CASTLENET TECHNOLOGY INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of CastleNet Technology Inc.

Opinion

We have audited the accompanying parent company only balance sheets of CastleNet Technology Inc. (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only 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 its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.
The key audit matters for the Company's 2021 parent company only financial statements are outlined as follows:

Existence of sales revenue

Description

Refer to Note 4(27) for accounting policies on revenue recognition.

The Company is primarily engaged in the research, development, manufacturing and sales of consumer electronics products such as broadband communications and digital home entertainment. In addition to Europe, America, Japan, and South Korea, the main sales areas also include emerging economic regions such as Asia, Africa, and South America, and most of the customers are regional companies. Thus, the existence and occurrence of sales revenue are the main focus when performing our audit. Given that the sales revenue is material to the financial statements, we considered the existence of sales revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Performed tests of controls on credit investigation of new customers during the year, performed tests of controls on sales revenue for relevant assertions related to existence and occurrence of sales transactions to increase assurance level, and verified the consistency of accounting records, supporting documents and collection records.
2. Performed confirmation procedures on sales counterparties for accounts receivable balances, tracked replies, and verified the consistency of confirmation response, accounting records, and customers' information.
3. Sampled and tested sales transactions, by verifying and agreeing the related sales orders and delivery notes to accounting records.

Allowance for valuation of inventory loss

Description

Refer to Note 4(10) for the accounting policies on valuation of inventories, Note 5 for uncertainty of accounting estimates and assumptions on inventory valuation and Note 6(4) for the details of the inventories. As of December 31, 2021, the inventories and allowance for valuation loss amounted to NT$273,249 thousand and NT$9,830 thousand, respectively.

The Company is entrusted to manufacture consumer electronics products such as broadband communications and digital home entertainment according to customers' needs. As these types of electronics products and related inventories are especially susceptible to rapid technological changes, product specification changes and other market factors, there is a higher risk of inventories losing value or becoming obsolete. The Company measures inventories at the lower of cost and net realisable value. For inventories that are over a certain age and individually identified as obsolete, the net realisable value is determined based on historical data on inventory clearance and discount.

Given that the amount of inventory is material, inventory items are voluminous, and determination of net realisable value of inventories that are individually identified as obsolete or damaged rely on management's subjective judgement, we considered the estimation of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the allowance for valuation loss on inventories that are over a certain age and individually identified as obsolete or damaged:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses in the reporting period and assessed the reasonableness of these policies.
2. Validated the appropriateness of system logic of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period of time.
3. Evaluated the reasonableness of inventories individually identified by management as obsolete or damaged with supporting documents, and agreed to information obtained from physical inventory.
4. Discussed with management the net realisable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents and reperformed the calculation and agreed it to management's assessment.

Valuation of non-current financial assets at fair value through profit or loss

Description

Refer to Note 4(6) for the accounting policies on financial assets at fair value through profit or loss – non-current and Note 6(2) for the details of financial assets at fair value through profit or loss – non-current. As of December 31, 2021, the balance of non-current financial assets at fair value through profit or loss amounted to NT$1,455,382 thousand, constituting 53% of the parent company only total assets. As the non-current financial assets at fair value through profit or loss accounted for a significant portion of the parent company only financial statements, and the risk of fair value measurement of such financial assets is likely to increase due to the market competition and economic climate, the Company adopted expert appraisal reports to estimate the fair value based on market prices after taking into account the above factors.

Given that many of the above estimates rely on the management's subjective judgement, which may result in inappropriate accounting estimates, we considered the valuation of non-current financial assets at fair value through profit or loss obtained during the year a key audit matter.

How our audit addressed the matter

We used the appraiser's work in the assessment of measurement method used by management and the reasonableness of assumptions on the above key audit matter, and we performed the following procedures:

1. Obtained an understanding and assessed the related policies and valuation procedures on the fair value measurement and disclosure of financial assets at fair value through profit or loss – non-current to determine whether the measurement method used is commonly adopted in the industry and environment and considered appropriate.
2. Examined the parameters and the formula of valuation model, and reviewed information and documents in respect of the relevance and the reliability of data source.
3. Performed confirmation procedures with the issuance company to verify the number of units at year end, rights and obligations and other specific terms and conditions of the investment target.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
B. 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.
C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
D. 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 auditor's report to the related disclosures in the parent company only 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's 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.

Hsu, Sheng-Chung

Wu, Han-Chi

PricewaterhouseCoopers, Taiwan

March 9, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

CASTLENET TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 112,476	4	$ 255,156	10
1170	Accounts receivable, net	6(3) and 7	708,746	26	347,332	14
1200	Other receivables	7	44,595	2	71,512	3
130X	Inventory	6(4)	263,419	10	38,168	1
1479	Other current assets	8	35,091	1	3,278	-
11XX	**Total current assets**		1,164,327	43	715,446	28
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,455,382	53	1,479,555	58
1550	Investments accounted for under equity method	6(5)	39,527	2	275,218	11
1600	Property, plant and equipment	6(6)	29,368	1	22,044	1
1755	Right-of-use assets	6(7)	8,050	-	11,026	1
1780	Intangible assets		446	-	1,042	-
1840	Deferred income tax assets	6(19)	2,988	-	7,822	-
1920	Guarantee deposits paid		14,764	1	15,590	1
1990	Other non-current assets	6(10)	9,189	-	6,893	-
15XX	**Total non-current assets**		1,559,714	57	1,819,190	72
1XXX	**Total assets**		$ 2,724,041	100	$ 2,534,636	100

(Continued)

CASTLENET TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(8)	$ 66,000	2	$ -	-
2130	Current contract liabilities	6(15)	20,202	1	9,886	-
2170	Accounts payable		24,113	1	49,344	2
2180	Accounts payable - related parties	7	694,579	25	427,657	17
2200	Other payables	6(9) and 7	52,755	2	38,692	2
2280	Current lease liabilities		3,106	-	3,047	-
2399	Other current liabilities		1,082	-	1,101	-
21XX	**Total current liabilities**		861,837	31	529,727	21
	Non-current liabilities					
2570	Deferred income tax liabilities	6(19)	2,988	-	7,822	-
2580	Non-current lease liabilities		5,325	-	8,432	1
2600	Net defined benefit liability non-current		11,515	1	5,606	-
25XX	**Non-current liabilities**		19,828	1	21,860	1
2XXX	**Total liabilities**		881,665	32	551,587	22
	Equity					
	Share capital	6(12)				
3110	Common stock		1,886,180	69	1,886,180	74
	Capital surplus	6(11)(13)				
3200	Capital surplus		130,696	5	127,610	5
	Retained earnings	6(14)				
3310	Legal reserve		18,969	1	18,969	1
3350	Accumulated deficit		(148,399)	(5)	(4,952)	-
	Other equity interest					
3400	Other equity interest		(45,070)	(2)	(44,758)	(2)
3XXX	**Total equity**		1,842,376	68	1,983,049	78
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,724,041	100	$ 2,534,636	100

The accompanying notes are an integral part of these parent company only financial statements.

CASTLENET TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

	Items	Notes	2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
4000	Sales revenue	6(15) and 7	$ 1,692,313	100	$ 1,295,149	100
5000	Operating costs	6(4) and 7	(1,671,999)	(99)	(1,199,787)	(93)
5900	Net operating margin		20,314	1	95,362	7
	Operating expenses	6(17)(18)				
6100	Selling expenses		(21,717)	(1)	(11,735)	(1)
6200	General and administrative expenses		(54,378)	(3)	(60,966)	(5)
6300	Research and development expenses		(93,665)	(6)	(70,679)	(5)
6000	Total operating expenses		(169,760)	(10)	(143,380)	(11)
6900	Operating loss		(149,446)	(9)	(48,018)	(4)
	Non-operating income and expenses					
7100	Interest income		162	-	316	-
7010	Other income		1,228	-	1,524	-
7020	Other gains and losses	6(16)	(2,715)	-	58,510	4
7050	Finance costs	6(7)(8)	(716)	-	(762)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net		921	-	(19,079)	(1)
7000	Total non-operating income and expenses		(1,120)	-	40,509	3
7900	**Loss before income tax**		(150,566)	(9)	(7,509)	(1)
7950	Income tax expense	6(19)	-	-	-	-
8200	**Loss for the year**		($ 150,566)	(9)	($ 7,509)	(1)
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plans	6(10)	$ 2,167	-	$ 2,557	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		(312)	-	3,694	1
8300	**Other comprehensive income for the year, net of tax**		$ 1,855	-	$ 6,251	1
8500	**Total comprehensive income for the year**		($ 148,711)	(9)	($ 1,258)	-
	Loss per share	6(20)				
9750	Basic loss per share		($ 0.80)		($ 0.04)	
9850	Diluted loss per share		($ 0.80)		($ 0.04)	

The accompanying notes are an integral part of these parent company only financial statements.

CastleNet Technology Inc.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves			Retained Earnings			
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Employee stock warrants	Capital surplus, others	Legal reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Total equity
Year ended December 31, 2020									
Balance at January 1, 2020		$ 1,886,180	$ 351,850	$ 4,606	$ -	$ 18,969	($ 236,402)	($ 48,452)	$ 1,976,751
Loss for the year		-	-	-	-	-	(7,509)	-	(7,509)
Other comprehensive income		-	-	-	-	-	2,557	3,694	6,251
Total comprehensive income (loss)		-	-	-	-	-	(4,952)	3,694	(1,258)
Capital surplus used to cover accumulated deficit	6(14)	-	(236,402)	-	-	-	236,402	-	-
Employee share options	6(11)	-	-	5,094	-	-	-	-	5,094
Share-based payments	6(11)	-	(4,994)	4,994	-	-	-	-	-
Overdue dividends unclaimed by shareholders	6(13)	-	-	-	2,462	-	-	-	2,462
Balance at December 31, 2020		$ 1,886,180	$ 110,454	$ 14,694	$ 2,462	$ 18,969	($ 4,952)	($ 44,758)	$ 1,983,049
Year ended December 31, 2021									
Balance at January 1, 2021		$ 1,886,180	$ 110,454	$ 14,694	$ 2,462	$ 18,969	($ 4,952)	($ 44,758)	$ 1,983,049
Loss for the year		-	-	-	-	-	(150,566)	-	(150,566)
Other comprehensive income (loss)		-	-	-	-	-	2,167	(312)	1,855
Total comprehensive income		-	-	-	-	-	(148,399)	(312)	(148,711)
Capital surplus used to cover accumulated deficit	6(14)	-	(4,952)	-	-	-	4,952	-	-
Employee share options	6(11)	-	-	7,705	-	-	-	-	7,705
Share-based payments	6(11)	-	(3,162)	3,162	-	-	-	-	-
Overdue dividends unclaimed by shareholders	6(13)	-	-	-	337	-	-	-	337
Overdue dividends reclaimed by shareholders		-	-	-	(21)	-	-	-	(21)
Others		-	-	-	17	-	-	-	17
Balance at December 31, 2021		$ 1,886,180	$ 102,340	$ 25,561	$ 2,795	$ 18,969	($ 148,399)	($ 45,070)	$ 1,842,376

The accompanying notes are an integral part of these parent company only financial statements.

CastleNet Technology Inc.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 150,566)	($ 7,509)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(17)	14,558	19,402
Amortization	6(17)	596	603
Loss (gain) on expected credit impairment	12(3)	268	(173)
Employee share options	6(11)	7,705	5,094
Interest income		(162)	(316)
Interest expense		716	762
Share of (profit) loss of subsidiaries accounted for under equity method		(921)	19,079
Gain on financial assets at fair value through profit or loss	6(16)	(1,209)	(66,784)
Loss on disposal of property, plant and equipment	6(16)	-	2,763
Cost of provisions		7,819	2,854
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(361,682)	524,293
Other receivables		8,456	(6,774)
Inventory		(225,251)	112,126
Other current assets		(31,812)	15,097
Other non-current assets		(129)	-
Changes in operating liabilities			
Accounts payable		(25,231)	26,543
Accounts payable to related parties		266,922	(559,021)
Other payables		12,203	(5,635)
Current contract liabilities		10,316	9,886
Other current liabilities		(19)	587
Other non-current liabilities		(1,651)	-
Cash (outflow) inflow generated from operations		(469,074)	92,877
Interest paid		(678)	(793)
Income taxes received		137	16
Income taxes paid		(9)	(12)
Net cash flows (used in) from operating activities		(469,624)	92,088
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in receivables from raw material purchases on behalf of others		19,353	(64,339)
Acquisition of property, plant and equipment	6(21)	(17,344)	(9,252)
Disposal of property, plant and equipment		-	32,336
Acquisition of intangible assets		-	(879)
Decrease in guarantee deposits paid		826	4,898
Interest received		25,544	27,995
Capital reduction of subsidiaries accounted for under equity method	6(5)	235,280	-
Net cash flows from (used in) investing activities		263,659	(9,241)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		66,000	-
Repayments of short-term borrowings		-	(90,598)
Repayment of leasing principal		(3,048)	(5,539)
Overdue dividends unclaimed by shareholders	6(13)	337	2,462
Increase in guarantee deposits received		-	1,104
Others		(4)	-
Net cash flows from (used in) financing activities		63,285	(92,571)
Net decrease in cash and cash equivalents		(142,680)	(9,724)
Cash and cash equivalents at beginning of year		255,156	264,880
Cash and cash equivalents at end of year		$ 112,476	$ 255,156

The accompanying notes are an integral part of these parent company only financial statements.

CASTLENET TECHNOLOGY INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

CastleNet Technology Inc. (the “Company”) was incorporated as a company limited by shares on June 26, 1998 and obtained Business Registration Certificate on August 26, 1998. In addition, the Company’s stocks were listed on the Taipei Exchange in March 2010. The Company is primarily engaged in manufacturing and selling consumer electronics products such as broadband communications and digital home entertainment.

2. The Date of Authorisation for Issuance of the Parent Company Only Financial Statements and Procedures for Authorisation

The parent company only financial statements were authorised for issuance by the Board of Directors on March 9, 2022.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘ Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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 non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of 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 above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Rules Governing the Preparation of Financial Statements by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollar, which is the Company's functional and the Company's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

At each reporting date, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.k

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method－subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between subsidiaries and the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Company continues to recognise losses in proportion to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the parent company only financial statements.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a 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 replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	5 ~ 10 years
Testing equipment	2 ~ 10 years
Molding	1 ~ 2 years
Implements equipment	1 ~ 6 years
Other equipment	2 ~ 10 years

(13) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability; The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 4 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

(16) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(21) Provisions

Provisions (including warranties.) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(27) Revenue recognition

A. The Company manufactures and sells a range of consumer electronics products such as broadband communications and digital home entertainments. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of the parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

Refer to Note 6(4) for the carrying amounts of inventories as of December 31, 2021 and 2020.

B. Financial assets—fair value measurement of unlisted stocks without active market

The fair value of financial assets at fair value through profit or loss - non-current held by the Company is determined considering market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these financial assets.

Refer to Note 6(2) for the carrying amounts of non-current financial assets at fair value through profit or loss as of December 31, 2021 and 2020.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	$ 172	$ 178
Checking accounts and demand deposits	19,264	72,578
Time deposits	83,040	142,400
Repo bonds	10,000	40,000
	$ 112,476	$ 255,156

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

	December 31, 2021	December 31, 2020
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bonds	$ 1,387,389	$ 1,412,771
Valuation adjustment	67,993	66,784
	$ 1,455,382	$ 1,479,555

A. The Company has no financial assets at fair value through profit or loss pledged to others.

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2021		
Financial instruments	Contract amount (notional principal)		Contract period
Non-current items:			
Convertible bonds	KRW	54,990,000	108.12.27~113.12.26

	December 31, 2020		
Financial instruments	Contract amount (notional principal)		Contract period
Non-current items:			
Convertible bonds	KRW	54,990,000	108.12.27~113.12.26

C. On December 27, 2019, the Company acquired convertible bonds issued by SPI for KRW 54,990,000 thousand. In accordance with the contract, both parties may, in the event of any serious occurrence, decide whether to re-negotiate the coupon rate and other contract terms and conditions on a semi-annual basis, and interest will be charged annually at the agreed coupon rate. In addition, the Company has the right to convert the bonds into ordinary shares of SPI at KRW 1,000 per share at maturity.

D. The interest received during the years ended December 31, 2021 and 2020 at the agreed coupon rate was $25,382 and $27,672, respectively.

E. The movements of the Company's financial assets measured at fair value through profit or loss is provided in Note 12(4).

(3) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 1,117	$ 1,659
Accounts receivable	663,159	345,760
Accounts receivable due from related parties	44,825	-
Less: Allowance for bad debts	(355)	(87)
	$ 708,746	$ 347,332

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021 Accounts receivable	December 31, 2020 Accounts receivable
Not past due	$ 685,970	$ 347,419
Up to 90 days	23,131	-
	$ 709,101	$ 347,419

B. As of January 1, 2020, the balances of receivables (including notes receivable) from contracts with customers amounted to $871,712.

C. The Company has no collateral held.

D. Information relating to credit risk is provided in Note 12(3).

(4) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 156,970	($ 4,324)	$ 152,646
Work in progress	785	(785)	-
Finished goods	115,494	(4,721)	110,773
	$ 273,249	($ 9,830)	$ 263,419

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 42,500	($ 6,944)	$ 35,556
Work in progress	901	(901)	-
Finished goods	16,690	(14,078)	2,612
	$ 60,091	($ 21,923)	$ 38,168

	Year ended December 31, 2021	Year ended December 31, 2020
Cost of goods sold	$ 1,681,984	$ 1,194,939
Valuation (gain) loss	(9,966)	4,609
Others	(19)	(49)
	$ 1,671,999	$ 1,199,499

For the year ended December 31, 2021, the Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because of the sale of inventories whose net realisable value was lower than its cost.

(5) Investments accounted for under the equity method

	December 31, 2021	December 31, 2020
Subsidiaries:		
Castlenet Technology (BVI) Inc.	$ 39,527	$ 275,218

A. Refer to Note 4(3) in the consolidated financial statements for the years ended December 31, 2021 and 2020 for the information on the Company's subsidiaries.

B. Refer to Note 13 for the information on the Company's subsidiaries in Mainland China.

C. In line with the plan for operational changes in the subsidiary, the Board of Directors during its meeting on December 18, 2020 resolved to sell land use right and property, plant and equipment of the subsidiary, CastleNet Technology Inc. – Kunshan. The transfer process was completed on July 13, 2021. Refer to Note 6(7) in the Company's consolidated financial statements for the year ended December 31, 2021 for details.

D. To utilise idle funds, the Board of Directors of the Company during its meeting on November 11, 2021 resolved the capital reduction and return of capital of the Company's subsidiaries, Castlenet Technology (BVI) Inc. and CastleNet Technology Inc. – Kunshan, with the effective date set on December 16, 2021. The registration has been completed. On December 24, 2021, the Company received USD 8.5 million as return of capital.

E. Refer to Note 11 for the liquidation of the Company's subsidiaries.

(6) Property, plant and equipment

	Machinery	Test equipment	Molding	Implements equipment	Other equipment	Total
At January 1, 2021						
Cost	$ 314	$ 38,321	$ 2,264	$ 140	$ 6,906	$47,945
Accumulated depreciation and impairment	(228)	(22,899)	(1,127)	(82)	(1,565)	(25,901)
	$ 86	$ 15,422	$ 1,137	$ 58	$ 5,341	$22,044
2021						
Opening net book amount as at January 1	$ 86	$ 15,422	$ 1,137	$ 58	$ 5,341	$22,044
Additions	-	2,988	10,590	5,087	241	18,906
Depreciation charge	(31)	(6,006)	(3,712)	(381)	(1,452)	(11,582)
Closing net book amount as at December 31	$ 55	$ 12,404	$ 8,015	$ 4,764	$ 4,130	$29,368
At December 31, 2021						
Cost	$ 314	$ 38,862	$ 11,398	$ 5,227	$ 6,172	$61,973
Accumulated depreciation and impairment	(259)	(26,458)	(3,383)	(463)	(2,042)	(32,605)
	$ 55	$ 12,404	$ 8,015	$ 4,764	$ 4,130	$29,368

	Machinery	Test equipment	Molding	Implements equipment	Other equipment	Total
At January 1, 2020						
Cost	$ 52,564	$ 43,478	$ 6,617	$ 1,236	$ 7,290	$111,185
Accumulated depreciation and impairment	(18,499)	(18,588)	(4,873)	(498)	(4,550)	(47,008)
	$ 34,065	$ 24,890	$ 1,744	$ 738	$ 2,740	$ 64,177
2020						
Opening net book amount as at January 1	$ 34,065	$ 24,890	$ 1,744	$ 738	$ 2,740	$ 64,177
Additions	-	50	807	-	5,557	6,414
Disposal	(30,593)	(3,391)	-	(501)	(614)	(35,099)
Reclassifications	-	150	-	-	(160)	(10)
Depreciation charge	(3,386)	(6,277)	(1,414)	(179)	(2,182)	(13,438)
Closing net book amount as at December 31	$ 86	$ 15,422	$ 1,137	$ 58	$ 5,341	$ 22,044
At December 31, 2020						
Cost	$ 314	$ 38,321	$ 2,264	$ 140	$ 6,906	$ 47,945
Accumulated depreciation and impairment	(228)	(22,899)	(1,127)	(82)	(1,565)	(25,901)
	$ 86	$ 15,422	$ 1,137	$ 58	$ 5,341	$ 22,044

The Company has no property, plant and equipment pledged to others as collateral for borrowings.

(7) Leasing arrangements－lessee

A. The Company leases various assets including buildings, office and warehouse. Rental contracts are typically made for periods of 2-5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise part of office. Low-value assets comprise parking space and other office equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Buildings, office and warehouse	$ 8,050	$ 11,026

	Year ended December 31, 2021	Year ended December 31, 2020
	Depreciation charge	Depreciation charge
Buildings, office and warehouse	$ 2,976	$ 5,964

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $0 and $13,340, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 196	$ 213
Expense on short-term lease contracts	1,000	375
Expense on leases of low-value assets	692	358

F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were $4,936 and $6,485, respectively.

(8) Short-term borrowings

Type of borrowings	December 31, 2021	Borrowing period	Interest rate range	Collateral
Bank borrowings	$ 66,000	2021/11/15~2022/3/15	1.50%	Note 8

A. Interest expense recognised in profit or loss amounted to $520 and $0 for the years ended December 31, 2021 and 2020, respectively.

B. As of December 31, 2020, the Company did not hold any short-term borrowings.

(9) Other accounts payable

	December 31, 2021	December 31, 2020
Wages and bonuses payable	$ 23,374	$ 18,690
Payable on service fees	9,406	7,196
Payable on spare parts	7,300	4,086
Payable on machinery and equipment	2,309	747
Payable on certification fee	2,157	578
Unused compensated absences payable	1,874	1,632
Others	6,335	5,763
	$ 52,755	$ 38,692

(10) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 12,062	$ 13,883
Fair value of plan assets	(21,146)	(20,776)
Net defined benefit liability (shown as other non-current assets, others)	($ 9,084)	($ 6,893)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2021			
At January 1	$ 13,884	$ 20,777	($ 6,893)
Interest expense (income)	48	72	(24)
	13,932	20,849	(6,917)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	297	(297)
Change in demographic assumptions	615	-	615
Change in financial assumptions	(470)	-	(470)
Experience adjustments	(2,015)	-	(2,015)
	(1,870)	297	(2,167)
Pension fund contribution	-	-	-
At December 31	$ 12,062	$ 21,146	($ 9,084)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2020			
At January 1	$ 15,668	$ 19,970	($ 4,302)
Interest expense (income)	126	160	(34)
	15,794	20,130	(4,336)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	647	(647)
Change in demographic assumptions	130	-	130
Change in financial assumptions	648	-	648
Experience adjustments	(2,688)	-	(2,688)
	(1,910)	647	(2,557)
Pension fund contribution	-	-	-
At December 31	$ 13,884	$ 20,777	($ 6,893)

(d) The 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 utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Discount rate	0.75%	0.35%
Future salary increases	4.50%	4.50%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	$ 298	($ 309)	($ 293)	$ 284
December 31, 2020				
Effect on present value of defined benefit obligation	$ 365	($ 379)	($ 356)	$ 345

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to $0.

(h) As of December 31, 2021, the weighted average duration of the retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	362
1-5 year(s)		3,172
5-10 years		2,535
Over 10 years		4,636
	$	10,705

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were $3,765 and $3,530, respectively.

(11) Share-based payment

A. For the years ended December 31, 2021 and 2020, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2019.8.30	8,508	7 years	Note
Employee stock options	2020.12.25	1,663	7 years	Note
Employee stock options	2021.11.24	1,337	7 years	Note

Note: The employees whose services have reached 2 years can be vested with 50%, 3 years with 75% and 4 years with 100%.

B. Details of the share-based payment arrangements are as follows:

	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	8,448	$ 13.56	8,508	$ 13.60
Options granted	1,337	10.80	1,663	11.45
Options forfeited	(710)	-	(1,723)	-
Options outstanding at December 31	9,075	$ 12.13	8,448	$ 13.56
Options exercisable at December 31	3,058	$ 12.60	-	$ -

C. The fair value of stock options granted on August 30, 2019 , December 25,2020 and November 24,2021 are measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (Year)	Expected dividends (%)	Risk-free interest rate (%)	Fair value per unit (in dollars)
Employee stock options	2019.8.30	$13.60	$12.60	39.979~ 41.061%	3.25~ 4.375	-	0.522 ~ 0.543%	$ 4.01~ 4.52
Employee stock options	2020.12.25	11.45	11.45	43.540~ 46.311%	3.25~ 4.375	-	0.177 ~ 0.197%	3.73~ 4.05
Employee stock options	2021.11.24	10.80	10.80	41.68%	4.875	-	0.46%	3.81~ 4.08

D. For the years ended December 31, 2021 and 2020, the compensation cost arising from employee stock options amounted to $9,087 and $10,088, respectively, of which $3,162 and $4,994, respectively, were the share-based payments paid to the employees of the parent company; and $5,925 and $5,094, respectively, were the compensation costs paid to the employees of the Company.

E. On April 6, 2021, the Company's parent company transferred treasury shares to employees of its subordinate companies, and the number of shares granted to the employees of the Company was 638 thousand shares at an exercise price of \$10.31 (in dollars) per share. For the year ended December 31, 2021, the Company's compensation costs arising from the aforementioned share-based payment agreement amounted to \$1,780.

(12) Share capital

A. As of December 31, 2021, the Company's authorised capital was \$3,000,000, consisting of 300,000 thousand shares of ordinary stock and the paid-in capital was \$1,886,180 with a par value of \$10 (in dollars) per share.

B. To meet the Company's long-term business development needs, replenish working capital and invest in projects that are beneficial to the Company's business development, the stockholders at their stockholders' meeting on November 13, 2019 adopted a resolution to raise additional cash through private placement. On the same date, the Board of Directors resolved to set the effective date of private placement capital increase on November 27, 2019 at the subscription price of \$13.44 (in dollars) per share. The amount of capital raised through the private placement was \$1,377,600, which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(13) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The overdue dividends unclaimed by shareholders shall be recognised as capital surplus in accordance with Order No. Jing-Shang-10602420200 issued in September 2017 by the Ministry of Economic Affairs, R.O.C.

(14) Retained earnings (accumulated deficit)

A. The current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with the unappropriated earnings of prior years and current adjustments on unappropriated earnings shall be proposed by the Board of Directors based on actual needs. While, the appropriation of earnings shall be resolved by the shareholders if earnings are distributed by issuing new shares.

B. If the Company distributed all or partial of appropriated dividends and bonus, capital surplus or the legal reserve in the form of cash, they should be resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of the directors, and be reported to the shareholders. Abovementioned dividends distribution should consider factors of finance, business and operations to appropriate distributable earnings for the period. Cash dividends shall account for at least 10% of the total of cash and stock dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. On August 20, 2021, the shareholders at their annual meeting approve the proposal for the 2020 deficit compensation to cover deficit of $4,952 by using capital surplus. The aforementioned deficit compensation was the same with that proposed by the Board of Directors on March 30, 2021.

F. On June 22, 2020, the shareholders at their annual meeting approve the proposal for the 2019 deficit compensation to cover deficit of $236,042 by using capital surplus. The aforementioned deficit compensation was the same with that proposed by the Board of Directors on March 30, 2020.

Information on the appropriation of the Company’s deficit compensation as resolved by the shareholders and the Board of Directors are posted in the ‘Market Observation Post System’ at the website of the Taiwan Stock Exchange.

(15) Operating revenue

	Year ended December 31, 2021		Year ended December 31, 2020	
Revenue from contracts with customers	$	1,692,313	$	1,295,149

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

	Year ended December 31,			
	2021		2020	
Revenue from external customer contracts				
Asia	$	1,400,466	$	917,933
America		268,741		158,273
Europe		23,106		218,943
	$	1,692,313	$	1,295,149

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2021		December 31, 2020		January 1, 2020	
Contract liabilities:						
Contract liability – unearned revenue	$	20,202	$	9,886	$	-
	$	20,202	$	9,886	$	

C. Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31,			
	2021		2020	
Revenue from contracts with customers	$	8,251	$	-
	$	8,251	$	-

(16) Other gains and losses

	Year ended December 31,	
	2021	2020
Losses on disposals of property, plant and equipment	$ -	($ 2,763)
Foreign exchange losses	(3,919)	(5,496)
Gains on financial assets at fair value through profit or loss	1,209	66,784
Others	(5)	(15)
	($ 2,715)	$ 58,510

(17) Expenses by nature

	Year ended December 31,	
	2021	2020
Employee benefit expense	$ 120,671	$ 102,461
Depreciation charges on property, plant and equipment (Note)	14,558	19,402
Amortisation charges on intangible assets	596	603
	$ 135,825	$ 122,466

Note: Including depreciation charges on right-of-use assets.

(18) Employee benefit expense

	Year ended December 31,	
	2021	2020
Wages and salaries	$ 106,710	$ 89,102
Labour and health insurance fees	7,037	6,500
Pension costs	3,741	3,496
Other personnel expenses	3,183	3,363
	$ 120,671	$ 102,461

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and not be higher than 2% for directors and supervisors' remuneration. However, if the Company has accumulated deficit, earnings should first be reserved to cover accumulated deficit.

B. Due to the accumulated deficit, the Company has no employees' compensation and directors' and supervisors' remuneration estimated and accrued for the years ended December 31, 2021 and 2020.

C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	$ -	$ -
Deferred tax:		
Origination and reversal of temporary differences	$ -	$ -
Income tax expense	$ -	$ -

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2021	2020
Tax calculated based on loss before tax and statutory tax rate	($ 30,113)	($ 1,502)
Expenses disallowed by tax regulation	8	4,035
Temporary differences not recognised as deferred tax assets	97	(4,484)
Taxable loss not recognised as deferred tax assets	25,174	9,773
Change in assessment of realisation of deferred tax assets	4,834	(7,822)
Income tax expense	$ -	$ -

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2021		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
—Deferred tax assets:			
Tax losses	$ 7,822	($ 4,834)	$ 2,988
—Deferred tax liabilities:			
Unrealized gain on financial instruments	($ 7,822)	$ 4,834	($ 2,988)

	2020		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
－Deferred tax assets:			
Tax losses	$ -	$ 7,822	$ 7,822
－Deferred tax liabilities:			
Unrealized gain on financial instruments	$ -	($ 7,822)	($ 7,822)

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017 Assessed	$ 121,280	$ 96,253	$ 81,314	2027
2018 Assessed	75,299	75,299	75,299	2028
2020 Assessed	44,885	44,885	44,885	2030
2021 Filed	125,870	125,870	125,870	2031
	$ 367,334	$ 342,307	$ 327,368	

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017 Assessed	$ 121,280	$ 96,253	$ 57,141	2027
2018 Assessed	75,299	75,299	75,299	2028
2020 Filed	44,885	44,885	44,885	2030
	$ 241,464	$ 216,437	$ 177,325	

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	$ 17,991	$ 26,409

F. The Company’s income tax returns through 2019 have been assessed and approved by the Tax Authority.

(20) Loss per share

	Year ended December 31, 2021		
	Amount after tax	Number of ordinary share outstanding (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 150,566)	188,618	($ 0.80)

	Year ended December 31, 2020		
	Amount after tax	Number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 7,509)	188,618	($ 0.04)

Due to the accumulated deficit, the Company did not take into account the dilutive effect of potential common shares for the years ended December 31, 2021 and 2020.

(21) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31,	
	2021	2020
Purchase of property, plant and	$ 18,906	$ 6,414
Add: Opening balance of payable on equipment	747	3,585
Less: Ending balance of payable on equipment	(2,309)	(747)
Cash paid during the year	$ 17,344	$ 9,252

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company is controlled by Kinpo Electronics Inc. (KPO), which owns 68.9% of the Company's shares.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Kinpo Electronics, Inc.	Parent company
Cal-Comp Electronics & Communications Co., Ltd.	Sister company
AcBel Polytech Inc.	Other related company
SaveCom International Inc.	Other related company
Compal Electronics, Inc. and its subsidiaries	Other related company
Cal-Comp Industria De Semicondutores S.A.	Sister company
Cal-Comp Electronics (Thailand) Public Company Limited	Sister company

(3) Significant related party transactions

A. Operating revenue:

	Year ended December 31,	
	2021	2020
Sales of finished goods and raw materials:		
Other related company	$ 45,041	$ -
Sales of services:		
Parent company	-	26,257
Other related company	1,392	-
	$ 46,433	$ 26,257

Except that no similar transactions for reference and the prices and payment terms are determined by negotiations between both parties, all sales to the aforementioned related parties are made at prices available to third parties. The credit terms are 1-6 months to third parties and 2-3 months to related parties.

B. Purchases:

	Year ended December 31,	
	2021	2020
Sister company -Cal-Comp Electronics (Thailand) Public Company Limited	$ 1,694,877	$ 1,126,987
Other related company	2,377	-
	$ 1,697,254	$ 1,126,987

Except that no similar transactions for reference and the prices and payment terms are determined by negotiations between both parties, the Company makes purchases from the aforementioned related parties at the prevailing market price. The payment terms are 1-4 months to third parties and 3-4 months to related parties.

C. Accounts receivable:

	December 31, 2021	December 31, 2020
Accounts receivable:		
Other related company	$ 44,825	$ -

The receivables from related parties arise mainly from sale transactions. The receivables are due 60 to 90 days after the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

D. Other receivables:

	December 31, 2021	December 31, 2020
Receivables from raw material purchases on behalf of others：		
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	$ 44,573	$ 63,926

E. Payables to related parties:

	December 31, 2021	December 31, 2020
Accounts payable:		
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	$ 694,579	$ 427,657
Other payables－other:		
Parent	1	-
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	2,703	4,677
-Others	-	3
	2,704	4,680
	$ 697,283	$ 432,337

(a) Accounts payable arise mainly from purchase transactions and are due 90 to 120 days after the date of purchase. The payables are non-interest bearing.

(b) Receivables and payables arising from purchases on behalf of related parties in the amount of $1,613,314 were offset, the net amount is reported as it meets the criteria for derecognition and offsetting of financial assets and financial liabilities.

F. Property transactions:

Disposal of property, plant and equipment:

	Year ended December 31,			
	2021		2020	
	Proceeds from disposal	Gain (Loss) on disposal	Proceeds from disposal	Gain on disposal
Sister company				
-Cal-Comp Electronics (Thailand) Public Company Limited	$ -	$ -	$ 25,458	$ 121
-Cal-Comp Industria De Semicondutores S.A.	-	-	2,780	57
-Others	-	-	135	91
	$ -	$ -	$ 28,373	$ 269

(4) Key management compensation

	Year ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 20,800	$ 13,720
Post-employment benefits	206	132
	$ 21,006	$ 13,852

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2021	December 31, 2020	Purpose
Pledged demand deposits (shown as other current assets)	$ 2,000	$ 60	Collateral for bank borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies:

None.

(2) Commitments:

None.

10. Significant Disaster Loss:

None.

11. Significant Events after the Balance Sheet Date

Due to the operational changes in subsidiaries in recent years, the Board of Directors during its meeting on March 9, 2022 resolved to liquidate the Company's subsidiaries, CASTLENET TECHNOLOGY (BVI) INC. and CASTLENET TECHNOLOGY INC. – KUNSHAN.

12. Others

(1) Due to the Covid-19 pandemic, there is a lot of uncertainty in the global economy since 2020. Based on the Company's assessment, the pandemic has no material impact on the Company in terms of going concern assumption, impairment of assets and related financing risks. The Company continues to expand its customer base and improve its product research and development capabilities to strengthen market competitiveness. However, the Company will continue to closely monitor the subsequent development of the pandemic and assess the impact on the Company

(2) Capital management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

(3) Financial instruments

A. Financial instruments by category

For information and amounts related to the Company's financial assets, which comprise cash and cash equivalents, financial assets at fair value through profit or loss, accounts receivable (including related parties), other receivables (including related parties), other current financial assets, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables and lease liabilities, refer to the parent company only balance sheets and Note 6.

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 29,899	27.68	$ 827,604
Financial liabilities			
Monetary items			
USD:NTD	$ 26,417	27.68	$ 731,223

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 21,578	28.48	$ 614,541
Financial liabilities			
Monetary items			
USD:NTD	$ 16,952	28.48	$ 482,793

iii. The total exchange loss arising from significant foreign exchange variation on the monetary items held by the Company amounted to $3,919 and $5,496 for 2021 and 2020, respectively.

(b) Price risk

The Company's investments in equity securities comprise hybrid instrument issued by the foreign enterprise. The prices of hybrid instrument would change due to the change of the future value of investee companies. If the prices of these hybrid instrument had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $14,554 and $14,796, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

(c) Cash flow and fair value interest rate risk

The short-term loans for short-term capital revolving requirements are mostly at floating rates, their major risks can be offset by the cash position at floating rates.

(d) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only banks with good credit and financial institutions with sufficient investment grades or above are deemed acceptable for investing. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company assesses expected credit loss on individual significant defaulted accounts receivable, and classifies remaining customers' accounts receivable in accordance with characteristics of customer types. The Company applies different loss rate methodology or provision matrix as basis to estimate expected credit loss on different groups.

iv. The Company uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. According to abovementioned consideration and information, the Company does not expect any significant default possibility of accounts receivable.

v. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2021 and 2020, the provision matrix and loss rate methodology is as follows:

	Not past due	Up to 90 days	Total
At December 31, 2021			
Expected loss rate	0.05%	0.05%	
Total book value	$ 685,970	$ 23,131	$ 709,101
Loss allowance	($ 343)	($ 12)	($ 355)
At December 31, 2020			
Expected loss rate	0.05%~0.075%		
Total book value	$ 347,419	$ -	$ 347,419
Loss allowance	($ 87)	$ -	($ 87)

vi. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021	2020
At January 1	$ 87	$ 260
Provision for impairment	268	-
Reversal of impairment loss	-	(173)
At December 31	$ 355	$ 87

(e) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company’s debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

ii. The table below analyses the Company’s non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

As of December 31, 2021, 2020, the Company's non-derivative financial liabilities (including short-term borrowings, accounts payable, accounts payable to related parties and other payables) will expire within 1 year.

December 31, 2021	Less 1 year	Over 1 years	TOTAL
Non-derivative financial liabilities			
Lease liability	$ 3,243	$ 5,426	$ 8,669

December 31, 2020	Less 1 year	Over 1 years	TOTAL
Non-derivative financial liabilities			
Lease liability	$ 3,243	$ 8,669	$ 11,912

(4) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in financial assets at fair value through profit or loss is included in Level 3.

B. For amounts related to the Company's financial instruments not measured at fair value, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties) and other payables are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 12, 2021 and 2020 is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bonds	$ -	$ -	$ 1,455,382	$ 1,455,382

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bonds	$ -	$ -	$ 1,479,555	$ 1,479,555

(b) The fair values of convertible bonds as of December 31, 2021 and 2020 were measured using the binomial model (one of the lattice models) and lattice model, respectively. The main assumptions used were as follows:

	Fair value at December 31, 2021	Expected duration	Risk-free rate of interest	Expected price volatility (%)
Convertible bonds	$ 1,455,382	2.99 years	1.79%	42.31%

	Fair value at December 31, 2020	Expected duration	Risk-free rate of interest	Expected price volatility (%)
Convertible bonds	$ 1,479,555	3.99 years	1.17%	38.89%

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021	2020
	Hybrid instrument	Hybrid instrument
At January 1	$ 1,479,555	$ 1,440,443
Gains recognised in profit or loss	1,209	66,784
Interest received	(25,382)	(27,672)
At December 31	$ 1,455,382	$ 1,479,555

F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

G. The Company's fair value measurements categorised within Level 3 is valued through outsourced appraisal performed by the external valuer.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	$ 1,455,382	Binomial Model (one of the lattice models)	Long-term income before taxes	-	The higher long-term income before taxes and weighted average cost of capital, the higher the fair value; The higher lack of marketability discount, the lower the fair value.
			Weighted average cost of capital	14.60%	
			Lack of marketability discount	20%	

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	$ 1,479,555	Binomial Model (one of the lattice models)	Long-term income before taxes	-	The higher long-term income before taxes and weighted average cost of capital, the higher the fair value; The higher lack of marketability discount, the lower the fair value.
			Weighted average cost of capital	12.79%	
			Lack of marketability discount	20%	

I. The Group has carefully assessed the valuation models and assumptions used by external valuer to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets	Long-term income before taxes			
Hybrid instrument	Weighted average cost of capital	±1%	$ 14,554	($ 14,554)

			December 31, 2020	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets	Long-term income before taxes			
Hybrid instrument	Weighted average cost of capital	±1%	$ 14,796	($ 14,796)

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 2.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to table 6(2).

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 6.

14. Segment Information

None.

Castlenet Technology Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

		Relationship with the		As of Decemeber 31, 2021				
Securities held by	Marketable securities	securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Castlenet Technology Inc.	SPI. Convertible Bond	None	Non- current financial assets at fair value through profit or loss	-	$ 1,455,382	-	$ 1,455,382	

Castlenet Technology Inc.
Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more
For the year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
CastleNet Technology Inc. - Kunshan	Right-of-use assets and property, plant and equipment	December 18, 2020 (Note 2)	2007/12/7~2018/7/26	$ 238,698	$ 307,040	All proceeds have been collected	$ 28,113	Ming-An Property Ltd.	None	Activate the use of funds for adjusting operational changes in the subsidiary.	Note 1	None

Note 1 : It was valued by independent valuers. Valuations were made using the market comparison approach and cost approach which are categorised within Level 3 in the fair value hierarchy.
Note 2 : Date of the event referred to herein is date of board resolution on disposal. The contract signing date was February 4, 2021. The transfer process has been completed on July 13, 2021.
Note 3 : The numbers in this table are expressed in New Taiwan Dollars. For the amounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate used in financial statements.
Note 3 :The difference between the gains on disposals of non-current asset held for sale to above counterparty amounting to $20,746 for the year ended December 31, 2021 and estimated gains on disposals of land use right and plant amounting to $28,113 as approved by the Board of Directors on December 18, 2020 was resulted from the land value increment tax in Mainland China and effect of exchange rate changes.

Castlenet Technology Inc.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note）
CastleNet Technology Inc.	Cal-Comp Electronics (Thailand) Public Company Limited.	Subsidiary of the Company's parent, Kinpo Electronics Inc.	Purchases	$ 1,694,877	79%	90-120 days after monthly billings	Available to third parties	90-120 days after monthly billings	($ 694,579)	97%	Note

Note: The abovementioned accounts payable to related parties are mainly comprised of the balance of accounts payable for purchasing finished goods from sister companies.

Castlenet Technology Inc.

Information on investees

For the year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit of the investee for the year ended December 31, 2021	Investment income recognised by the Company the year ended December 31, 2021	Footnote
CastleNet Technology Inc.	Castlenet Technology (BVI) Inc.	British Virgin Islands	Investment holdings	$ 302,692	$ 538,992	8,708	100	$ 39,527	$ 921	$ 921	Note

Note: In 2021, CastleNet Technology Inc. – Kunshan has remitted the capital contribution of USD 8.5 million back to the Company through Castlenet Technology (BVI) Inc. The registration has been completed.

Castlenet Technology Inc.

Information on investments in Mainland China

For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021: Remitted to China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income recognised by the Company for the year ended December 31, 2021 (Note 3)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
CastleNet Technology Inc. - Kunshan	Manufacture and design broadband communication products such as modem and sell selfproduced products	$ 207,600 USD 7,500	2	$ 442,880 USD 16,000	$ -	$ 236,300 USD 8,500	$ 207,600 USD 7,500	$ 1,026	100	$ 1,026	$ 33,043	$ -

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
CastleNet Technology Inc. - Kunshan	$ 207,600	$ 207,600	$ 1,105,426

Note 1: The numbers in this table are expressed in New Taiwan Dollars. For the amounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate used in financial statements.

Note 2: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through establishing Castlent Technology (BVI) Inc. in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 3: The investment income (loss) was recognised based on the financial statements audited by independent auditors for the year ended December 31, 2021.

Note 4: In 2021, CastleNet Technology Inc. – Kunshan has remitted the capital contribution of USD 8.5 million back to the Company through Castlenet Technology (BVI) Inc. The registration has been completed.

Castlenet Technology Inc.

Major shareholders information

December 31, 2021

Table 6

	Shares	
Name of major shareholders	Number of shares held	Ownership (%)
Kinpo Electronics, Inc.	129,959	68.9%

CASTLENET TECHNOLOGY INC.
SUMMARY OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 1

Item	Description				Amount
Cash on hand and revolving funds					$ 172
Cash in banks					
Checking accounts and demand deposits					2,148
Foreign deposits					
	USD 609	In thousands	Exchange	27.68	16,866
	EUR 7,972	In thousands	Exchange	31.31	250
Time deposits	USD 3,000	In thousands	Exchange	27.68	83,040
Repo bonds					10,000
					$ 112,476

CASTLENET TECHNOLOGY INC.
SUMMARY OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 2

Client Name	Description	Amount	Note
Related parties			
Company M	Sales of finished goods and raw materials	$ 44,825	
Third parties			
Company I	Sales of finished goods and raw materials	423,913	
Company K	〃	107,532	
Company K	〃	49,966	
Others	〃	82,865	Balance of individual customers is under 5% of this account's balance.
		709,101	
Less: Allowance loss		(355)	
		$ 708,746	

CASTLENET TECHNOLOGY INC.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 3

Item	Description	Amount: Cost	Amount: Value	Note
Raw materials		$ 156,970	$ 158,677	Use net realisable value as market price
Work in process		785	-	Use net realisable value as market price
Finished goods		115,494	128,544	Use net realisable value as market price
		273,249	$ 287,221	
Less:Allowance for inventory valuation loss		(9,830)		
		$ 263,419		

CASTLENET TECHNOLOGY INC.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 4

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
Name	In Thousand Shares	Amount	In Thousand Shares	Amount	In Thousand Shares	Amount (Note 1)	In Thousand Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
Castlenet Technology (BVI) Inc. (Note 1)	17,208	$ 275,218	-	$ -	(8,500)	($ 235,691)	8,708	100	$ 39,527	4.54	$ 39,527	None	

Note 1：The decrease amount includes the proceeds from capital reduction of USD 8.5 million, profit or loss of investments accounted for using the equity method and exchange differences on translation of foreign financial statements.

CASTLENET TECHNOLOGY INC.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 5

Item	Quantities	Amount	Note
Sales of finished goods and raw materials		$ 1,690,609	
Sales of services		1,704	
		$ 1,692,313	

CASTLENET TECHNOLOGY INC.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 6

Item	Amount	
Beginning raw materials	$	42,500
Add: Incoming inventory		497,486
Less: Sale of materials	(	341,901)
Scrapping materials	(	2,127)
Ending raw materials	(	156,970)
Material consumption		38,988
Manufacturing expenses		38,718
Manufacturing costs		77,706
Add: Beginning work in process		901
Incoming inventory		3
Less: Ending work in process	(	785)
Cost of finished goods		77,825
Add: Beginning finished goods		16,690
Acquisition of finished goods		1,702,963
Less: Ending finished goods	(	115,494)
Cost of goods manufactured		1,681,984
Loss on inventory valuation	(	9,966)
Others	(	19)
Operating cost	$	1,671,999

CASTLENET TECHNOLOGY INC.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 7

Item	Selling expenses	General and administrative expenses	Research and development expenses	Total
Wages and salaries	$ 5,407	$ 28,129	$ 40,755	$ 74,291
Bonuses	1,648	8,556	14,514	24,718
Depreciation Expense	501	1,036	8,312	9,849
Services fee	7,990	7,615	3,024	18,629
Others	6,171	9,042	27,060	42,273
	$ 21,717	$ 54,378	$ 93,665	$ 169,760

Note：Balance of individual accounts is under 5% of this account's balance.

CASTLENET TECHNOLOGY INC.
SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 8

	Year ended December 31, 2021			Year ended December 31, 2020		
By nature	Classified as Operating Costs	Classified as Operating	Total	Classified as Operating Costs	Classified as Operating	Total
Employee Benefit Expense						
Wages and salaries	$ 6,716	$ 99,009	$ 105,725	$ 15,399	$ 71,309	$ 86,708
Labour and health insurance	570	6,467	7,037	1,283	5,217	6,500
Pension costs	288	3,453	3,741	571	2,925	3,496
Directors' remuneration	-	985	985	-	2,394	2,394
Other personnel expenses	230	2,953	3,183	747	2,616	3,363
	$ 7,804	$ 112,867	$ 120,671	$ 18,000	$ 84,461	$ 102,461
Depreciation Expense	$ 4,709	$ 9,849	$ 14,558	$ 8,531	$ 10,871	$ 19,402
Amortisation Expense	$ -	$ 596	$ 596	$ -	$ 603	$ 603

Note:
1. As at December 31, 2021 and 2020, the Company had 86 and 93 employees,including 7 and 6 non-employee directors, respectively.
2. Average employee benefit expense in current year was $1,515, average employee benefit expense in previous year was $1,150.
3. Average employees salaries in current year was $1,338, average employees salaries in previous year was $997;
Adjustments of average employees salaries was 34.20%.
4. The Company has set up an audit committee so there is no supervisor’s remuneration.

CASTLENET TECHNOLOGY INC.
SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 8

5. The Company’s salary and compensation policy (including directors, supervisors, managers and employees) is as follows：

A.Unless otherwise stipulated by the laws and regulations, the Company’s compensation policy is governed by the “Regulations Governing Wages and Salaries”and“Regulations Governing Remuneration to Directors and Managers”. Compensation includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures.

B.The Company periodically adjusts wages and salaries based on market surveys, and by reference to consumer price index,salary level in the same industry, operational performance, operational position, job position and categories and performance evaluation to design a compensation system and policy which ensures internal equity and external competitiveness.