542 (Total salary expense for the previous year / (Number of employees in the previous year - Number of Directors who do not concurrently serve as employees)).
   (3) Change in average employee salary expense is -10% ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).
   (4) Supervisor's remuneration for the current year and the previous year was NT$2,703 and NT$4,215, respectively.
   (5) The Company's remuneration policy:
   The Company's remuneration policies, standards, combinations and procedures for determining remuneration are mainly implemented in accordance with the Company's HR

Statement 11 Unit: NT$ thousand

regulations and the organization rules of the Remuneration Committee. The remuneration of directors and supervisors and the remuneration of employees are mainly allocated in accordance with the provisions of the Articles of Incorporation. After resolved by the Remuneration Committee, the allocation proposal is submitted to the Board of Directors for approval and then reported to the shareholders' meeting.

The remuneration of directors and managers is determined by referencing industry benchmark and taking into account the reasonableness of the correlation among individual performance, the Company's operating results and future risks. In addition to reviewing the industry standards and understanding the competition of the company's talents in the industry, the Company's overall operating performance and profitability, the budget planning of each unit, performance review and future operational risk assessment are all important factors when considering the remuneration distributed to employees.