TSE : 2397

DFI

DFI 2021 ANNUAL REPORT

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DFI Inc.

I. Spokesperson and Acting Spokesperson

Spokesperson
Name: Li-Min Huang
Title: Senior Director
Tel.: (02) 2697-2986
E-mail: milly.huang@dfi.com

Acting Spokesperson
Name: Fang-Yu Chen
Title: Senior Director
Tel.: (02) 2697-2986
E-mail: eva.chen@dfi.com

II. Address and Tel. of Headquarters, Branches and Plants

1. [Headquarters]

   Address: 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City

   Tel.: (02) 2697-2986 (Code)

2. [Factory]

   Address: 3F, No.157, Shan Ying Rd, Guishan District, Taoyuan City

   Tel.: (03) 216-5058 (Code)

III. Name, Address, Website and Tel. of Stock Transfer Agency

Name: KG Investment Limited Stock Affairs Agency Department
Address: 5F, No.2, Sec. 1, Chongqing South Rd, Taipei City
Website: www.kgieworld.com.tw
Tel.: (02) 2389-2999

IV. Name of the CPAs for the Latest Financial Statements, and Name, Website and Tel. of the Accounting Firm

Name of CPAs: Hui-Chen Chang, Ching-Min Kao
Name of Firm: KPMG
Address: 68F, No.7, Sec. 5, Xinyi Rd, Xinyi District, Taipei City
Website: www.kpmg.com.tw
Tel.: (02) 8101-6666

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None

VI. Company Website:

http://www.dfi.com/

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Chapter 1.Report to Shareholders

I. 2021 Business Report

Outcomes in Implementation of the Business Plan in 2021

The whole world was still impacted by COVID-19 in 2021. Although vaccine coverage gradually increased, there was still a shortage of logistics services and raw materials. In response to these challenges, DFI actively communicated with its customers to keep close connections with them in addition to constantly developing and launching new products, in order to address material shortage of the global supply chain and seek solutions.

The gradual advent of the post-pandemic era further facilitated the needs for automation. To avoid contacts between people, many retail systems were transformed into unmanned services or self-services. Moreover, it was urgent for factories to promote automation of their production lines, so demands for industrial computers increased accordingly.

Besides, DFI constantly strove for perfection in deploying vehicle-borne applications. For vaccine transportation, numerous refrigerated vehicles were needed, and their temperature should be remotely monitored to assure vaccine quality. The mobile monitoring applications cannot only be connected to networks, but are also highly stable with powerful resistance to high/low temperature and vibration. They have transcended ordinary industrial computers in satisfying technology and quality requirements for vehicles.

DFI has been engaged in studying the Internet of Everything applications for years. In respect of edge computing products, it has put forward a multi-platform proposal. Based on this proposal and in combination with DFI's complete software and firmware support, customers can develop their application programs for remote monitoring over a short period of time, in order to reduce maintenance and repair costs. In addition, because of no personnel movement, the chance of virus spread or personnel loss was lowered. Thus, a win-win situation was created between the Company and its customers.

In 2021, DFI's consolidated net revenue amounted to NT$13.211 billion and grew by 58% compared with that of 2020. The consolidated operating profit reached NT$526 million, and the consolidated earnings after tax amounted to NT$782 million, with a growth of 64% compared with that of the preceding year. The net profit attributable to owners of the parent company was NT$616 million, and the after-tax earnings per share amounted to NT$5.38.

Financial revenues, expenditures and profitability are analyzed as follows:

Analysis item \ Year		Financial analysis for the last five years				
		2017	2018	2019	2020	2021
Financial structure	Debt ratio (%)	25.40	31.88	37.89	37.73	55.30
	Ratio of long-term capital to property, plant, and equipment (%)	541.14	345.56	174.28	170.20	215.89
Profitability	Return on total assets (%)	10.16	13.64	9.44	5.86	7.86
	Return on equity (%)	13.26	19.17	14.52	9.19	14.84
	Ratio of income before tax to paid-in capital (%)	46.64	68.90	68.73	53.51	85.96
	Net profit margin (%)	11.25	11.62	8.85	5.72	5.92
	Earnings per share (NT$)	3.65	5.28	5.51	3.54	5.38

2022 business and R&D plans are as follows:

(1) Business policies and R&D plan

1. To foster capabilities of integrating CPU and designing FPGA, to provide more diverse customized services.
2. To continuously and deeply study efficient miniaturized products with low power consumption.
3. To make open source OS open for connection and improve friendly development environment for software of OS.
4. To collaborate with medical customers to exactly satisfy their needs.
5. To improve specifications, including wide temperature/pressure range, and resistance to water/dust/vibration.

(2) Important business policies

1. Development layout for emerging markets

   In addition to its market layout in advanced countries such as Europe, United States and Japan, DFI will continue striving to look for suitable dealers or existing customers in respect of Asia and South America. For emerging markets, it will make long-term investments and increase its local market shares.

2. Improve product and cyber security standards

   With the emergence of the industrial Internet of Everything, problems with cyber security have occurred. How to avoid product loss has become the greatest concern in the market. DFI has introduced IEEE & IEC certification standards for cyber security into its product design processes to make customers feel at ease.

3. Service promotion for custom mainboards

   Small quantity and diversity have been always the most important features of industrial computers. DFI provides custom motherboard services and rapidly drafts custom solutions based on existing mainboards. It assists with customers' material management and version control in their product life cycles, to save customers' time for hardware development and maintenance, in order to maintain long-term cooperation with customers.

In 2022, demands for high performance computing, networks with high transfer security and highly intelligent GPU are elements which are fairly necessary for future industrial upgrading. In the future, DFI will particularly focus on planning green energy, automation, financial technologies, intelligent medicine, intelligent services, data centers and intelligent transport.

It will keep on playing critical roles in waves of transformation, lead development of core technologies, and motivate industrial growth. Lower multiple parties' operating costs by intelligence and automation, to increase production capacity. In the next ten years, DFI will affect multiple parties' strategic value chains, business plans and workforce development, where tremendous business opportunities for application of industrial computers are detectable. In addition, it will constantly enhance its existing product advantages and business constitutions. Dependent upon its R&D team's rich experience, product attractiveness and technological competence, DFI will keep itself informative about future trends, lay a solid foundation for competition and solve customers' pain points. It will comprehensively extend its management, train talents, enhance its corporate social responsibilities, and promote corporate governance as well as strategic transformation and upgrading to satisfy expectations of its employees, shareholders, customers and interested parties, in order to lay a more solid foundation for future revenue growth and move ahead towards sustainable business operations. With you good health and everything goes well!

Wish you good health and all the best!

Chairman : Chi-Hung Chen   President: Chia-Hung Su   Accounting Supervisor: Li-Min Huang

Chapter 2.Company Profile

I. Date of Incorporation: Jul. 14, 1981

II. Development History

1981	•DFI Electronic Equipment Co., Ltd. was established with its address at 1F, No.10, Lane 107, Sec. II, Heping East Rd, Taipei City and capital of NT$ 1,000,000, and mainly engaged in trade, import and export of electronic parts, achieved turnover of more than NT$ 30 million in the first year.
1983	•The capital was increased in cash, and the capital after movement was NT$ 2,500,000.
1984	•A factory was established at Sec. 7, Zhongxiao East Road, Taipei City, and engaged in processing, manufacturing and trading of the computers and peripherals.
1986	•The capital was increased in cash, and the capital after movement was NT$ 10,000,000. •The company was relocated to 6F, No.266, Songjiang Road, Taipei City •The business growth rate was up to 300%. The company successfully expanded the marketing network in America with turnover of nearly NT$ 1 billion.
1987	•A factory was started to be established in Hsichih. •The capital was increased in cash, and the capital after movement was NT$ 30,000,000. •The capital was increased in cash in November, and the capital after movement was NT$ 60,000,000. •The products were launched to Germany and British in a planned manner, and the company worked on establishing the marketing network in Europe.
1988	•Xizhi Factory was completed with a use area of approximate 4297.4 m2. •The factory was relocated to the present address in Hsichih to expand the production capacity. •Handheld scanner with leading design was launched, initiating the specification of the handheld scanner in the world. •Automatic testing equipment (ATE) was purchased to improve the product quality.
1989	•Processing, manufacturing, purchase and sale of slide mouse, handheld scanner, personal computer and interface control card were increased in the operating activities. •The capital was increased and the factory was expanded. The capital was increased to NT$ 120 million. •Computer aided design system was purchased to improve the product design quality.
1990	•Conversion of surplus into capital was NT$ 36,000,000, and the capital after movement was NT$ 156 million. •The Xizhi Factory was expanded. •The patent authorization contract was signed with IBM for purpose of technology cooperation. •It became the first Taiwan manufacturer to establish the system assembly production line in the United States.
1991	•Expansion of the factory was completed with the use area of 6280.8 m2. •The capital was increased in cash, and the capital after movement was NT$ 196 million.
1992	•Automatic circuit testing equipment (ICT) and automatic surface bonding equipment (SMT) were introduced to improve the product quality level and efficiency.
1993	•The Xizhi Factory was expanded for the second time, and the use area was up to 7603.1m2. •The company's business department and R&D department were relocated to the present address of the Xizhi Factory. •The company first introduced energy-saving design of the GREEN PC.
1994	•R&D of CD-ROM formally led the company to the multi-media system market. •Single turnover of NOTEBOOK topped NT$ 300 million, and the annual turnover was up to NT$ 2.1 billion, at a growth rate of 25%.
1996	•CD-ROM factory was transformed into the system assembly factory. •The company designed and manufactured the first 75MHZ system busbar host board in the world to support CYRIX PR 200+CPU. •The 3rd SMT production line was established to start up Siemens SIPLACE80S-15 high-speed machine, increasing the capacity of motherboard by 40,000 PCS/ month. The self-production capacity was up to 120,000 PCS/month. •586 motherboard for double CUP was successfully researched and developed. The company specialized in research, development and manufacturing of the motherboard. •The company cooperated with Philips for the marketing system in Asian-Pacific region to enter the third-world household market.
1997	•The company was elected by Computer Reseller New (CRN) as the Top 10 motherboard Manufacturers in 1996. •The Xizhi Factory was expanded for third time, extending the use area to 9255.9M2, and adding 2

	sets of SMT to rapid improve and balance the motherboard capacity. The monthly capacity was increased to 180,000 PCS. •The system factory was relocated to Jianguo Rd, Xinzhuang, and was dedicated to system assembly agency for Philips and Synnex. The average monthly capacity was about 11,000PCS. •Houjie Factory was established in Dongguan, Mainland China, to establish the third manual assembly production line. •The European Sale Office was established in Bremen, Germany to improve the service quality in Europe. •SCSI onboard & Dual Pentium CPU motherboard was researched and developed to enter the server market.
1998	•The company was elected by Computer Reseller New (CRN) as the Top 10 motherboard Manufacturers in 1997. •The company applied to Stoch Exchange and OTC Trade Center for listing guidance and verification in April. •Xinzhuang System Factor was dissolved at the end of April, and the office building of Houjie Factory was completed at the end of May. •The company released Intel 440BX series motherboards synchronously with Intel. •810 motherboard was elected as the Demo Board manufacturer of Intel in Asian-Pacific region . •Cash capital increase, conversion of surplus into capital, conversion of bonus dividend into capital, and conversion of capital reserve into capital were completed. The capital was increased to NT$ 520 million.
1999	•The company was elected by CRN as the Top 10 motherboard Manufacturers in 1998. •P5BV3 + motherboard product was selected as the only Socket 7 motherboard of full mark in terms of performance weighted score in "Computer World" Contest in Mainland China in February. •DFI 810 motherboard was launched synchronously with Intel in April, and was delivered globally after mass production at the beginning of May. •The 5th SMT was purchased, and the monthly capacity was increased to 200,000 PCS. •810e motherboard was selected as the Demo Board manufacturer (technical reference board) of Intel in the world again, was launched synchronously with Intel in September, and was delivered globally after mass production in October. •The Proposal on Listing in Taiwan Stock Exchange and Securities & Futures Commission was adopted in October. •Capitalized surplus was 64,000,000 shares, and the share capital was increased to NT$ 584,000,000.
2000	•Shares of the Company were traded at Taiwan Stock Exchange from Jan. 15. •An investment company Diamond Flower H.T. Group (BVI) Inc. was established in BVI. •Cash capital increase, conversion of surplus into capital, conversion of bonus dividend into capital, and conversion of capital reserve into capital were completed. The capital was increased to NT$ 981,200,000. •The 6th SMT was purchased, and the monthly capacity was increased to 270,000 PCS. •Treasury stock of 2,800,000 shares was repurchased, and the paid-up capital after movement was NT$ 953,200,000.
2001	•The 7th SMT unit was purchased in April, and the monthly capacity was increased to 300,000 PCS. •Surplus, the bonus dividends and capital reserve were capitalized, and the capital was increased to NT$ 1.15 billion.
2002	•Bonus dividend was capitalized by NT$26,000,000, and the capital was increased to NT$ 1.176 billion. •The 8th SMT was purchased. •A sales office was established in Tokyo, Japan to develop special application platform (ACP) business. •The European Subsidiary was relocated to Rotterdam, Netherlands. A service center was set up in Poland in Eastern Europe. •Treasury stock of 3,200,000 shares was repurchased.
2003	•Treasury stock of 5,050,000 shares was repurchased. •Bonus dividend was capitalized by 1,260,000 shares (NT$ 12,600,000). Treasury stock of 2,000,000 shares was canceled, and the paid-up capital after movement was NT$ 1.1686 billion. •LANPARTY NFII ULTRA was given the Recommended Award of LANPARTY.com, PC Professionell Full-mark 5X Extreme Award, Recommended Award by Editor-in-chief of PC Magazine, and the Best Creative Award for motherboard of Tom's Hardware Guild 2003.
2004	•Treasury stock of 8,200,000 shares was repurchased, and the paid-up capital was increased to NT$1.098 billion.

2005	•Treasury stock of 3,050,000 shares was repurchased. •Paid-up capital was increased to NT$ 1.097 billion. •The subsidiary DFI-SJ reduced the capital to recover the losses at an amount of USD 1.49 million; meanwhile, the Company increased capital for this subsidiary by USD 0.99 million. The capital of this company after movement was USD 1 million. •ACP turnover exceeded 50%, and the industrial computers became the principal activity of the company.
2006	•Paid-up capital was increased to NT$ 1.083 billion. •GE invested the Company and became one of the most important shareholders. •100% of equity in DFI-Japan was acquired at a cost of NT$ 24.55 million. •ACP consolidated annual turnover growth rate exceeded 51% for three consecutive years.
2007	•Paid-up capital was increased to NT$ 1.14 billion. •The remaining 65.77% of equity of the subsidiary ITOX was acquired at a cost of NT$ 234 million. •The company passed QC08000, ISO140001 and Green Partner certification.
2008	•Paid-up capital was increased to NT$ 1.19 billion. •The company invested 100% of equity in Yen Tung Technology Co., Ltd., at an investment cost of USD 6 million (NT$ 187.26 million). •The capital of DFI-Japan was increased by JPY 280 million (about NT$ 79.94 million).
2009	•Paid-up capital was increased to NT$ 1.21094 billion.
2010	•Treasury stock of 819,000 shares was canceled, and the paid-up capital was increased to NT$ 1.20275 billion.
2011	•The processing factory in Mainland China was transformed into a wholly-owned factory. The wholly-owned factory was established on May 26, 2011 with a registered capital of USD 2.50 million. •Treasury stock was repurchased for twice, respectively, 3,182,000 shares and 2,254,000. After cancellation, the share capital was NT$ 1.1484 billion. •The System R&D Division was established, to develop the industrial computer system business. •The Xizhi Factory obtained ISO13485 certification, and Houjie Factory passed ISO14001 certification.
2014	•A domestic sales office-Yan Ying Hao Trading (ShenYan) Co., Ltd. was established in Shenzhen, China on Jun. 4, 2014. •Treasury stock of 1,766,000 shares was repurchased. •EC200-BT fanless embedded industrial computer, and EC541-HD modular embedded industrial computer were given Computex 2014 d&i Innovative Award. •EC541-HD modular embedded industrial computer was given 2014 China Design Red Star Award. •EC200-BT fanless embedded industrial computer was given 2014 Gold Point Design Award.
2015	•Treasury stock of 1,615,000 shares was transferred to the employees. •The Company's headquarters was relocated to Farglory U-TOWN, Sec. 1, Xintai 5th Rd, Xizhi
2016	•Loaded Qualcomm processor motherboard and medical industrial system were launched. •The company passed QML certification of top 3-level standards under IPC J-STD-001 and IPC-A-610. •The company passed Microsoft Azure IoT certification.
2017	•Treasury stock of 151,000 shares was canceled, and the paid-up capital after movement was NT$ 1.14689 billion. •The company joined Qisda Group. •The company was selected by CommonWealth Magazine as Top 50 Operating Turnover.
2018	•Capacity was increased, and the new 5th SMT was added.
2019	•AEWIN Technologies Co., Ltd. was acquired in March, with accumulated shareholding ratio of 50.74%. ACE PILLAR Co., Ltd. was acquired in October with accumulated shareholding ratio of 26.62%.
2020	•The business address of the company was changed to 10F, No.97, Sec.1, Xintai 5th Rd, Xizhi Dist., New Taipei City •On Nov. 10, the Board of Directors approved acquisition of the ordinary shares of AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. in the open market, with accumulated shareholding ratio of 50.84% and 33.56% respectively. •Intel issued the Best IoT Solution Provider Award. • [Top 100 Enterprises of Rapid Growth] by CommonWealth Magazine
2021	•On Mar. 22, the Board of Directors approved investments in preferred shares and ordinary shares of Brainstorm Corporation, with shareholding ratio of 35.09%. •Treasury stock of 200,000 shares was canceled, and the paid-up capital after movement was NT$ 1.14489 billion. •Ordinary shares of AEWIN Technologies Co., Ltd. were acquired in the open market continuously,

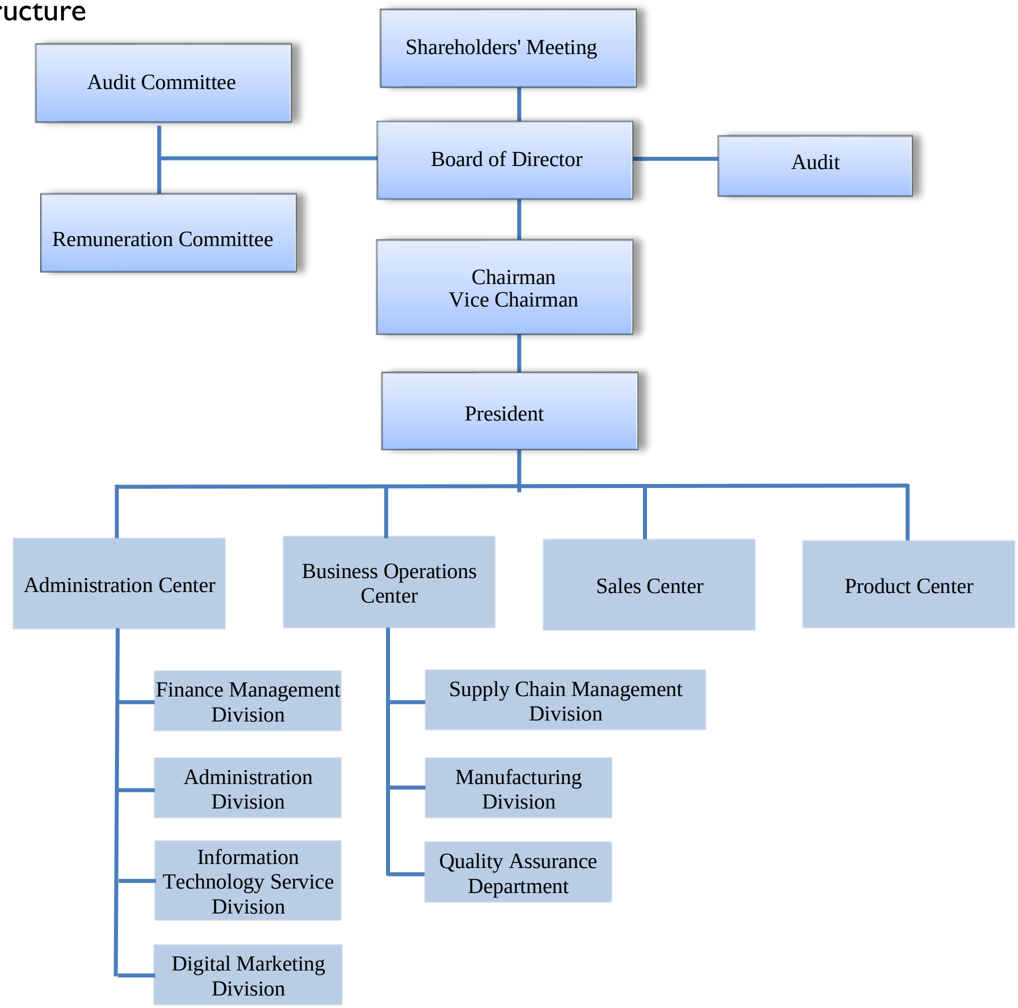
	with accumulated shareholding ratio of 51.38%. •On Jun. 8, the Board of Directors approved acquisition of the ordinary shares of ACE PILLAR Co., Ltd. , with accumulated shareholding ratio of 48.07%. •Hectronic issued the Best Supplier Award. •Intel issued the Best IoT Solution Provider Award.
2022	•Financial Times evaluated [High-Growth Companies Asia-Pacific 2022]

Note: The development history of the subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. was set out in the Company's 2021 Annual Report.

Chapter 3.Governance Report

I. Organization

(I) Organization Structure



(II) Business of each major department

Segment	Responsibility
Administration Center	1. Accounting system, accounting, and tax treatment analysis and planning 2. Matters related to the acquisition, use, and dispatch of working capital 3. Use of various financial statement data to set a business direction 4. Annual budget, stock affairs, credit management, and investment strategy planning and execution 5. Establishment and management of personnel systems, such as manpower planning, recruitment, appointment, evaluation, and promotion 6. Planning, design, and management of the remuneration system, business trips, insurance, and benefits 7. Education and training and talent training planning, system establishment, and implementation 8. Planning and implementation of business, such as corporate culture and employee relations 9. Management analysis and maintenance of information systems 10. Digital business report planning and design 11. Exhibition planning and execution 12. Potential client list collection and performance tracking 13. New product and brand promotion program planning and execution
Business Operations Center	1. Global operations planning and management 2. Strategic procurement planning and management 3. Responsible for the production and manufacturing of each product 4. Production yield, capacity planning, and efficiency control 5. Implementation of the quality management system to ensure product quality and meet clients' needs 6. Product quality management supervision and quality strategy planning and implementation 7. International standards and relevant certification information announcement 8. Provision of the R&D unit with measurement analysis results and safety certification application service 9. Provision of after-sales services
Sales Center	1. Development and promotion of domestic and foreign market business 2. Formulation of marketing plans 3. Product education and training for customers
Product Center	1. Product development, design, and establishment and maintenance of R&D design processes 2. Helping the Business Operations Center deal with and analyze defective products to improve the production process and design quality 3. Audit management, distribution, and filing of ISO operating procedure data files 4. Responsible for product planning and provision of project technical support 5. Market demand analysis, product direction setting, marketing planning, and sales promotion 6. Project technical documents and engineering change management and approval document maintenance

II. Data of directors, President, Vide President, Associate Managers, and head of each department and branch

(I) Data of directors (a)

Transmission Ceasing Date: Apr. 19, 2022; Unit: Share

Title	Nationality or Place of Incorporation	Name	Sex/ Age	Date of Selection (Appointment)	Term of Office	Initial Appointment Date	Shares held at the time of appointment		Shares held at present		Shares currently held by the spouse and minor children		Shares held in the name of others		Main experience (educational background)	Position concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or second degree of kinship		
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship
Chairman	Republic of China	Qisda Corporation	-	2020.06.16	3	2017.12.28	51,609,986	45%	51,609,986	45%	-	-	-	-	-	-	-	-	-
		Representative: Chi-Hung Chen	Male 60 ｜ 69				-	-	-	-	-	-	-	-	Science and Technology Management Class of National Chengchi University Thunderbird, USA International MBA Electrical Engineering Department, National Cheng Kung University BenQ Product Technology Center President	Chairperson & CEO of Qisda Corporation Chairperson of BENQ TRIDENT MEDICAL Corporation Chairperson of PARTNER TECH CORP. Director of AUO Director of DARFON ELECTRONICS Corporation Director of BenQ Corporation Director of BenQ Materials Corporation Vice Chairperson of Alpha Networks Inc. Director of Hitron Technologies Inc. Director of keyway Investment Director of Phoenix Innovation and Venture Capital Director of BenQ Cultural Education Foundation	-	-	-
Vice Chairman	Republic of China	Qisda Corporation	-	2020.06.16	3	2017.12.28	51,609,986	45%	51,609,986	45%	-	-	-	-	-	-	-	-	-
		Representative: Chang-Hung Li	Male 40 ｜ 49				-	-	29,000	0.03%	-	-	-	-	PhD of Department of Electrical Engineering, National Taiwan University Department of Electrical Engineering, National Taiwan University President of PARTNER TECH CORP. COO of DFI Inc.	Vice President of Qisad Corporation Vice President of PARTNER TECH CORP. Chairperson of AEWIN Technologies Co., Ltd. Chairperson of ACE PILLAR Co., Ltd. Chairperson of Sysage Technology Chairperson of I-HSIN Information Chairperson of BENQ ESCO Corporation Chairperson of BENQ Guru Chairperson of BENQ Guru Software (Suzhou) Director of Aplex Technology Co., Ltd. Director of Ho Chung Intelligent Technology Director of EXPERT ALLIANCE SYSTEMS & CONSULTANCY	-	-	-

Title	Nationality or Place of Incorporation	Name	Sex/ Age	Date of Selection (Appointment)	Term of Office	Initial Appointment Date	Shares held at the time of appointment		Shares held at present		Shares currently held by the spouse and minor children		Shares held in the name of others		Main experience (educational background)	Position concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or second degree of kinship		
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship
Director & President	Republic of China	Qisda Corporation	-	2021.11.05	3	2021.11.05	51,609,986	45%	51,609,986	45%	-	-	-	-	-	-	-	-	-
		Representative: Chia-Hung Su (Note 1)	Male, 50 | 59				-	-	20,000	0.02%	-	-	-	-	Master of Electrical Engineering, National Taiwan University Bachelor of Electrical Engineering, National Taiwan University COO of AEWIN Technologies Co., Ltd.	Director of AEWIN Technologies Co., Ltd. Director of ACE PILLAR Co., Ltd.	-	-	-
Director	Republic of China	Ming-Shan Li	Male, 50 | 59	2020.06.16	3	2020.06.16	-	-	-	-	-	-	-	-	Master from Institute of Business Management, National Chengchi University Director of CITI Investment Bank	Director of BaFang Dumpling Director of Ta Liang Technology Co., Ltd Director of Nien Made Enterprise Independent Director of Dafeng TV Ltd. Independent Director of WISTRON CORP. Chairperson of Tombo Financial Consultant Chairperson of Tombo Venture Capital Chairperson of Synopsys Investment Chairperson of Scotion Investment Chairperson of Pussu Investment Chairperson of Peissu Investment Chairperson of ILITECK Chairperson of Gordias Investments Ltd. Chairperson of Hyllus Investments Ltd.	-	-	-
Independent Director	Republic of China	Kuang-Jen Chou	Male, 60 | 69	2020.06.16	3	2016.6.13	-	-	-	-	-	-	-	-	Entrepreneur Class of National Chengchi University Logah Technology Corp. President of AMD	Independent Director of SONG SHANG ELECTRONICS CO.,LTD. President of Matsunosuke	-	-	-
Independent Director	Republic of China	Chih-Hao Chu	Male, 50 | 59	2020.06.16	3	2017.12.28	-	-	-	-	-	-	-	-	Master of Electric Engineering, National Taiwan University EMBA, National Taiwan University Founder of GIGM	President of Innovative Industrial Technology Transfer Corporation Director of New Consulting Corporation Director of Chuangzhi IP Management Chairperson of Zhichuang Investment Director of Innovative Venture Capital Chairperson of Digital Economy Chairperson of Hengli Medical Technology	-	-	-
Independent Director	Republic of China	Te-Chang Yeh	Male, 60 | 69	2020.06.16	3	2017.12.28	-	-	-	-	-	-	-	-	Master of Economics, National Chengchi University President of Tia Chi Investment	Supervisor of Meshi Technology Independent Director of Chiang Shen Industrial Independent Director of Chia Yu Corporation Supervisor of Ho Ching Technology Corp.	-	-	-

Note 1: Corporate Director Representative of Qisda Corporation: Chi-Nan Tsai resigned on Nov. 5, 2021, and Chia-Hung Su took his place as the representative.

Table I: Major Shareholders of Institutional Shareholders

Name of Institutional Shareholders (Note 1)	Major Shareholders of Institutional Shareholders	
	Name	Shareholding ratio
Qisda Corporation	AU Optronics Corp.	17.04%
	Acer Inc.	4.15%
	Konly Venture Corp.	2.55%
	Taishin International Bank in custody for employee stock ownership trust of Qisda Corp.	2.08%
	Darfon Electronics Corp.	2.03%
	Citibank (Taiwan) Limited in custody for Polunin Developing Countries Fund, LLC	1.03%
	Citibank (Taiwan) Limited in custody for Norges Bank	1.03%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	0.96%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.93%
	Taishin International Bank in custody for Creo Venture Corp.	0.87%
BVI Gordias Investments Limited	Horizontal Global Investments Limited	84.84%

Note 1: The data source of Qisda Corporation is the information of the company's book closure date as of Apr. 1, 2022

Table II: Major shareholders of Institutional shareholders whose Major shareholder is a Juristic Person in Table I

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders (Note 2)	
	Name	Shareholding ratio
AU Optronics Corp.	Qisda Corporation	6.90%
	Quanta Computer Inc.	4.61%
	Bank SinoPac in custody for ESOP Trust Management Committee of AU Optronics Corp.	4.58%
	Hong Kong Financial Services Co., Ltd. registered as the joint representative of the depositary receipt holder and the designated person of the depository institution following the depository deed dated May 29, 2002, between the depositary institutions Citibank, AU Optronics Corp., and the holders of the depositary receipts	4.19%
	Fubon Life Insurance Co., Ltd.	3.93%
	Tong Hwei Enterprise Co., Ltd.	1.58%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.26%
	Citibank (Taiwan) Limited in custody for Norges Bank	0.97%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	0.94%
	New Labor Pension Fund	0.79%
Acer Inc.	Hung Rouan Investment Corp.	2.42%
	Chase Bank N.A. in custody for Universities Superannuation Scheme Limited	1.53%
	JPMorgan in custody for Vanguard Emerging Markets Stock Index Fund	1.33%
	Chase Bank N.A. in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star	1.21%
	Standard Chartered Bank in custody for Credit Suisse First Boston	1.20%
	JPMorgan Chase Bank N.A. in custody for JPMorgan Securities LLC	1.16%
	Stan Shih	1.15%
	Standard Chartered Bank in custody for iShares MSCI Taiwan Index	1.01%
	Chase Bank N.A. in custody for Saudi Central Bank	0.97%
	Citibank (Taiwan) Limited in custody for Acer overseas depositary receipts	0.95%
Darfon Electronics Corp.	Qisda Corporation	20.72%
	BenQ Corporation	5.01%
	Citibank (Taiwan) Limited in custody for Norges Bank	2.06%
	Ching-Jui Chang	1.66%
	Mega International Commercial Bank	1.62%
	Standard Chartered Bank, Business Department in custody for Credit Suisse Group AG	1.48%
	Andy Su	1.45%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	1.08%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for JPMorgan Securities LLC	1.07%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.95%

Note 2: Data source is the company's 2020 Annual Report

Data of directors (b)

I. Information of professional qualification of directors and independence of the independent directors:

Name \ Criteria		Professional Qualifications and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chairman	Representative of Qisda Co., Ltd.: Chi-Hung Chen	(1). After graduating from the Department of Electrical Engineering of National Cheng Kung University in 1985, he further obtained a master's degree in Global Management from Thunderbird School of Global Management in the United States. He joined Qisda Corporation in 1991 and served as the president of Product Technology Center, BenQ Corporation. At BenQ, he was able to immediately and effectively exercise his judgment about industrial situation, product development trends, and changes in the market environment, and repeatedly achieved excellent performance. In 2017, he was appointed by the board of directors of Qisda Corporation and officially took over as the chairman and the president. He excels at leadership, business judgment, crisis management; has business management and industry knowledge and an international perspective, to lead the group's teams to move toward sustainable development. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Not applicable.	0
Vice Chairman	Representative of Qisda Co., Ltd.: Chang-Hung Li	(1). Graduating from the Department of Electrical Engineering of National Taiwan University with a Ph.D. In Electrical Engineering, National Taiwan University, he used to work as the president of Partner Tech Corp. and the chief perating officer of DFI Inc. and is currently serving as the vice president of Qisda Co., Ltd. and the chairman of AEWIN Technologies Co., Ltd., Ace Pillar Co., Ltd., and Sysage Technology Co., Ltd. He has been involved in electronic technology companies' business in-depth for many years and has accumulated a wealth management experiences. He excels at leadership and business judgment; has business management and industry knowledge and an international perspective. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Not applicable.	0
Director and President	Representative of Qisda Co., Ltd.: Chia-Hung Su (Note 3)	(1). Graduating from the Department of Electrical Engineering of National Taiwan University, with a master's degree in Electrical Engineering, National Taiwan University, he used to work as the director of Qisda Co., Ltd. and BenQ Corporation and the chief operating officer of AEWIN Technologies Co., Ltd. and is currently serving as a director at AEWIN Technologies Co., Ltd. and Ace Pillar Co., Ltd. He has been involved in this industry in-depth for many years and has accumulated a wealth management experiences. He has business management and industry knowledge and an international perspective. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Not applicable.	0
Director	Ming-Shan Li	(1). Graduating with from the Graduate Institute of Business Administration, National Chengchi University with a master's degree. He used to be the head of Yuanta Securities Greater China Investment Bank, a director at Yuanta Commercial Bank, a director at and the president of Citibank and the head of Citibank, Shanghai, and the executive director at JPMorgan Investment Bank. He has successfully handled a number of investments in TWSE primary listed foreign companies, transnational and domestic mergers and acquisitions, and executed a number of international offerings by well-known companies. He is currently serving as the chairman of MagiCap Venture Capital Co., Ltd., a director at Taliang Technology Co., Ltd., and an independent director at Wistron Corporation. He has excellent financial analysis and investment management capabilities. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Not applicable.	3

Name \ Criteria		Professional Qualifications and Work Experience(Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Independent Director	Kuang-Jen Chou	(1). Graduated from the Executives Program, National Chengchi University, with a master's degree. He used to be the president of Logah Technology Corporation and Advanced Micro Devices, Inc. (AMD). He is currently serving as an independent director at Song Shang Electronics Co., Ltd. and the president of Song Zhi Zhu Co., Ltd. He has accumulated a wealth of management experiences, with business management and industry knowledge and an international perspective. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Compliant	1
Independent Director	Chih-Hao Chu	(1). Graduating from National Taiwan University with a master's degree in electrical engineering and an EMBA degree, he is the founder of Hoshin Gigamedia Center Inc. and is currently serving as the president of Industrial Technology Investment Corporation, director at GIT Consultants Corporation, director at Intellectual Property Innovation Corporation, and chairman of IP Venture Investment and Management Company. He has been involved in this industry in-depth for many years and has accumulated a wealth of management experiences. He specializes in accounting and financial analysis, information management, technological innovation, and industrial development. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Compliant	0
Independent Director	Te-Chang Yeh	(1). Graduating from National Chengchi University with a master's degree in economics, he used to be the president of USIFE Investment Co., Ltd., and is currently serving as an independent director at Jiangshen Industry, an independent director at Kian Shen Corporation and a supervisor at Wafer Works Corporation and Maxkit Tech. He has been involved in this industry in-depth for many years and has accumulated a wealth of management experiences. He specializes in accounting and financial analysis, information management, technological innovation, and industrial development. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Compliant	2

Note 1.Professional qualification and experience: Please state the professional qualification and experience of the individual directors and supervisors; in case of members of the Audit Committee with expertise in accounting or finance, please state the accounting or financial background and work experience, and whether there are circumstances under Article 30 of the Companies Act.

Note 2.The independent director shall state conformity with independence, including but not limited to whether the independent director or his/her spouse and relatives within second degree of kinship acting as director, supervisor or employee in the Company or its affiliated enterprises; number and percentage of shares held by the independent director or his/her spouse and relatives (or in the name of others) within second degree of kinship in the Company; whether acting as director, supervisor or employee in the companies having particular relationship with the Company (by reference to Paragraphs 5-8 of Section 1 of Article 3 under the Regulations on Setting and Compliance Issues of Independent Director for Companies Making Public Offering); amount of remuneration received from providing commercial, legal, financial and accounting services to the Company or its affiliated enterprises during the recent two years.

Note 3.Corporate Director Representative of Qisda Corporation: Chi-Nan Tsai resigned on Nov. 5, 2021, and Chia-Hung Su took his place as the representative.

II. Diversification and independence of the Board of Directors:

The Code of Governance formulated by the Company expressly set forth the diversification policies for the board members and the overall staff of the Board of Directors. Nomination and election of the members of the Board of Directors will be subject to candidate nomination system according to the provisions of the Articles of Association. In addition to the educational background and work experience, the candidates will be also elected by reference to the opinion of the stakeholders in accordance with the Director Election Measures and the Code of Governance in order to guarantee diversification and independence of the board members.

The Board of Directors as a whole shall have the following competences: 1. Operation judgment; 2. Accounting and financial analysis; 3. Operation management; 4. Crisis management; 5. Industry

knowledge; 6. International market insights; 7. Leadership; 8; Decision-making ability.
Specific management targets: number of the directors who concurrently act as the managers shall not exceed one third of all directors; the number of the directors who are spouse or relatives within the second degree of kinship to each other does not exceed 50% of the total number of directors.
Responsibilities of the Chairperson and the President shall be expressly divided. The Chairperson and the President shall not be the same person. If the same person act as the Chairperson and the President concurrently, or the Chairperson and the President are spouse or immediate relatives, then, the independent director seat will be increased.
The employee directors account for 14% of the total number of directors, and the independent directors account for 43% of the total number of directors. By the end of 2021, 3 independent directors have served in the Company for 4-6 years. 3 directors are 60-69 years old; 3 directors are 50-59 years old; one director is 40-49 years old. The independent directors conform to the qualification as independent director of the Securities and Futures Bureau under Financial Supervisory Commission. Information about educational background, work experience, sex, professional qualification, and diversification of the directors is set out in the data of directors in the Governance Report at Pages 9-10.

(II) Information about President, Vice President, Associate Managers and Heads of Each Department and Branch

Date: Apr. 19, 2022

Title (Note)	Nationality	Name	Date of Selection (Appointment)	Date of Selection (Appointment)	Number of Shares		Shares held by spouse and minor children		Shares held in the name of others		Main experience (educational background)	Position concurrently held in the Company and other companies	Managers who are spouse or relatives within the second degree of kinship		
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship
President	Republic of China	Chia-Hung Su	Male	2021.11.10	20,000	0.02%	-	-	-	-	Master of Electrical Engineering, National Taiwan University COO of AEWIN Technologies Co., Ltd.	Corporate Director Representative of AEWIN Technologies Co., Ltd. Corporate Director Representative of ACE PILLAR	-	-	-
Senior Director	Republic of China	Li-Min Huang	Female	2013.12.13	26,050	0.02%					Institute of Finance, Taiwan University of Science and Technology Lite-on Technology Corporation	Corporate Director Representative of AEWIN Technologies Co., Ltd. Corporate Director Representative of ACE PILLAR			
Senior Director	Republic of China	Chia I-Chang	Male	2012.12.01	174,000	0.15%	-	-	-	-	Tsinghua University Sheng Chi Computer	None	-	-	-
Senior Director	Republic of China	Hsin-Chung Chan	Male	2016.01.06	-	-	-	-	-	-	University of Wisconsin, USA	None	-	-	-
Senior Director	Republic of China	Hsiao-Yu Chiao	Male	2012.12.01	10,000	0.01%	-	-	-	-	Institute of Industrial Management, National Taiwan University of Science and Technology To Hui Trade, To Han Corporation	None	-	-	-

Note: Incumbent up to the date of publication of annual report

(III)Remuneration paid to the directors, the President and the Vice President during the most recent fiscal year

(1) Remuneration of general director and independent director

2021.12. 31; Unit: In Thousands of New Taiwan Dollars

Title	Name	Remuneration Paid to Directors								Ratio of A+B+C+D to Net Income (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of A+B+C+D+E+F+G to Net Income (Note 10)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay and Pension (B)		Directors' Remuneration (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonus, and Allowance (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company		All Companies in the Consolidated Financial Statements (Note 7)		The Company	All Companies in the Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Director	Representative of Qisda Corporation: Chi-Hung Chen Chi-Nan Tsai (Note1) Chang-Hung Li Chia-Hung Su Ming-Shan Li	2,800	6,200	0	0	3,979	3,979	200	320	1.13%	1.70%	4,278	4,278	117	117	1,050	-	1,050	-	2.02%	2.59%	100,695
Independent Director	Kuang-Jen Chou Chih-Hao Chu Te-Chang Yeh	1,680	1,680	0	0	1,706	1,706	150	150	0.57%	0.57%	0	0	0	0	0	0	0	0	0.57%	0.57%	0

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:
The remuneration to the Company's directors is paid by the Board of Directors as authorized in accordance with the of the Company's Articles of Incorporation based on each director's participation in the Company's operations and value of contribution while with reference to the Regulations on Remuneration of Directors and Functional Committees stipulated as per the domestic and foreign industry standards. Where the Company has earnings, the Board of Directors shall determine the amount of directors' remuneration through a resolution in accordance with the Company's Articles of Incorporation. Independent directors are ex officio members of the Audit Committee. In addition to the remunerations paid to directors, an amount of reasonable remuneration is determined as per each individual's responsibilities, risks assumed, and time spent.
2. Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.

*Please list the relevant information on directors (who are not independent directors) and independent directors separately.

Note 1: Representative of the corporate director, Qisda Co., Ltd.: Chi-Nan Tsai resigned on November 5, 2021, and a new representative was assigned: Chia-Hung Su

Remuneration Range Table

<table>
<tr><td rowspan="3">Range of Remuneration Paid to Directors</td><td colspan="4">Name of Director</td></tr>
<tr><td colspan="2">Sum of A+B+C+D</td><td colspan="2">Sum of A+B+C+D+E+F+G</td></tr>
<tr><td>The Company (Note 8)</td><td>All Companies in Consolidated Financial Statements(Note 9) H</td><td>The Company (Note 8)</td><td>All Companies in Consolidated Financial Statements (Note 9) I</td></tr>
<tr><td>Less than NT$1,000,000</td><td>Director: Representative of Qisda Co., Ltd. (Chia-Hung Su) (Note 11)
Director: Representative of Qisda Co., Ltd. (Chi-Nan Tsai) (Note 11)</td><td>Representative of Qisda Co., Ltd. (Chia-Hung Su)(Note 11)</td><td>–</td><td>–</td></tr>
<tr><td>NT$1,000,000 (inclusive)- NT$2,000,000 (exclusive)</td><td>Director: Representative of Qisda Co., Ltd. (Chang-Hung Li)
Director: (Ming-Shan Li)
Independent Directors: (Chih-Hao Chu, Te-Chang Yeh, and Kuang-Jen Chou)</td><td>Director: Representative of Qisda Co., Ltd. (Chi-Nan Tsai)
Director: (Ming-Shan Li)
Independent Directors: (Chih-Hao Chu, Te-Chang Yeh, and Kuang-Jen Chou)</td><td>Directors: Representatives of Qisda Co., Ltd. (Chang-Hung Li) (Chia-Hung Su) (Note 11)
Director: (Ming-Shan Li)
Independent Directors: (Chih-Hao Chu, Te-Chang Yeh, and Kuang-Jen Chou)</td><td>Director: Representative of Qisda Co., Ltd. (Chia-Hung Su) (Note 11)
Director: (Ming-Shan Li)
Independent Directors: (Chih-Hao Chu, Te-Chang Yeh, and Kuang-Jen Chou)</td></tr>
<tr><td>NT$2,000,000 (inclusive)-NT$3,500,000 (exclusive)</td><td>Director: Representative of Qisda Co., Ltd. (Chi-Hung Chen)</td><td>Director: Representative of Qisda Co., Ltd. (Chi-Hung Chen)</td><td>Director: Representative of Qisda Co., Ltd. (Chi-Hung Chen)</td><td>Director: Representative of Qisda Co., Ltd. (Chi-Hung Chen)</td></tr>
<tr><td>NT$3,500,000 (inclusive)-NT$5,000,000 (exclusive)</td><td>–</td><td>Director: Representative of Qisda Co., Ltd. (Chang-Hung Li)</td><td>–</td><td>Director: Representative of Qisda Co., Ltd. (Chang-Hung Li)</td></tr>
<tr><td>NT$5,000,000 (inclusive)-NT$10,000,000 (exclusive)</td><td>–</td><td>–</td><td>Director: Representative of Qisda Co., Ltd. (Chi-Nan Tsai) (Note 11)</td><td>Director: Representative of Qisda Co., Ltd. (Chi-Nan Tsai) (Note 11)</td></tr>
<tr><td>NT$10,000,000 (inclusive)-NT$15,000,000 (exclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>NT$15,000,000 (inclusive)-NT$30,000,000 (exclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>NT$30,000,000 (inclusive)-NT$50,000,000 (exclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>NT$50,000,000 (inclusive)-NT$100,000,000 (exclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Over NT$100,000,000</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Total</td><td>A total of eight
(including one juridical person)</td><td>A total of eight
(including one juridical person)</td><td>A total of eight
(including one juridical person)</td><td>A total of eight
(including one juridical person)</td></tr>
</table>

Note 1. Remuneration of directors for 2021 (including salary, post pay, severance pay, all kinds of bonuses, incentive payment of the director, etc.).
Note 2. Remuneration paid to the directors under the proposal on distribution of earnings for 2021 adopted at the board meeting dated Mar. 3, 2022.
Note 3. Expenses incurred by the directors for relevant matters in 2021 (including travel expenses, particular expenditures, all kinds of allowances, accommodation fees, car fare and physical supplies, etc.).
Note 4. Remuneration received by the director concurrently being the employee in 2021 (including concurrently holding the office as President, Vice President, other managers and employees), including salary, post pay, severance pay, all kinds of bonuses, incentive payment, travel expenses, particular expenditures, all kinds of allowances, accommodation fees, car fare and physical supplies, etc.
Any salary listed under IFRS2 "Share-based Payment", including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall be also included in the remuneration.
Note 5. Directors concurrently being the employees (including concurrently holding the office as President, Vice President, other managers and employees) who have received the staff bonus dividends (including stock dividends and cash dividends) are entitled to the employee bonus to be allocated as approved at the board meeting date Mar. 3, 2022.
Note 6. The amount of the remuneration paid to the Company's directors by all companies (including the Company) in the consolidated report shall be disclosed.
Note 7. Note 7. If the remuneration paid by the Company to each director is within the remuneration range, the name of the director shall be disclosed.
Note 8. If the remuneration paid by all companies (including the Company) in the consolidated report to each director of the Company is within the remuneration range, the name of the director shall be disclosed.
Note 9. Post-tax net profits refer to the net profits after payment of the individual financial report ax in 2021.

Note 10. State the amount of the relevant remuneration received by the Company's directors from the investees or parent company other than the subsidiaries
Noed 11. Corporate Director Representative of Qisda Corporation: Chi-Nan Tsai resigned on Nov. 5, 2021, and Chia-Hung Su took his place as the representative.

（2） Remuneration of the supervisor

From Dec. 28, 2018, the Company delegates the Audit Committee to exercise the functions and powers of the supervisor stipulated in the relevant regulations.

（3） Remuneration of the President and the Vice President

Dec. 31, 2021; Unit: In Thousands of New Taiwan Dollars

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonus and Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of A+B+C+D to Net Income (%) (Note 8)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 9)
		The Company	All Companies in Consolidated Financial Statements(Note	The Company	All Companies in Consolidated Financial Statements(Note	The Company	All Companies in Consolidated Financial Statements(Note	The Company		All Companies in Consolidated Financial		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Chi-Nan Tsai (Note 9)	8,783	8,783	321	321	2,800	2,800	2,150	-	2,150	-	2.28%	2.28%	-
President	Chia-Hung Su (Note 9)													
Vice President	Chih-Ying Tien													
Vice President	Lo-Lung Wu (Note 10)													

Remuneration Range Table

Range of Remuneration Paid to the President and Vice Presidents	Name of President and Vice President	
	The Company (Note 6)	All Companies in Consolidated Financial Statements(Note 7)
Less than NT$1,000,000	Chia-Hung Su (Note 9)	Chia-Hung Su (Note 9)
NT$1,000,000 (inclusive)- NT$2,000,000 (exclusive)	–	–
NT$2,000,000 (inclusive)-NT$3,500,000 (exclusive)	–	–
NT$3,500,000 (inclusive)-NT$5,000,000 (exclusive)	Chi-Nan Tsai (Note 9) and Lo-Lung Wu (Note 10)	Chi-Nan Tsai (Note 9) and Lo-Lung Wu (Note 10)
NT$5,000,000 (inclusive)-NT$10,000,000 (exclusive)	Chih-Ying Tien	Chih-Ying Tien
NT$10,000,000 (inclusive)-NT$15,000,000 (exclusive)	–	–
NT$15,000,000 (inclusive)-NT$30,000,000 (exclusive)	–	–
NT$30,000,000 (inclusive)-NT$50,000,000 (exclusive)	–	–
NT$50,000,000 (inclusive)-NT$100,000,000 (exclusive)		
Over NT$100,000,000	–	–
Total	4	4

Note 1. Name of the President and the Vice President shall be stated respectively to summarize their respective remuneration.
Note 2. State the salary, post pay and severance pay of the President and the Vice President in 2021.
Note 3. State various bonuses, incentive payments, travel expenses, particular expenditures, allowances, accommodation fees, car fare, other physical supplies and other remuneration of the President and the Vice President in 2021.
Note 4. State employee bonus dividends (including stock dividends and cash dividends) allocated to the President and the Vice President under the proposal on distribution of earnings for 2021 as approved by the Board of Directors at the shareholders' meeting, subject to the amount of the bonus dividends allocated to the employees as approved by the Board of Directors on Mar. 3, 2022.
Note 5. Total amount of the remuneration paid by all companies (including the Company) in the consolidated report to the Company's President and Vice President shall be disclosed.
Note 6. Total amount of the remuneration paid by the Company to each President and Vice President shall be disclosed in the corresponding range to the name of the President and the Vice President.
Note 7. Total remuneration paid by all companies (including the Company) in the consolidated report to the Company's every President and Vice President shall be disclosed in the corresponding range to the name of the President and Vice President.
Note 8. Post-tax net profits refer to the net profits after payment of the individual financial report ax in 2021.
Note 9. The President Chi-Nan Tsai resigned on Nov. 10, 2021, and Chia-Hung Su took his place as the President.
Note 10. The Vice President Lo-Lung Wu resigned on Mar. 31, 2022.
*The remuneration disclosed in this table is different from the income concept under the income tax law. Thus, this table is for information only but not for taxation purpose.

（4） Name of the Manager receiving Employee Remuneration and Allocation

Unit: In Thousands of New Taiwan Dollars

Title	Name	Stock dividends (proposed amount) (Note 2)	Cash dividends (proposed amount) (Note 2)	Total	Ratio of Total Amount to Net Income (%) (Note 3)
President	Chi-Nan Tsai (Note 1)	—	6,000	6,000	0.97%
President	Chia-Hung Su (Note 1)				
Vice President	Lo-Lung Wu (Note 5)				
Vice President	Chih-Ying Tien				
Senior Director	Chia-I Chang				
Senior Director	Hsin-Chung Chan				
Senior Director	Hsiao-Yu Chiao				
Senior Director	Li-Min Huang				

Note 1. The President Chi-Nan Tsai resigned on Nov. 10, 2021, and Chia-Hung Su took his place as the President.
Note 2. Title of the managers who are incumbent as at Dec. 31, 2021 is set out in the data up to the date of publication of the annual report.
Note 3. The amount of the bonus dividends (including stock dividends and cash dividends) allocated to the managers under the proposal on allocation of earnings for 2021 as approved by the Board of Directors at the shareholders' meeting, which was estimated based on the amount of the bonus dividends approved by the Board of Directors to be allocated to the employees on Mar. 3, 2022.
Note 4. Post-tax net profits refer to the net profits after payment of the individual financial report ax in 2021.
Note 5. The Vice President Lo-Lung Wu resigned on Mar. 31, 2022.

(IV) Separate comparison and description of the total remuneration, as a percentage of the post-tax net profits in the parent company-only financial reports or the individual financial reports, as paid by the Company and all other companies included in the consolidated statements during the past two fiscal years to the Company's directors, supervisors, the President and the vice presidents, with analysis and description of remuneration policies, standards and portfolios, procedure for determining remuneration, and relevance between operation results and future risks

1. Analysis on percentage of total remuneration paid by the Company and all other companies included in the consolidated statements during the past two fiscal years to the Company's directors, supervisors, the President and the Vice President in the post-tax net profits of the parent company-only financial statements:

	2021	2020
Percentage of directors' remuneration paid by the Company	2.02%	2.12%
Percentage of directors' remuneration paid by all companies in the consolidated financial statements	2.59%	2.92%
Percentage of remuneration to managers at the position of vice president or above paid by the Company	2.28%	2.83%
Percentage of remuneration to managers at the position of vice president or above paid by all companies in the consolidated financial statements	2.28%	2.83%

2. Remuneration payment policies, standards and portfolio, procedure for determining remuneration, and relevance between operation results and future risks.

(1) Remuneration of the Company's directors

In accordance with the Article 21 of the Articles of Association, the Company shall withdraw not more than 1% of the profits as the director remuneration if the Company makes profits in the annual final accounts. Besides, the Company shall give reasonable remuneration based on the profit-making position by taking into account their contribution to the Company's performance. The Remuneration Committee shall proposal on the procedure for determining remuneration to the Board of Directors based on the Company's Measures for Appraising Performance of the Board of Directors and by reference to the Company's overall operation results, future operation risks and development trend, involvement degree and contribution to the Company, and the Measures on Remuneration for the Directors and the Members of the Functional Committees formulated based on the same industry level at home and aboard.

(2) Remuneration of the Company's managers and the President

Subject to the Articles of Association and the remuneration (salary) management related regulations, the procedure for determining remuneration shall be formulated. Reasonable remuneration shall be given according to the Measures for Appraising Performance of the Employees, and by reference to the Company's overall operation results, future operation risks and development trend, and individual performance and contribution to the Company. The Remuneration Committee will submit the proposal to the Board of Directors before implementation.

III. Governance of the Company

(I) Operation of the Board of Directors

In 2021, the Board of Directors held 5 meetings (A). Attendance of the directors is as follows:

Title	Name	Actual attendance (presence) times B	Time of attendance by proxy	Actual attendance (presence) rate (%) [B/A]	Remark
Chairperson	Qisda Corporation Representative: Chi-Hung Chen	5	-	100%	
Director	Qisda Corporation Representative: Chi-Nan Tsai	5	-	100%	Former, Note (1)
Director	Qisda Corporation Representative: Chang-Hung Li	5	-	100%	
Director	Ming-Shan Li	5	-	100%	
Independent Director	Kuang-Jen Chou	5	-	100%	
Independent Director	Chih-Hao Chu	5	-	100%	
Independent Director	Te-Chang Yeh	5	-	100%	

Note 1. Corporate Director Representative of Qisda Corporation: Chi-Nan Tsai resigned on Nov. 5, 2021, and Chia-Hung Su took his place as the representative.

Presence of independent directors at each board meeting in 2021: ◎ Present in person; ☆ Present by proxy; ※ Absent

2021	First time	Second time	Third time	Fourth time	Fifth time
Kuang-Jen Chou	◎	◎	◎	◎	◎
Chih-Hao Chu	◎	◎	◎	◎	◎
Te-Chang Yeh	◎	◎	◎	◎	◎

Other matters:

I. In case of any following circumstances, please state the date, session, and resolution contents of the board meeting, the opinion of all independent directors, and the Company's treatment on the opinion of the independent directors:

(I) Matters as set out in Article 14-3 of the Securities and Exchange Act.

Date	Term and session	Content of motion	All independent directors' opinions and the Company's handling of such opinions
2021.03.22	2021-1	2020 Statement on Internal Control and self-assessment result report	1. All independent directors and directors present passed this proposal without an opinion. 2. The Company's handling of such opinions :None.
		Proposal to modify the internal control system	
		Proposal to amend the Procedures for Asset Acquisition and Disposal and the Procedures for Derivatives Trading	
		Proposal to amend the Procedures for Loans to Others and the Procedures for Endorsements and Guarantees	
		Proposal to remove the non-compete clause for incumbent directors and their representatives	
		Proposal to ratify the Company's acquisition of the right-of-use assets of property held for business use	
		Proposal to acquire the right-of-use assets of property held for business use	
		Proposal to invest in preference shares and ordinary shares of Brainstorm Corporation	
2021.05.06	2021-2	Replacement of CPAs and the 2021 audit fees for CPAs	
2021.06.08	2021-3	Proposal to amend the Procedures for Financial Product Investment	
		Proposal to launch a public tender offer to acquire the ordinary shares of Ace Pillar Co., Ltd.	
2021.08.06	2021-4	Proposal to dispose of property	
2021.11.05	2021-5	Internal audit plan for 2022	
		Proposal to appoint CPAs for the Company's 2022 financial statements	

(II) Apart from the above matters, other resolutions for which the independent directors have objections or hold qualified opinion with record or written statement at the board meeting: None

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of resolutions, reasons for recusal, and results of voting shall be specified:

(I) When the Company discussed the motion on discharging non-competition restriction for the incumbent directors and their representatives at the board meeting dated Mar.22, 2021, the directors Chi-Hung Chen, Chang-Hung Li, Chi-Nan Tasi and Ming-Shan Li, and the independent directors Chih-Hao Chu and Te-Chang Yeh did not participate in discussion and voting of this motion subject to the provision of Article 206 of the Companies Act and Article 178 of the same act, and the rest present independent directors and directors adopted the motion.

(II) When the Company discussed the motion on ratification of the Company's acquisition of the right-to-use in the business real estate and the motion on acquisition of the right-to-use in the business real estate at the board meeting dated Mar. 22, 2021, as this company is the corporate director of the Company, the director representative Chi-Hung Chen, Chang –Hung Li, and Chi-Nan Tsai did not participate in discussion and voting of such motions subject to the provision of Article 206 of the Companies Act and Article 178 of the same act, and the rest present independent directors and directors adopted the motions.

(III) When the Company discussed the motion on donation of BenQ Foundation at the board meeting dated Mar. 22, 2021, as the director Chi-Hung Chen was the director of this Foundation, Chi-Hung Chen did not participate in discussion and voting of this motion subject to the provision of Article 206 of the Companies Act and Article 178 of the same act, and the rest present independent directors and directors adopted the motion.

(IV) When the Company discussed the motion on public acquisition of the ordinary shares of ACE PILLAR Co., Ltd. at the board meeting dated Jun.8, 2021, the directors Chang-Hung Li and Chi-Nan Tsai did not participate in discussion and voting of this motion subject to the provisions of Article 206 of the Companies Act and Article 178 of the same act as they were the chairperson corporate representative and the director corporate representative of ACE PILLAR respectively, and the rest present independent directors and directors adopted the motion.

(V) When the Company discussed the motion on movement of the President at the board meeting dated Nov. 5, 2021, the director Chi-Nan Tsai did not participate in discussion and voting of the motion subject to the provisions of Articles 206 of the Companies Act and Article 178 of the same act as he was the President of the Company, and the rest present independent directors and directors adopted the motion.

III. The listed company shall disclose the cycle and period, scope, method, contents and other information of self- (or peer) evaluation of the board of director, and shall complete the evaluation conditions of the board of directors in the schedule:

The Company's Board of Directors revised the "Measures on Performance Appraisal of the Board of Directors" on Nov. 7, 2019, stipulating that the Board of Directors shall implement internal performance appraisal once a year, and evaluation shall be made by the external professional independent body or external expert and scholar team at least once every three years. In 2021, the division, board of directors and the functional committee members made self-evaluation on the "Board of Directors and its Members", the "Audit Committee" and the "Remuneration Committee". The achievement rate of the evaluation results reported at the board meeting dated March 2022 was up to 100%. The evaluation results of the Board of Directors and two functional committees were "excellent", indicating that the functions and operation efficiency of the Board of Directors and the functional committees were good.

Frequency	Period	Scope	Method	Dimension
Once a year	January to December of 2021	The Board of Directors Board members	Internal self-evaluation by the board Self-evaluation by the directors	a) Grasp of the Company's goals and missions b) Participation in the Company's operations c) Internal relations management and communication d) Improvement to the decision-making quality of the Board of Directors e) Composition and structure of the Board of Directors f) Recognition of directors' responsibilities g) Election of directors and their professional and continuing education h) Internal control
Once a year	January to December of 2021	Audit Committee	Audit Committee Internal self-evaluation	a) Participation in the Company's operations b) Recognition of the Audit Committee's responsibilities c) Improvement to the Audit Committee's decision-making quality d) The composition of the Audit Committee and member selection e) Internal control
Once a year	January to December of 2021	Remuneration Committee	Remuneration Committee Internal self-evaluation	a) Participation in the Company's operations b) Recognition of the Remuneration Committee's responsibilities c) Improvement to the Remuneration Committee's decision-making quality d) The composition of the Remuneration Committee and member selection

IV. Evaluation on objectives to strengthen the functions of the Board of Directors (such as establishment of the Audit Committee and improvement of information transparency, etc.) and implementation in the year then ended and the recent years.

The Company set up the Remuneration Committee in 2013, and set up the Audit Committee in 2017 to exercise the functions and powers vested by the Securities and Exchange Act, the Companies Act and other decrees so as to intensify the Company's governance. In 2018, the Board of Directors appointed the Finance Management Division Head Huang-Li Min as the Company's Governance Head responsible for the governance related affairs.

(II) Operation of the Audit Committee:

The Company set up the Audit Committee on Dec. 28, 2017 in accordance with Article 14-4 of the Securities and Exchange Act. Operation and the main responsibilities of the Audit Committee are as follows:

1. Operation of the Audit Committee is mainly designed to supervise the following matters
   (1) Fair presentation of the Company's financial statements.
   (2) Appointment (removal), independence and performance of the CPAs.
   (3) Effective implementation of the internal control.
   (4) Compliance by the Company with the relevant laws, regulations and rules.
   (5) Control over the Company's existing or potential risks.
2. Main responsibilities of the Audit Committee:
   (6) Formulate or revise the internal control system according to the provisions of Article 14-1 of the Securities and Exchange Act.

(7) Assess effectiveness of the internal control system.
(8) Formulate or revise the procedures on acquisition or disposal of assets, derivative commodity trade, loans to others, endorsement or guarantee for others, and other major financial behaviors in accordance with Article 36-1 of the Securities and Exchange Act.
(9) Matters interested with the directors.
(10) Trading of major assets or derivative commodities.
(11) Material loans, endorsement or guarantee.
(12) Raising, issuing or private placement of securities of equity nature.
(13) Appointment, removal or remuneration of the CPAs.
(14) Appointment and removal of financial manager, accounting manager or chief internal auditor.
(15) Annual financial reports that shall be signed or sealed by the Chairperson, the managers and the accounting supervisor, and the second-quarter financial reports that shall be audited by the CPAs.
(16) Other major matters stipulated by the Company or the competent authority.

3. In 2021, the Audit Committee held 5 meetings (A). Attendance of the members is as follows:

Title	Name	Actual attendance times (B)	Actual attendance rate (%) (B/A)	Remark
Independent Director	Kuang-Jen Chou	5	100%	
Independent Director	Chih-Hao Chu	5	100%	
Independent Director	Te-Chang Yeh	5	100%	

4. Resolutions made by the Audit Committee on the major motions

Date	Term and session	Content of motion	All independent directors' opinions and the Company's handling of such opinions
2021.03.03	2021-1	2020 Statement on Internal Control and self-assessment result	1. All independent directors present passed this proposal without an opinion. 2. The Company's handling of such opinions: None.
		Proposal to modify the internal control system	
		2020 business report, 2020 financial statements, and 2021	
		Proposal to amend the Procedures for Asset Acquisition and Disposal and the Procedures for Derivatives Trading	
		Proposal to amend the Procedures for Loans to Others and the Procedures for Endorsements and Guarantees	
		Proposal to ratify the Company's acquisition of the right-of-use assets of property held for business use	
		Proposal to acquire the right-of-use assets of property held for	
		Proposal to invest in preference shares and ordinary shares of Brainstorm Corporation	
2021.05.06	2021-2	The 2020 earnings distribution proposal	
		Consolidated financial report for 2021 Q1	
		Replacement of CPAs and the 2021 audit fees for CPAs	
2021.06.08	2021-3	Proposal to amend the Procedures for Financial Product	
		Proposal to launch a public tender offer to acquire the ordinary shares of Ace Pillar Co., Ltd.	
2021.08.06	2021-4	Consolidated financial report for 2021 Q2	
		Proposal to dispose of property	
2021.11.05	2021-5	Internal audit plan for 2022	
		Consolidated financial report for 2021 Q3	
		Proposal to appoint CPAs for the Company's 2022 financial	

Recusals of independent directors from motions due to conflicts of interest: None

Communication of the independent director with the chief internal auditor and the CPAs:

(1) The Company's chief internal auditor regularly submits the internal audit report to the independent directors at the quarterly meeting of the Audit Committee, and communicates the audit report results and its follow-up conditions with the members. However, special circumstances, if any, shall be also reported to the members of the Audit Committee in real time.

The communication between the independent directors and the chief internal auditor is smooth. The main matters communicated and meeting summaries from 2021 onwards are as follows:

Date	Key points in communication	All independent directors' opinions and the Company's handling of such opinions
2021/3/22	1. The 2020 Q4 auditor's report	1. All independent directors present did not have an opinion. 2. The Company's handling of such opinions: None.
	2. 2020 Statement on Internal Control and self-assessment result report	
	3. Internal control system modification	
2021/5/6	The 2021 Q1 auditor's report	
2021/8/6	The 2021 Q2 auditor's report	
2021/11/5	The 2021 Q3 auditor's report	
	The 2022 internal audit plan	

(2) The Company's CPAs regularly reports audit or review results of the financial statements of the quarter then ended, and other communication matters required by the relevant laws and regulations at the quarterly meeting of the Audit Committee. Special circumstances, if any, shall be also reported to the members of the Audit Committee in real time.

The communication between the independent directors and the CPAs is smooth. The main matters communicated and meeting summaries from 2021 onwards are as follows:

Date	Key points in communication	All independent directors' opinions and the Company's handling of such opinions
2021/3/22	Report on the 2020 financial report audit results	1. All independent directors present did not have an opinion. 2. The Company's handling of such opinions: None.
2021/5/6	Report on the 2021 Q1 financial report review results	
2021/8/6	Report on the 2021 Q2 financial report review	
2021/11/5	Report on the 2021 Q3 financial report review	

(III) Governance of the Company and deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
I. Does the Company formulate and disclose the Code for Governance Practice in accordance with the "Governance Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company adopted formulation of the Code for Governance Practice at the board meeting dated Nov. 1, 2018, and made disclosure at the Company's official website.	No deviation
II. Equity structure and shareholders' equity (I) Does the Company formulate the internal procedures to deal with the shareholders' suggestions, doubts, disputes and litigation, and implement according to the procedures? (II) Does the Company actually hold the list of the major shareholders actually controlling the Company and the ultimate controller of the major shareholders? (III) Does the Company establish and execute the risk control and firewall mechanism with the affiliated enterprises? (IV) Does the Company formulate the internal codes to prohibit insider trade of the securities by making use of the non-public information?	V V V V		(I) The Company has a spokesman and an acting spokesman, and also has the shareholders' relevant issues and suggestions dealt with by the Company's service agency 'KGI Securities Corporation'. (II) The Company fully knows and controls the major shareholder structure through the service agency, and regularly reports any movement of the directors and managers, with favorable outcome. (III) Operation, business and financial powers and responsibilities of the Company and the affiliated enterprises shall be expressly divided and independently operated. The Company has formulated the "Subsidiary Management Procedure", the "Procedure on Management of the Related Party Transactions", the "Procedure on Self-Evaluation of Internal Control System", and other relevant measures to control and audit the above powers and responsibilities, eliminate unconventional transactions and prohibit benefit transfer, and implement risk control mechanism and firewall management of the affiliated enterprises. (IV) The Company adopted abolishment of the original "Procedure on Prevention of Insider Trade", and formulated the new "Procedure on Major Information Treatment and Insider Trade Prevention" at the board meeting dated Nov. 10, 2020. The Company shall organized education for the directors, managers and employees at least once a year, who are expected to strictly comply with the requirements.	No deviation
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate and implement diversified policies and specific management objectives?	V		(I) The Code of Governance formulated by the Company expressly set forth the diversification policies for the board members and the overall staff of the Board of Directors. Nomination and election of the members of the Board of Directors will be subject to candidate nomination system according to the provisions of the Articles of Association. In addition to the educational background and work experience, the candidates will be also elected by reference to the opinion of the stakeholders in accordance with the Director Election Measures and the Code of Governance in order to guarantee diversification and independence of the board members.	(I) No deviation.

Evaluation item	Operation: Yes	No	Abstract	Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	V		Specific management objectives: Number of the board members concurrently holding the office as manager in the Company does not exceed one third of the total number of directors; number of the directors who are spouse or the relative within the second degree of kinship does not exceed 50% of the total number of directors; the term of office of the independent directors does not exceed 3 sessions, and there shall be at least one female member in the Board of Directors. Responsibilities of the Chairperson and the President shall be expressly divided. The Chairperson and the President shall not be the same person. If the same person act as the Chairperson and the President concurrently, or the Chairperson and the President are spouse or immediate relatives, then, the independent director seat will be increased. In the list of 7 members of the 15th Board of Directors, Chi-Hung Chen, Chang-Hung Li, Chia-Hung Su and Kuang-Jen Chou have the leadership, are good at operation judgment and crisis management, are have the operation management and industry knowledge, and international market insights; Chih – Hao Chu, Ming-Shan Li and Te-Chang Yeh have expertise in such fields as accounting and financial analysis, information management, technology innovation and industry development. The number of directors in the capacity of employees accounts for 14%, while the independent directors account for 43%; 3 independent directors have length of service for 4-6 years; 3 directors are 60-69 years old; 3 directors are 50-59 years old; one director is 40-49 years old. The Board of Directors formulate the diversified policies in relation to composition of the Board, which is published at the Company's website.	
(II) Does the Company voluntarily set up other functional committees than the Remuneration Committee and the Audit Committee?	V		(II) The Company adopted and formulated the "Risk Management Policy and Procedure" at the board meeting dated Nov. 10, 2020 as the top guideline for the Company's risk management. The annual major risk policy, risk identification and execution results established by the Risk Management Committee were reported to the Board of Directors on Mar. 22, 2021.	(II) No deviation.
(III) Does the Company formulate the measures and methods for evaluation of the Board of Directors, organize performance evaluation every year and regularly, submit the performance evaluation results to the Board of Director, and apply the same for remuneration and nomination for reappointment of the individual directors?	V		(III) The Company has formulated the "Measures on Performance Appraisal of the Board of Directors", in accordance with which, the Company organizes performance evaluation regularly every year, and reports the evaluation results to the Board of Directors.	(III) No deviation.
(IV) Does the Company regularly evaluate independence of the CPAs?	V		(IV) The Company urges the Audit Committee and the Board of Directors to make resolutions regarding appointment of the CPAs (including independence evaluation) regularly every year. The Company requires the CPAs to provide the independence statement and resumes before the meeting to ensure that the accounting firm (CPAs and the audit team members) does not violate the independence requirements, and that the CPAs do not have any other financial interest and business relationship with the Company than financial statement audit and financial information verification fees of the investee, and prepare the above independence statement, resume and other relevant data as the basis for the Audit Committee and the Board of	(IV) No deviation.

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			Directors to evaluate the competency and independence thereof. The independence evaluation results of the CPAs in the past two fiscal years are completed respectively on Nov. 10, 2020, May 6, 2021 and Nov. 5, 2021 (Note 1).	
IV. Does the listed company allocate suitable and appropriate governance officers, and designate the chief governance officer responsible for governance related affairs (including but not limited to providing data required by the directors and supervisors to execute the business, assisting the directors and supervisors to comply with the laws and decrees, conducting the matters related to the board meeting and the shareholders' meeting, and preparing the minutes of the board meeting and the shareholders' meeting?	V		The Company adopted an resolution at the board meeting dated Nov. 1, 2018, appointing Li-Min Huang as the Company's governance officer responsible for guiding and planning the Company's governance, the qualification of whom conforms to the provisions regarding the chief governance office under Article 3-1.1 of the Governance Practice Principles for TWSE/TPEx Listed Companies. Functions and powers of the chief governance officer: Provide data required by the directors and the Audit Committee to perform the duties, and the latest laws and regulations related to the Company's operation, assist the directors and the Audit Committee to comply with the laws and decrees, regularly report the governance to the Board of Directors every year, conduct the matters related to the board meeting and the shareholders' meeting, prepare the minutes of the board meeting and the shareholders' meeting, and assist the directors and the members of the Audit Committee to take office and continue further education, etc. Implementation of business for 2021: 1. Assist the independent directors and general directors to perform the duties, provide required data and arrange further education for the directors. 2. Regularly inform the board members of the latest laws, decrees and regulations in relation to the Company's operation field and governance. 3. Review the relevant information confidentiality level and provide the company information required by the directors. 4. 4. Inspect publishing of the major information about the important resolutions of the board meeting, to guarantee legitimacy and accuracy of the important information, and guarantee consistence between the investor's transaction and information. 5. In 2021, the Company held 5 board meetings and 5 auditor committee meetings in total. 6. In 2021, the Company held one general shareholders' meeting. 7. All members of the Board of Directors have completed refresher courses of at least 6 credits. 8. The Company have purchased liability insurances for the directors and important officers, and reports to the Board of Directors after renewing the insurances. 9. The performance of the Board of Directors is evaluated and the evaluation results turn out to be excellent. 10.Further education of the chief governance officer in 2021 is as follows: Agency of Further Education: Taiwan Digital Governance Association Impact of Commercial Court on Operation of the Board of Directors and Duty Performance of the Directors on Jul. 16, 2021 3-hour Seminar Honest Management and Insider Trade Control on Nov. 18, 2021, 3-hour Seminar Agency of Further Education: Accounting Research and Development Foundation in Taiwan How to Apply Intellectual Property Right Management System to Improve Company Governance on	No deviation.

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			Dec. 15, 2021 3-hour Seminar Agency of Further Education: Securities & Futures Institute Discussion on Application of Employee Incentive Strategy and Tools on Aug. 19, 2021 3-hour Seminar	
V. Does the Company establish channels for communication with the stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up special stakeholder area at the Company's website, and properly respond to important corporate social responsibility issues of stakeholder concern?	V		The Company has set up the "Relationship with Investor" Special Area at the company website, to disclose communication of the issues of the stakeholder concern and annual report to the Board of Directors; there is also spokeman's e-mail address to provide the latest information and smooth communication channel, so that different entities (including stakeholders) may communicate with the Company as appropriate.	No deviation.
VI. Does the Company appoint a professional agency to deal with the affairs of the Board of Shareholders?	V		The Company has appointed a service agency "KGI Securities Corporation" to deal with the affairs of the Board of Shareholders.	No deviation.
VII. Public information (I) Does the Company set up a website to disclose the financial affairs and governance related information? (II) Does the Company use other information disclosure methods (such as setting up English website, appointing especially-assigned person to collect and disclose the company information, publishing the spokeman system, and corporate orientation meeting process at the Company's website)? (III) Does the Company announce and declare the annual financial report within 2 months at the end of the fiscal year, and publish and declare the financial reports for Q1, Q2, Q3 and Q4 and the operation of each month in advance before the stipulated time limit?	 V V V		(I) The Company has set up the Chinese and English website http//www.dfi.com.tw, and may link to 'Public Information Observation Station' to access to the company's information. The information about the investors is published at the Company's website, and is updated at any time. (II) The Company has implemented the spokeman system, and the spokeman or acting spokeman speaks on behalf of the Company, to guarantee prompt and fair disclosure of any information that might affect decisions of the shareholders and the stakeholders. Any legal and taxation information shall be also uploaded. (III) The Company announces and declares the annual financial reports, the quarterly financial reports and the monthly operation according to the relevant regulations.	(I) No deviation. (II) No deviation. (III) Announce ment and declaration have been completed within the time limit stipulated by laws and decrees.
VIII. Does the Company have any other important information conducive to understanding the	V		(I) Employee rights and interest: The Company has established the Employee Retirement Management Committee according to the	No deviation.

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
Company's governance (including but not limited to employee rights and interest, employee care, investor relationship, supplier relationship, rights of stakeholders, further education of directors and supervisors, risk management policies and risk measurement standards, execution of the customer's policies, and liability insurances purchased by the Company for the directors and supervisors?			labor standard acts, and appropriates the employee retirement reserves according to laws. The Company has organized all kinds of seminars and training, to improve the employee's professional skills and knowledge, and provided external training opportunities and funds, and induction education and training to achieve synchronous growth of both the personal career planning and the Company's overall benefit through work and training. (II) Employee care: With the faith of employee care, the Company has established the vacation, benefit and retirement systems, and set up the Employee Benefit Committee to implement the employee benefit measures, such as subsidy to the employee community activities, weddings and funerals and maternity allowances, travel allowances and other entitlements. (III) Investor relationship: The Company discloses various information at the Public Information Observation Station according to the laws and regulations, in order to protect rights and benefit of the investors. The "Investor News" is set out at the Company's website, for the investor to know the relevant information of the Company. (IV) Rights of the stakeholders: The Company maintains a smooth communication channel for the rights of the stakeholders, and respects and protects their legitimate rights and interest. With prejudice to the legitimate rights and benefits of the stakeholders, the Company shall take appropriate actions in good faith. (V) Supplier relationship: The Company maintenance good and interactive cooperation relationship with the suppliers and stakeholders, and provides good and valid communication channels and information transmission to lay a solid foundation for long-term close relationship, collaboration, mutual trust and benefits, and sustainable and win-win growth. The Company's internal control system procurement cycle rules are regularly evaluated according to the evaluation procedure as the basis for the Company to select the partners. The Company shall maintain channels for smooth communication with the suppliers, and shall adhere to the principal of good faith. (VI) Further education of the directors and supervisor: The Company will inform the directors and independent directors to attend the relevant further education for professional knowledge from time to time, and has arranged directors to participate in the courses organized by the Securities & Futures Institute and Taiwan Digital Governance Association with respect to 'Discussion on Application of Employee Incentive Strategy and Tools' and 'Honest Management and Insider Trade Control' in August and November, 2021 respectively. (VII) Liability insurances purchased by the Company for the directors and supervisors: The Company has purchased liability insurances for the directors and supervisors, so that the directors and supervisors could properly perform the duties to the benefit of the investors without concern. Coverage of the liability insurances for the directors and supervisors has been reported to the Board of Directors in August 2021.	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
IX. Please state the improvement based on the governance evaluation results recently published by the Governance Center of Taiwan Stock Exchange Corporation, and put forward improvement priorities and measures against the matters far from perfect. (Inapplicable to unlisted items)	In 2019, 2020 and 2021, the Company's governance evaluation results were respectively the first 51%-65%, the first 36-50% and the first 36%-50%. The Company has set up a special area for the stakeholders at the Company's website to know and respond to the important enterprise social responsibility issues of the stakeholder concern, and continues making improvement with respect to protection of shareholders' rights and interest, fair treatment of shareholders, intensified structure and operation of the Board of Directors, improvement of the information transparency, and implementation of the enterprise social responsibility.			Cooperation will be offered to improve the Company's governance and regulation.

Note: The governance of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the 2021 Annual Report.

Note 1. CPA Independence Evaluation Standards dated Nov. 5, 2021

Evaluation Item	Evaluation Results	Is it consistent with the independence
1.Does the CPA have direct or significantly indirect financial interest relationship with the Company.	No	Yes
2.Does the CPA have financing or guarantee behaviors with the Company or the Company's directors.	No	Yes
3.Does the CPA have close commercial relationship and potential employment relationship with the Company.	No	Yes
4.Do the CPA and its audit team members act as director or manager or hold any other office having significant influence on audit in the Company currently or during the past two fiscal years.	No	Yes
5.Has the CPA provided non-audit service items to the Company that might directly affect the audit.	No	Yes
6.Does the CPA act as broker for the shares or other securities issued by the Company.	No	Yes
7.Does the CPA act as defender for the Company or coordinate the conflict with other third parties for and on behalf of the Company.	No	Yes
8.Does the CPA have the kinship with the Company's directors, managers or other personnel who have significant influence on the audit case.	No	Yes

(IV) If the Company has set up the Remuneration Committee, please disclose the composition, responsibilities and operation of the Committee:

(1) Data of the members of the Remuneration Committee on Apr. 19, 2022

Title (Note 1)	Criteria / Name	Professional Qualifications and Work Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director (Convener)	Kuang-Jen Chou	(1). Graduated from the Executives Program, National Chengchi University, with a master's degree. He used to be the president of Logah Technology Corporation and Advanced Micro Devices, Inc. (AMD). He is currently serving as an independent director at Song Shang Electronics Co., Ltd. and the president of Song Zhi Zhu Co., Ltd. He has accumulated a wealth of management experiences, with business management and industry knowledge and an international perspective. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Compliant	0
Independent Director	Chih-Hao Chu	(1). Graduating from National Taiwan University with a master's degree in electrical engineering and an EMBA degree, he is the founder of Hoshin Gigamedia Center Inc. and is currently serving as the president of Industrial Technology Investment Corporation, director at GIT Consultants Corporation, director at Intellectual Property Innovation Corporation, and chairman of IP Venture Investment and Management Company. He has been involved in this industry in-depth for many years and has accumulated a wealth of management experiences. He specializes in accounting and financial analysis, information management, technological innovation, and industrial development. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Compliant	0
Independent Director	Te-Chang Yeh	(1). Graduating from National Chengchi University with a master's degree in economics, he used to be the president of USIFE Investment Co., Ltd., and is currently serving as an independent director at Jiangshen Industry, an independent director at Kian Shen Corporation and a supervisor at Wafer Works Corporation and Maxkit Tech. He has been involved in this industry in-depth for many years and has accumulated a wealth of management experiences. He specializes in accounting and financial analysis, information management, technological innovation, and industrial development. (2). Not under any of the circumstances stated in Article 30 of the Company Act.	Compliant	2

Note 1. Please specify the length of service, professional qualification, experience and independence of the members of the Remuneration Committee in the table, and in case of independent director, please specify the relevant contents in Schedule I Data of Directors and Supervisor (I) at Page 00. For the identity, please state the independent or other (in case of the convener, please add notes).

Note 2. Professional qualification and experience: Please specify the professional qualification and experience of the individual members of the Remuneration Committee.

Note 3. Conformity with the independence: Please specify conformity of the members of the Remuneration Committee with independence, including but not limited to whether the members or their spouse or relatives within the second degree of kinship hold the office as director, supervisor or employee in the Company or its affiliated enterprises; number and percentage of the shares held by the members or their spouse or relatives within the second degree of kinship (or in the name of others); whether holding the office as director, supervisor or employee in other companies having particular relationship with the Company (by reference to the provision of Paragraphs 5-8 of Section 1 of Article 6 of the Measures on Setting and Function Exercise of Remuneration Committee of the Listed Companies or the Securities Brokers); and amount of remuneration received from commercial, legal, financial and accounting services provided to the Company or its affiliated enterprises during the past two fiscal years.

(2) Operation Status of the Remuneration Committee

I. The Company's Remuneration Committee is composed of 3 members

II. Term of Office: from Jun. 16, 2020 to Jun. 15, 2023; in 2021, the Remuneration Committee held 2 meetings.

(A) Qualification and attendance of the members:

Title	Name	Actual attendance times (B)	Time of attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Remarks	Kuang-Jen Chou	2	-	100%	-
Member	Chih-Hao Chu	2	-	100%	-
Member	Te-Chang Yeh	2	-	100%	-

Other matters:

(I) If the Board of Directors do not accept or revise the suggestions of the Remuneration Committee, please specify the date and session of the board meeting, the contents of the motion, the resolution results and the Company's treatment on the opinion of the Remuneration Committee (if the remuneration adopted by the Board of Directors precedes the suggestion of the Remuneration Committee, please specify the deviation and the reasons): None

(II) If the members oppose or have qualified opinion on the resolutions of the Remuneration Committee with records or written statements, please specify the date and session of the meeting of the Remuneration Committee, the contents of the motion, opinion of all members and treatment on the opinion:

Date	Term and session	Content of motion	Resolution results and the Company's handling of the committee members' opinions
2021.03.22	2021-1	Distribution of 2020 employee compensation and directors' remunerations	1. All members present passed this proposal without an opinion. passed this proposal without an opinion. 2. The Company's handling of committee members' opinions :None.
		Establishment of 2021 remuneration indicators for top-level managers.	
		Proposal for salary and remuneration for appointing the Vice President of the Business Operations Center.	
2021.11.05	2021-2	Proposal to amend the Regulations on the Remuneration of Directors and Functional Committee Members.	
		Proposal for salary and remuneration for appointing a new President.	

(V) Promotion of sustainable development, deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons

Item	Operation			deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
I. Does the Company establish a governance structure to promote sustainable development, and set up full-time (part-time) body for promoting sustainable development, and does the Board of Directors authorize and urge the senior executives to take actions? (Note 3)	V		The Company has set up an part-time enterprise social responsibility unit as the Administration Division, and established the CSR Promotion Team of which the Center Supervisor act as the convener. (1) Going-concern: Board of Directors, information disclosure transparency, risk control, and shareholder's equity. According to the process of planning- execution- checking- treatment, "CSR Promotion Team" gathers the opinion from the stakeholders at the end of the year, evaluates and reviews the countermeasures, formulates the relevant risk management policies or strategies based on the risks after evaluation, and establishes the CSR work plan and objectives of the next year, which will be implemented with consent of the convener. (2) Employee relationship and occupational safety: Protect the employee's legitimate rights and interest, and provide the employee welfare insurance plan, complete education and lecture, and staff training according to laws. Regularly organize physical examination for the employees, invite professional physicians to provide advice, and safety and health education and training, and detect availability of the fire facilities in the offices to protect safety of the employees. (3) Governance: Implement the internal control mechanism, and ensure that all personnel and operation of the Company comply with the relevant laws, regulations and codes. (4) Product safety: Regularly hold business review meeting and customer satisfaction survey to guarantee customer service quality, improve the customer satisfaction and know the gap between the customer demands and expectation. (5) Social welfare: Be committed to social welfare participation and feedback, and respond to environmental protection and ecological conservation. (6) Stakeholders: Report the concerns of the stakeholders to the board meeting regularly once a year.	No deviation.
II. Does the Company evaluate risks for environment, society and governance issues related to the Company's operation, and formulate the relevant risk management policies or strategies based on the	V		The Company adopted establishment of the "Risk Management Policies and Procedure" at the board meeting dated Nov. 10, 2020, as the top guideline for the Company's risk management. The Risk Management Committee (RMC) has been formally	No deviation.

Item	Operation			deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
materiality principle?			established on Nov. 27, 2020, and the initial meeting of RMC was convened to specify importance of the risk management and introduce the risk management process. After the meeting, the members and officers submit the risk checklist to review the risk status and list the risk prevention and control measures. Analysis and countermeasures of annual risk project to be completed in Q1 are reported at the board meeting dated Mar. 22, 2021, and effect and tracking of the risk countermeasures are discussed at the quarterly meeting. Execution achievements for 2021 are reported at the board meeting dated Mar. 3, 2022. The President has formulated the three major risks at the company level for the year then ended.	
III. Environmental issues (I) Does the Company establish suitable environmental management system based on its industry features?	V		(I) According to the industry low-pollution and waterless process, in addition to passing ISO14001 certification, the Company has also passed Green Partner certificate in terms of Green products, and uses the low-pollution green materials. Treatment of air, water, wastes, toxic substances and noise also conforms to the standards required in the domestic laws and regulations.	(I) No deviation.
(II) Does the Company devote to improving utilization efficiency of the resources, and use renewable materials with low load on the environment?	V		(II) The Company recycles the wastes from the production process as much as possible. Any non-recyclable materials will be disposed by a qualified environmental-protection company.	(II) No deviation.
(III) Does the Company evaluate the present or future potential risks and opportunities caused by the climate change on the enterprise, and take appropriate actions against the climate related issues?	V		(III) As a designer and manufacturer of the electronic products, the Company will examine the possible impact of climate changes on the Company's operation, and plans for sustainable development of the Company. Through sustainable development, the Company will implement and promote green products and green supply chains in terms of environment. Besides, the Company not only pays attention to the organizational greenhouse gas emission for carbon management, but also analyzes and manages the environmental impact of the products in order to live up to the relevant international standards, such as organizing carbon footprint (ISO14064-1) to manage the organization's internal energy conservation based on the key performance indicators (KPI), promoting water saving and consumption reduction as well as energy consumption, and reducing operating costs.	(III) No deviation.
(IV) Does the Company make statistics about the greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation and	V		(IV) The Company has engaged in greenhouse gas detection from 2019, and was incorporated in Qisda Group's ISO14064-1 Greenhouse Gas Detection Integrity Verification in 2020. Upon verification by the impartial institution, the Company conforms	(IV) No deviation.

Item	Operation			deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?			to the standards. (Note) In addition to improvement of the mankind information and living through products and services, the Company is also committed to practice and idea promotion of social responsibilities and energy management, and has formulated the "DFI Information Social Responsibility, Environment, Safety and Health Policies" to specify one of the important policies regarding pollution prevention and waste reduction, energy and water conservation, safety and health, nip in the bud and improvement.	
IV. Social issues (I) Does the Company formulate the relevant management policies and procedures according to the relevant laws and regulations, and the international covenants of human rights?	V		(1) DFI values the rights of the workers, adheres to the principles set forth in international human rights conventions such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Covenant and the UN International Labour Organization, respects the internationally recognized basic human rights, and builds an inclusive and friendly workplace. Management of human rights: Personnel rules and regulations are formulated in accordance with the provisions of the national labor standard laws to protect the rights and interest of the employees and the company. The Company has passed the Occupational Safety and Health Management System ISO45001 certification (validity period: from 2019 to 2022), indicating that the Company is internationally recognized in terms of management of staff safety and health and labor conditions. The Company recruits employees through job posting based on the actual business needs, and appoint appropriate talents based on the employment principles. The Company has zero tolerance on any unfair treatment due to race, ethnicity, ethnic group, class, color, age, gender, sexual orientation, sex identification or expression, nationality or region, disability, pregnancy, religion, political stand, the group background, family responsibility, veteran status, genetic information, or marital status, and other factors expressly stipulated by laws. Child labor is prohibited. The Company shall not employ any children who are under the minimum working age. Any forms of slave labor is prohibited. The Company shall protect and secure the labor's working environment, conditions, premise and powers in order to	(I) No deviation.

Item	Operation			deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
			ensure that the labors are entitled to consistent conditions in respect of health and safety, work safety and remuneration. The working hours and overtime work systems shall conform to the laws and regulations, and the remuneration shall be not less than the minimum salary stipulated by laws.	
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the operation results or achievements in the employee's remuneration?	V		(II) The Company has formulated the reasonable salary and remuneration policies and various employee welfare measures in accordance with the Labor Standards Act and other relevant decrees, and has provided market competitive welfare to motivate the employees. In addition, the Company regularly releases the bonus and share the earnings with the peers.	(II) No deviation.
(III) Does the Company provide the employees with a safe and healthy work environment, and regularly implement safety and health education for the employees?	V		(III) The Company has appointed the safety and health administrator and first-aid officer, and organized staff physical examination, safety and health education and training to provide the employees with safety and health related knowledge and guidance. In addition, the Company has equipped with the guards, access control, dry powder extinguisher, fire hydrant, fire alarm auto-alarm equipment, emergency broadcasting equipment, exit direction indicating light, asylum appliance, and emergency lighting devices. The Company organizes maintenance of the elevators every month. In addition to fire safety inspection every six months, the Company also dispatches employees to obtain the Fire Warden License. The Company organizes physical examination for the employees every year, carries out environmental hygiene disinfection work from time to time, and handles relevant advocacy issues in cooperation with the release of major epidemic diseases by the government.	(III) No deviation.
(IV) Does the Company establish effective career development training plan for the employees?	V		(IV) The Company has organized all kinds of seminars and training, to improve the employee's professional skills and knowledge, and provided external training opportunities and funds, and induction education and training to achieve synchronous growth of both the personal career planning and the Company's overall benefit through work and training.	(IV) No deviation.
(V) Does the Company comply with the relevant laws, regulations and international standards, and formulate the relevant policies and complaint procedures for protection of the rights and interest of the consumers or customers with respect to the customer's health and safety,	V		(V) The Company's marketing and labeling of the products and services conform to the relevant laws and regulations, as well as the international standards, and shall not contain any behaviors that cheat, mislead, fenagle or otherwise damage the customer's trust, and prejudice the rights and interest of the consumers.	(V) No deviation.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td>privacy, marketing, marking and other issues of the products and services?
(VI) Does the Company formulate the supplier management policies, demand the suppliers to comply with the relevant specifications in relation to environmental protection, occupational health and safety or labor human rights, and implement the same?</td><td></td><td>V</td><td>(VI) The Company has not formulated any supplier management policies. When the Company enters into contracts with the suppliers and evaluates the suppliers in the future, the suppliers shall be required to comply with the relevant regulations and specifications related to environmental protection, occupational health and safety or labor human rights.</td><td>(VI) In the future, the Company will plan and formulate the supplier management policies.</td></tr>
<tr><td>V. Does the Company prepare the sustainability report and other reports that disclose the Company's non-financial information by reference to the international generally accepted report preparation standard or guidelines? Has the Company obtained confirmed or secured opinion on the foregoing reports from the third-party verification agency?</td><td></td><td>V</td><td>At present, the Company has not prepared the sustainability report yet, and it is unable to disclose the relevant information and obtain confirmed or secured opinion from the third-party verification agency.</td><td>In the future, the Company will plan preparation of the sustainability report based on the actual conditions.</td></tr>
<tr><td colspan="5">VI. If the Company formulates its own code for sustainable development in accordance with the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies, please specify the deviation between the operation and the stipulated principles:
The Company has formulated the Enterprise Social Responsibility Policy in March 2021, and the overall operation is not significantly different from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">VII. Other important information conducive to knowing and promoting sustainable development:
Online sports events held for twice in 2021: During the period of COVID-19, the Company encourages the employees to do walking exercise every day to promote physical and physiological health.
In May 2021, the Company initiated a friendly farmer promotion event, and ordered pineapples of more than NT$ 30,000 from TPCFA to invite all employees to taste the seasonable fruit.
100% pressure release event in December 2021: Visually impaired masseurs from Eden Social Welfare Foundation were invited to provide healthy pressure relief massage for the peers to relieve shoulder and neck pressure.
In Feb. 2022, small farmer caring event was initiated and the Company ordered pineapples and sakya of more than NT$ 50,000 from TPCFA as gifts to all employees.
DFI is committed to promoting and participating in the public welfare and supporting the BenQ Cultural Education Foundation. In 2021, the Company has organized a number of events such as friendly earth, caring society, and humanistic cultivation, so as to strengthen the Company's enterprise social responsibility activities. In Aug. 2021, the Company donated NT$ 2 million.</td></tr>
</table>

Note:

Item	2020	2021
Greenhouse gas emissions	2,752.11 metric tons CO2e	3301.66 metric tons CO2e (Note 1)
Water consumption	27,441 tons	24,044 tons
Power consumption	5,244,955 kWh	5,612,320 kWh (Note 2)
Total amount of waste	34.634 tons	41,809 tons (Note 3)

Note 1. The Company has carried out greenhouse gas detection and certification according to the International Standard ISO 14064-1 from 2019. The greenhouse gas emission in 2019 was regarded as the benchmark. Thus, the greenhouse gas emission from 2019 to 2021 is certified by the verification agency. Total greenhouse gas emissions are affected by additional fire protection and refrigerant related devices due to relocation of the factory in 2021 and electricity consumption higher than that in 2022.

Note 2. In accordance with the greenhouse gas detection and certification benchmark principles under the ISO 14064-1 International Code, the shared utility kilowatt hours of the headquarter office located in U-TOWN Building were 187,747 degrees in total.

Note 3. Based on the monthly domestic waste outputs, the utilities waste declared amounts and monthly aggregate outputs exported from the management information system. The waste amounts in 2021 are higher than that in 2020 due to relocation of the factory.

The Company cooperates with the Ministry of Economic Affairs for the 'Provisions for the Energy Users to Set the Energy Conservation Targets and Action Plan'. The project promotes the energy conservation plan. From 2015 to 2020, the Company takes effect on energy conservation, and achieves average energy conservation rate of more than 1%.

The Company has achieved average annual power conservation rate of 2.09% from 2015 to 2020 through accelerated replacement of high-energy consumption and addition of frequency converters. The Company appoints especially-assigned person responsible for maintenance and care of the pollution prevention equipment, so as to make contribution to the environmental protection, and reduce

impact of factory operation on environment. In addition to improvement and replacement of equipment, the Company also strengthen advocation of energy conservation and carbon reduction so that the peers work together with the Company for environmental protection. Subsequently, the Company will cooperate with the Group's policies related to energy conservation, carbon reduction and sustainable development.

Effective energy management is not only conducive to the enterprise but also a kind of regulation. The project promotes energy management, and is implemented through systematization and third-party verification. ISO 50001 is introduced. Thus, the Company validates the effectiveness of energy conservation, reduces costs and conforms to environmental-protection regulations according to the international standards.

(VI) Honest Management, and deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
I. Formulation of the honest management policies and plan				
(I) Does the Company formulate the Honest Management policies adopted by the Board of Directors, and set forth the honest management policies and practices in the regulations, rules and external documents, and the commitments of the Board of Directors and senior executives to positively implement the operation policies?	V		(I) The Company has mentioned the Honest Management in the personnel management regulations, the Code of Ethical Conduct for the directors, the supervisors and the senior executives, and the white paper of the enterprise social responsibility, which has been approved by the management and the Board of Directors. It is prohibited to accept kickbacks or other illegal benefits by conduct of duty or conducts against the duty.	(I) No deviation.
(II) Does the Company establish mechanism for evaluation of the risks from dishonest behaviors, regularly analyze and evaluate the business activities of higher dishonest behavior risks within the business scope, and formulate the action plan against the dishonest behaviors which shall at least cover the preventive measures against the behaviors in Paragraph II of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(II) The Company shall implement any promotional activities, advertising, sponsorship materials and funds according to the Company's internal control procedures and authority table, and prevent operating activities causing dishonest behavior risks.	(II) No deviation.
(III) Does the Company specify and implement the operation procedures, the code of conduct, violation punishment and appeal system in the dishonest behavior prevention plan, and regularly	V		(III) The prevention measures are distributed in each internal control operation procedure, and punishment and appeal system are set forth in the Personnel Management Regulations.	(III) No deviation.

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
review and revise the foregoing plan?				
II. Implementation of honest management (I) Does the Company evaluate the integrity records of the counterparty, and set forth the integrity clauses in the contracts with the counterparty?	V		(I) The Company has the supplier review management procedure. Before procurement and marketing, the Company will inquire about the operation status of the cooperative manufacturers through the website of the Ministry of Economic Affairs or other channels, or demand such manufacturers to provide the relevant data providing their legal operation, and pay special attention to the integrity related clauses while examining the contractual clauses.	(I) No deviation.
(II) Does the Company set up a special unit under the Board of Directors for promoting the honest management, and regularly (at least once a year) report the honest management policies and the dishonest behavior prevention plan and execution thereof to the Board of Directors?	V		(II) The Company has set up a part-time unit (Administration Division) under the Board of Director to promote the honest management. The Administration Division shall report to the Board of Directors regularly every year. Execution for 2021 has been reported to the Board of Directors on Mar. 3, 2022.	(II) No deviation.
(III) Does the Company formulate the policies to prevent conflict of interest, provide appropriate presentation channels, and implement the same?	V		(III) Personnel management rules have been formulated. Objections, if any, shall be submitted through the normal internal appeal channel.	(III) No deviation.
(IV) Has the Company established effective accounting system and internal control system for implementation of honest management, and formulated the relevant audit plan by the internal audit unit according to the dishonest behavior risk evaluation results, and audited compliance with the dishonest behavior prevention plan or entrusted a CPA to audit the same?	V		(IV) The Company has stringent accounting system and internal control system in place, and will report the audit results to the Board of Directors after regular internal audit. The Company's accounting system shall be formulated according to the requirements of the laws and decrees. CAP will audit or review the Company's financial statements every quarter, and issue the report. The audit or review results will be reported to the Audit Committee at the meeting of the Audit Committee regularly.	(IV) No deviation.
(V) Does the Company regularly organize internal and external education and training in relation to honest management?	V		(V) The Company will organize online course for the integrity manual for all peers once a year.	(V) No deviation.
III. Operation of the Company's whistle-blowing system (I) Does the Company formulate the whistle-blowing and reward system, establish the convenient whistle-blowing channels, and dispatch appropriate especially-assigned personnel responsible for handling the whistle-blowing object?	V		(I) In accordance with the Company's integrity manual, whistle-blowing will be submitted to the personnel department, and punishment shall be set forth in the personnel management rules; appeal shall be subject to the internal appeal channel.	(I) No deviation.
(II) Does the Company formulate the standard operation procedure for investigation of the the whistle-blowing matters, subsequent measures that shall be taken after investigation and the relevant confidentiality mechanism?	V		(II) The Company has formulated the standard investigation operation procedure. At present, the personnel department will work together with the relevant supervisors to review and investigate the relevant matters.	(II) No deviation.
(III) Does the Company take actions to protect the informer from and	V		(III) The personnel department will work together with the	(III) No deviation.

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
against improper disposal due to whistle-blowing?			relevant supervisors to review the whistle-blowing matters, and protect the informer from and against improper disposal due to whistle-blowing?	
IV. Strengthen information disclosure Does the Company disclose the contents and effect of the ethical corporate management principles formulated by the Company at its website and the public information observation station?	V		The Company has disclosed the relevant contents of the ethical corporate management principles and the honest management status of the Company at the website (www.dfi.com) and the annual report for reference of the stakeholders. Please access to the Company's website for the relevant development.	No deviation.
V. If the Company has formulated the its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies, please describe the implementation and any deviations from the Principles? The Company has adopted revision of the Ethical Corporate Management Principles and abolishment of the Ethical Corporate Management Procedure and Code of Conduct at the board meeting dated Nov. 10, 2020, and further established the Integrity Manual as the code and standard of integrity and ethical practice for all peers. The overall operation has no significant deviation from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies.				
VI. Other important information conducive to known the Company's honest management: (e.g. the Company reviews and revises its ethical corporate management principles) In 2021, the Company has promoted one-hour online course for "honest management" for 666 peers. The course outline includes: integrity declaration, interest conflict and recusals, compliance with laws and regulations, trade secrets and company's assets, involvement in political activities, and integrity manual examination.				

(VII) If the Company has formulated the code of governance and the relevant rules, please describe the inquiry method:

The Company has resolved formulation of the code of governance practice at the board meeting dated Nov. 1, 2018. Please refer to III. Report on Governance Status in the Annual Report (P21-P44) for the Company's governance operation. The rules of procedure of the Board of Shareholders, the rules of procedure of the Board of Directors, the rules of organization of the Audit Committee, the rules of organizations of the Remuneration Committee, the code of governance, the code of enterprise social responsibility, the ethical corporate management principles, the integrity manual, the code of ethical conduct for the directors and managers, the director election measures, the fund lending procedure, the endorsement and guarantee procedure, the procedure on acquisition or disposal of assets, the procedure on disposal of derivative financial commodities, and the procedure on major information treatment and insider trade prevention have been established. Please visit www.dif.com to access to the relevant rules and regulations.

(VIII) Other important information facilitating knowledge of the Company's governance shall be disclosed together:

(I) The Company resolved revision of the Procedure on Major Information Treatment and Insider Trade Prevention and abolishment of the Procedure on Prevention of Insider Trade at the board meeting dated Nov. 10, 2020, and made an announcement to the managers and employees in the special area for rules and systems at the internal public website.

(II) The Company resolved appointment of the governance personnel to protect the shareholders' rights and interest and intensify the functions of the Board of Directors at the board meeting dated Nov. 1, 2018.

(III) The new directors of the Company will be distributed the advocation manual prepared by the Company when they take office, including various decrees (including the foregoing Procedure on Major Information Treatment and Insider Trade Prevention) and the cautions, so that the new directors could comply with such rules.

(IX) Please disclose the following matters in relation to the execution status of the internal control system:

1. Internal Control Statement.

DFI Inc.

Statement on Internal Control System

Date: Mar. 3, 2022

Based on the self-evaluation results of the internal control system for 2021, the Company hereby states as follows:

I. The Company acknowledges that the Company's Board of Directors and managers are responsible for establishing, implementing and maintaining the internal control system. The Company has established such system. It is designed to reasonably guarantee the operation effect and efficiency (including profit making, performance and secured asset safety, etc.), reliability, timeliness, transparency and compliance with the relevant specifications, laws, decrees and regulations.

II. Internal control system has its inherent limitation. No matter how perfect the design, effective internal control system can only provide reasonable assurance for achievements of the above objectives. Moreover, due to changes to the environment and situation, effectiveness of the internal control system may be changed accordingly. However, the Company establishes self-supervision mechanism for the internal control system. As long as defects are identified, the Company immediately takes corrective actions.

III. The Company judges whether design and execution of the internal control system are effective based on the judgment items for effectiveness of the internal control system under the Standards of the Companies making Public Offering on Establishment of Internal Control System (hereinafter referred to as the "Standards") Judgment items for the internal control system under the Standards are composed of five elements dividend based on the management process of the internal control system: 1. Control environment; 2. Risk evaluation; 3. Control operation; 4. Information and communication; and 5. Supervision operation. Each element also contains several items. Please see the provisions of the Standards for the foregoing items.

IV. The Company has evaluated the effectiveness of design and execution of the internal control system based on the above judgment items of the internal control system.

V. Based on the foregoing evaluation results, the Company has concluded that the Company's internal control system as at Dec. 31, 2021 (including supervision and management of the subsidiaries) can reasonably guarantee achievements of the above objectives, including understanding of the extent to which the effect and efficiency objectives of the operation are achieved, and that design and execution of the internal control system related to reliability, timeliness, transparency and compliance with the relevant specifications and laws are effective.

VI. This statement will become the main contents of the Company's annual report and prospectus, and will be announced to the public. Any false, concealed and illegal information in the above public announcement will lead to legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement has been adopted at the board meeting dated Mar. 3, 2022. 6 present directors agree with the contents of this statement, and hereby make such declaration.

DFI Inc.

Chairman: Chi-Hung Chen

President: Chia-Hung Su

2. If the Company has to appoint an accountant to audit the internal control system based

on the requirements of the Securities & Futures Commission, please describe the audit report of the accountant: None

(X) Punishment given to the Company and its internal personnel according to laws, the Company's punishment on its internal personnel for violation of the internal control system, and main defects and improvement during the most recent fiscal year and up to the date of publication of the annual report: None

(XI) Important resolutions of the shareholders' meeting and the Board of Directors during the most recent fiscal year and up to the date of publication of the annual report:

1. Important resolutions of the shareholders' meeting and implementation thereof

Implementation of the resolutions of the general shareholders' meeting for 2021:

- The 2020 Financial Statements and the Operation Report were adopted.
- The motion on Distribution of Profits for 2020 was adopted.
  Implementation: Jul. 30, 2021 is set as the base distribution date, and all profits are distributed in full on Aug. 17, 2021 (cash dividend of NT$ 2.8 per share.)
- The motion on amendment to the Articles of Association was adopted.
  Implementation: The revised procedure was published at the Company's website on Aug. 20, 2021, and was implemented.
- The motions on revising the Procedure on Acquisition or Disposal of Assets and the Procedure on Derivative Commodity Trade were adopted.
  Implementation: The revised procedure was published at the Company's website on Aug. 20, 2021, and was implemented.
- The motions on revising the Fund Lending Procedure and the Endorsement and Guarantee Procedure were adopted.
  Implementation: The revised procedure was published at the Company's website on Aug. 20, 2021, and was implemented.
- The motion on discharging non-competition restriction for the incumbent directors and their representatives was adopted.

Implementation: It was resolved to discharge the non-competition restriction for the incumbent directors and their representatives at the shareholders' meeting.

2. Important resolutions of the Board of Directors

Date	Resolving Unit	Cause	Resolution Results
2021.06.08	Board of Director	1. It is scheduled to convene the general shareholders' meeting for 2021.	All present independent directors and directors agree to adopt the motion.
		2. The motion on revising the Procedure on Investment and Disposal of Financial Commodities was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		3. The motion on the Company's public acquisition of the ordinary shares of ACE PILLAR Co., Ltd. was submitted for discussion.	Except that Vice President Chang-Hung Li, and Director Chi-Nan Tasi avoid voting as they act as the Chairperson Corporate Representative and the Director Corporate Representative in ACE PILLAR Co., Ltd. respectively, the rest present directors adopt the motions without objection.
2021.08.06	Board of Director	1. Motion on the Q2 consolidated financial report for 2021.	All present independent directors and directors agree to adopt the motion.
		2. The motion on renewal of the bank limit was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		3. The motion on proposed disposal of the real estate was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
2021.11.05	Board of Director	1. The motion on proposed establishment of the internal audit plan for 2022 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		2. The motion on Q3 consolidated financial report for 2021 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		3. The motion on new and renewed bank limits was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		4. The motion on proposed appointment of CPA for the 2022 financial statements was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		5. The motion on cancellation of treasury stock was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		6. The motion on proposed revision of the Measures for Remuneration of the Directors and the Members of the Functional Committees was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		7. The motion on movement of the President was submitted for	Apart from recusals of the director

Date	Resolving Unit	Cause	Resolution Results
		discussion.	Chi-Nan Tsai from voting due to conflicts of interests, the rest present independent directors and directors adopted the motion.
2022.03.03	Board of Director	1. The statement on internal control system and self-evaluation results for 2021 were submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		2. The motion on allocation of remuneration to the employees and directors for 2021 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
2022.03.03	Board of Director	3. The operation report and the financial statements for 2021 and the operation plan for 2022 were submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		4. The motion on distribution of profits for 2021 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		5. The motion on allocation of cash dividends out of the earnings for 2021 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		6. The motion on allocation of cash out of capital reserve for 2021 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		7. The motion on revising the Articles of Association was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		8. The motion on proposed revision of the Procedure on Acquisition or Disposal of Assets was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		9. The motion on discharging non-competition restriction for the incumbent directors and their representatives was submitted for discussion.	Apart from recusals of the director from voting due to conflicts of interests, the rest present independent directors and directors adopted the motion.
		10. The motion on proposed determination of the date and agenda of the general shareholders' meeting for 2022 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		11. The motion on new and renewed bank limits was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		12. The motion on proposed consideration of the accountant service fees for 2022 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		13. The motion on proposed donation of BenQ Cultural Education Foundation was submitted for discussion.	Apart from recusals of the director from voting due to conflicts of interests, the rest present independent directors and directors adopted the motion.
		14. The motion on recommended annual remuneration indicators of the senior executives for 2022 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		15. The motion on employee stock ownership trust was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
2022.05.05	Board of Director	1. The motion on Q1 consolidated financial report for 2022 was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		2. The motion on renewal of the bank limit was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		3. The motion on proposed revision of the Code of Governance was submitted for discussion.	All present independent directors and directors agree to adopt the motion.
		4. Please discuss the proposed amendment to the "Operational Procedures for Handling Material Information and Prevention of Insider Trading."	Unanimously approved by all independent directors and directors present.
		5. Please discuss the proposed participation in the cash capital increase of the reinvestment company Aplex Technology Inc.	Except for the recused directors due to conflicts of interests, the other independent directors and directors present voted in favor of the proposal.

(XI) If the directors or supervisors disagree with the important resolutions adopted at the board meeting with records or written statements during the most recent fiscal year and up to the date of publication of the annual report, please describe the main contents: None.

(XII) Summary of resignations and dismissals of the Company's chairperson, president, accounting manager, financial manager, chief internal auditor, and R&D officer during the most recent fiscal year and up to the date of publication of the annual report:

It was resolved at the board meeting dated Nov. 5, 2021 that Chia-Hung Su was appointed to take place of Chi-Nan Tsai as the Company's President, and the appointment became effective since Nov. 10, 2021.

The Company's R&D officer Lo-Lung Wu resigned on Mar. 31, 2022.

IV. Information about fee of CPA: Unit: in Thousands of New Taiwan Dollars

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees (Note)	Total	Note
Deloitte & Touche	Shu-Jiuan Ye	2021.01. 01-2021.03. 31	400	0	400	To meet the Company's actual needs, it is planned to change the CPA firm from the second quarter of 2021 in accordance with
Name of CPA Firm	Ming-Xin Juo	2021.01. 01-2021.03. 31				
KPMG	Hui-Chen Chang	2021.04. 01-2021.12. 31	1,600	300	1,900	
Name of CPA Firm	Ching-Wen Kao	2021.04. 01-2021.12. 31				

Note: Non-audit fees are for the tax compliance audit service and the service for filing relevant information to competent authorities.

(I) When the Company changes its accounting firm, and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after change, and the reasons shall be disclosed: N/A.

(II) If the audit fees are reduced by up to 15% compared with that of the previous fiscal year, the reduced amount, percentage and reasons of the audit fees shall be disclosed: N/A.

V. Replacement of accountant: If the Company replaces the accountant during the most recent two fiscal years and subsequently, the following matters shall be disclosed:

(I) Information about the former accountant

<table>
<tr><td>Date of replacement</td><td colspan="4">2021.05.06</td></tr>
<tr><td>Replacement reasons and notes</td><td colspan="4">In order to cooperate with the actual needs of the Company, CPAs Chang-Hui Chen and Kao-Ching Min from KPMG Taiwan are appointed for the purpose of audit since the second quarter of 2021 in accordance with Articles 20 and 29 of the Companies Act.</td></tr>
<tr><td rowspan="3">Appointor or Accountant
Termination or Refusal to Appointment</td><td colspan="2">Situation\ Party involved</td><td>Accountant</td><td>Appointor</td></tr>
<tr><td colspan="2">Voluntary Termination of Appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="2">Cessation of Appointment</td><td>N/A</td><td>V</td></tr>
<tr><td>Audit report opinion other than qualified opinion during the most recent two fiscal years and reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Different opinion from the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td>Description</td><td colspan="3"></td></tr>
<tr><td>Other disclosure matters (disclosed in accordance with Sub-clauses I-4 and I-7 of Paragraph 6 of Article 10 under these Standards)</td><td colspan="4">None</td></tr>
</table>

(II) About reappointment of the accountant

Name of Firm	KPMG
Name of Accountant	CPAs Hui-Chen Chang and Ching-Min Kao
Date of Appointment	2021.05.06
Possible opinion and results in respect to accounting method or accounting principles of the particular transactions and financial reports before appointment	N/A
Written statement of different opinion of successor accountant from the former accountant	N/A
III. Reply of the former accountant on matters under Sub-clauses I and II-3 of Paragraph 5 of Article 10 of the Standards: None	

(III) Reply of the former accountant on matters under Sub-clauses 1 and 2-3 of Paragraph 5 of Article 10 that shall be recorded in the annual report of the companies making public offering: N/A.

VI. If the Company's Chairperson, President and financial or accounting managers held a position in the Company's CPA accounting firm or its affiliated enterprises during the most recent fiscal year, please disclose the name, title and period when they hold a position in the CPA accounting firm or its affiliated enterprises: None

VII. Equity transfer and equity pledge of the directors, supervisors, managers and shareholders with shareholding ratio of more than 10% during the most recent fiscal year and up to the date of publication of the annual report: None

(I) Directors, supervisor, managers and shareholders with shareholding ratio of more than 10%

Unit: Share

Title	Name	2021		As at Mar. 31	
		Increase (decrease) in held shares	increase (decrease) in pledged shares	Increase (decrease) in held shares	increase (decrease) in pledged shares
Corporate director (major shareholder)	Qisda Corporation	-	-		
Corporate Director Representative & Chairman	Chi-Hung Chen	-	-	-	-
Corporate Director Representative & Vice Chairman	Chang-Hung Li	29,000	-	-	-
Corporate Director Representative & President	Chia-Hung Su	20,000	-	-	-
Director	Ming-Shan Li	-	-	-	-
(Major shareholder)	British Virgin Islands (BVI) Merchant GORDIAS INVESTMENTS LIMITED	-	-	-	-
Independent Director	Kuang-Jen Chou	-	-	-	-
Independent Director	Te-Chang Yeh	-	-	-	-
Independent Director	Chih-Hao Chu	-	-	-	-
Vide President	Lo-Lung Wu	-	-	-	-
Senior Director	Chia-I Chan	-	-	-	-
Senior Director	Hsin-Chung Chan	-	-	-	-
Senior Director	Hsiao-Yu Chiao	-	-	-	-
Senior Director	Li-Min Huang	-	-	-	-

(II) Counterparty of the equity transfer is the related party: None

(III) Counterparty of the equity pledge is the related party: None

VIII.Relationship Information, if among the Ten Largest Shareholders Anyone is a Related Party, a Spouse, or a Relative within the Second Degree of Kinship of Another:

Name (Note 1)	Current shareholding		Spouse & minor shareholding (Note 1).		Shareholding by nominees (NOTE 2).		NAME AND RELATIONSHIP, IF AMONG THE TEN LARGEST SHAREHOLDERS ANYONE IS A RELATED PARTY, A SPOUSE, OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP OF ANOTHER. (NOTE 3).		Remarks
	Shares	%	Shares	%	Shares	%	Name (or name)	Relationship	
Qisda Corporation	51,609,986	45.07%	0	0.00%	0	0.00%	None	None	
Qisda Corporation Representative: Chi-Hung Chen	0	0.00%	0	0.00%	0	0.00%	None	None	
BVI Gordias Investment Limited	15,734,441	13.74%	0	0.00%	0	0.00%	None	None	
BVI Gordias Investment Limited Representative: Ming-shan Li	0	0.00%	0	0.00%	0	0.00%	None	None	
Darly2 Venture, Corp.	9,175,109	8.01%	0	0.00%	0	0.00%	None	None	
Darly2 Venture, Corp. Representative: Jasmin Hung	0	0.00%	0	0.00%	0	0.00%	None	None	
BVI Hyllus Investments Limited	8,559,818	7.47%	0	0.00%	0	0.00%	None	None	
BVI Hyllus Investments Limited Representative: Ming-shan Li	0	0.00%	0	0.00%	0	0.00%	None	None	
YouShang Investment Co., Ltd.	2,846,163	2.48%	0	0.00%	0	0.00%	None	None	
YouShang Investment Co., Ltd. Representative:Ying-kuei Lu	207,820	0.18%	0	0.00%	0	0.00%	None	None	
Darly Venture Inc.	2,293,778	2.00%	0	0.00%	0	0.00%	None	None	
Darly Venture Inc. Representative: Jasmin Hung	0	0.00%	0	0.00%	0	0.00%	None	None	
Zhenchen Investment Co., Ltd.	1,200,000	1.04%	0	0.00%	0	0.00%	None	None	
Zhenchen Investment Co., Ltd. Representative: Serena Lu	0	0.00%	0	0.00%	0	0.00%	None	None	
Mu-jhen Huang	1,031,000	0.90%	0	0.00%	0	0.00%	Serena Lu	Parent	
Mu-chen Huang	1,031,000	0.90%	0	0.00%	0	0.00%	Serena Lu	Parent	
Yen-hsing Lu	864,000	0.75%	0	0.00%	0	0.00%	None	None	

Note 1. Please state the name of the shareholder respectively (corporate shareholder shall state the names of the corporate shareholder and the representative respectively)

Note 2. Calculation based on shareholding ratio refer to the aggregate shares held in the name of the shareholder, their spouse, minor children or others.

Note 3. Relationship among the foregoing shareholders including corporate shareholder and natural person shareholder shall be disclosed according to the issuer's financial report preparation standards.

Note 4. The above data is the data as at the transfer closing date Apr. 19, 2022.

IX. Number of shares held by the Company and its directors, supervisor, managers and undertakings directly or indirectly controlled by the Company in the same invested, and consolidated shareholding ratio:

Unit: Share; %

Reinvestment undertaking	Investment of the Company		Investment of the directors, supervisor, managers and undertaking directly or indirectly controlled by the Company		Comprehensive investment	
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio
Yan Tong Technology Ltd.	6,000,000	100.00%	-	-	6,000,000	100.00%
Diamond Flower Information (NL) B.V.	12,001	100.00%	-	-	12,001	100.00%
DFI AMERICA, LLC.	1,209,000	100.00%	-	-	1,209,000	100.00%
DFI Co., Ltd. (DFI-Japan)	6,200	100.00%	-	-	6,200	100.00%
AEWIN Technologies Co., Ltd.	30,376,000	51.38%	-	-	30,376,000	51.38%
ACE PILLAR Co., Ltd.	53,958,069	48.07%	-	-	53,958,069	48.07%
Brainstorm Corporation	233,000	35.09%	-	-	233,000	35.09%

Note: Re-invested shares and shareholding ratio was the data as of Dec. 31, 2021.

Chapter 4 Fund Raising

I. Capital and share issuing

(I) Capital and share

1. Source of share capital

Unit: In Thousand shares/ Thousands of New Taiwan Dollars

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1981.07	10	100	1,000	100	1,000	Incorporation	None	Jian-I No. 105329 dated 1981.07.14
1983.04	10	250	2,500	250	2,500	Cash capital increase	None	Jian-I No. 139643 dated 1983.04.29
1986.01	10	1,000	10,000	1,000	10,000	Cash capital increase	None	Jian-I No. 139021 dated 1986.01.13
1987.03	10	3,000	30,000	3,000	30,000	Cash capital increase	None	Jing-(1987)-Shang No. 12592 dated 1987.03.20
1987.12	10	6,000	60,000	6,000	60,000	Cash capital increase	None	Jing-(1987)-Shang No. 63692 dated 1987.12.15
1989.09	10	12,000	120,000	12,000	120,000	Cash capital increase	None	Jing-(1989)-Shang No. 127396 dated 1989.09.07
1990.12	10	15,600	156,000	15,600	156,000	Capital increase from earnings	None	Jing-(1990)-Shang No. 126104 dated 1990.12.29
1991.08	10	19,600	196,000	19,600	196,000	Cash capital increase	None	Jing-(1991)-Shang No. 117275 dated 1991.08.23
1995.07	10	40,000	400,000	40,000	400,000	Cash capital increase by NT$106,000,000 Capital increase from earnings by NT$ 98,000,000	None	1985-Tai-Cai-Zheng-(I) No. 39295 dated 1985.7.06 84; Jing-(1985)-Shang No. 116255 dated 1985.10.24
1998.07	10	52,000	520,000	52,000	520,000	Cash capital increase by NT$40,000,000 Capital increase from earnings by NT$40,000,000 Capital increase from capital surplus by NT$40,000,000	None	Jing-(1998)-Shang No. 087120446 dated 1998.07.24; 1998-Tai-Cai-Zheng-(I) No. 59370 dated 1998.7.14
1999.09	10	76,000	760,000	58,400	584,000	Capital increase from earnings by NT$64,000,000	None	Jing-(1999)-Shang No. 88137314 dated 1999.10.1; 1999-Tai-Cai-Zheng-(I) No. 80877 dated 1999.9.7
2000.07	10	177,200	1,772,000	98,120	981,200	Cash capital increase by NT$200, 000,000 Capital increase from earnings by NT$197, 20,000	None	Jing-(2000)-Shang No. 089126353 dated 2000.07.26
2001.03	10	177,200	1,772,000	95,320	953,200	Repurchase of treasury shares Capital reduction by NT$28,000,000	None	Jing-(2001)-Shang No. 09001104890 dated 2001.03.30
2001.09	10	177,200	1,772,000	115,000	1,150,000	Capital increase from earnings by NT$120,544,000 Capital increase from capital surplus by NT$ 76,256,000	None	Jing-(2001)-Shang No. 09001363040 dated 2001.09.12
2002.09	10	177,200	1,772,000	117,600	1,176,000	Capital increase from earnings by NT$26,000,000	None	Jing-Shou-Shang No. 09101368600 dated 2002.09.09
2003.09	10	177,200	1,772,000	116,860	1,168,600	Cancellation of treasury shares of NT$20,000,000 Capital increase from earnings by NT$12,600,000	None	Jing-Shou-Shang No. 09201264690 dated 2003.09.04
2004.06	10	177,200	1,772,000	114,010	1,140,100	Cancellation of treasury shares of NT$28,500,000	None	Jing-Shou-Shang No. 09301103130 dated 2004.06.15
2004.09	10	177,200	1,772,000	113,400	1,134,000	Cancellation of treasury shares of NT$17,500,000 Capital increase from earnings by NT$11,400,000	None	Jing-Shou-Shang No. 09301180670 dated 2004.09.21
2004.12	10	177,200	1,772,000	109,800	1,098,000	Cancellation of treasury shares of NT$36,000,000	None	Jing-Shou-Shang No. 09301245680 dated 2004.12.28

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2005.09	10	177,200	1,772,000	109,760	1,097,600	Cancellation of treasury shares of NT$30,500,000	None	Jing-Shou-Shang No. 09401182050 dated 2005.09.14
2006.01	10	177,200	1,772,000	106,560	1,065,600	Cancellation of treasury shares of NT$32,000,000	None	Jing-Shou-Shang No. 09401267950 dated 2006.01.03
2006.03	10	177,200	1,772,000	104,960	1,049,600	Cancellation of treasury shares of NT$16,000,000	None	Jing-Shou-Shang No. 09501053500 dated 2006.03.28
2006.06	10	177,200	1,772,000	103,510	1,035,100	Cancellation of treasury shares of NT$14,500,000	None	Jing-Shou-Shang No. 09501126320 dated 2006.06.30
2006.09	10	177,200	1,772,000	108,316.90	1,083,169	Capital increase from earnings by NT$48,069,000	None	Jing-Shou-Shang No. 09501203530 dated 2006.09.08
2007.09	10	177,200	1,772,000	114,053	1,140,530	Capital increase from earnings by NT$57,361,000	None	Jing-Shou-Shang No. 09601224530 dated 2007.09.12
2008.09	10	177,200	1,772,000	119,033	1,190,330	Capital increase from earnings by NT$49,800,000	None	Jing-Shou-Shang No. 09701223560 dated 2008.09.05
2009.09	10	177,200	1,772,000	121,095	1,210,949	Capital increase from earnings by NT$20,619,000	None	Jing-Shou-Shang No. 09801198490 dated 2009.09.02
2010.11	10	177,200	1,772,000	120,275.90	1,202,759	Cancellation of treasury shares of NT$8,190,000	None	Jing-Shou-Shang No. 09901266650 dated 2010.11.29
2011.09	10	177,200	1,772,000	117,093.90	1,170,939	Cancellation of treasury shares of NT$31,820,000	None	Jing-Shou-Shang No. 10001202740 dated 2011.09.02
2012.01	10	177,200	1,772,000	114,839.90	1,148,399	Cancellation of treasury shares of NT$22,540,000	None	Jing-Shou-Shang No. 10001294210 dated 2012.01.03
2017.09	10	177,200	1,772,000	114,688.90	1,146,889	Cancellation of treasury shares of NT$1,510,000	None	Jing-Shou-Shang No. 10601137800 dated 2017.09.30
2022.01	10	177,200	1,772,000	114,488.90	1,144,889	Cancellation of treasury shares of NT$2,000,000	None	Jing-Shou-Shang No. 11101013810 dated 2022.01.22

2. Class of share

Unit: Share

Class of share	Authorized share capital			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Ordinary shares	114,488,857	62,711,143	177,200,000	

Note: Ordinary shares have been listed

Summary information about declaration system: None

3. Shareholder structure

Unit: Share, Apr. 19, 2022

Shareholder structure / Number	Government agency	Financial institution	Other legal persons	Individual	Foreign entities and individual foreigner	Total
Number of shareholders	-	2	24	5,830	30	5,886
Number of shares	-	398,000	68,600,455	21,058,868	24,631,534	114,688,857
Shareholding ratio	-	0.35%	59.81%	18.37%	21.47%	100.00%

4. Equity allocation

Unit: NTD/Shares of NT$10 per share

Apr. 19, 2022

Range of shareholding	umber of Shareholde	Number of Shares Held	Shareholding Ratio
1-999	2,191	271,622	0.24%
1,000-10,000	3,127	7,914,389	6.91%
10,001-20,000	176	2,567,457	2.24%
20,001-30,000	67	1,653,969	1.44%
30,001-40,000	30	1,038,547	0.91%
40,001-50,000	15	681,516	0.60%
50,001-100,000	28	1,884,156	1.65%
100,001-200,000	7	1,000,931	0.87%
200,001-400,000	8	2,055,510	1.80%
400,001-600,000	1	474,000	0.41%
600,001-800,000	1	601,465	0.53%
800,001-1,000,000	1	864,000	0.75%
Over 1,000,001	9	93,481,295	81.65%
Total	5,661	114,488,857	100.00%

Preferred share

5. List of major shareholders

(I) Name, number of shares and shareholding ratio of the shareholders with equity up to 5% or more

Apr. 19, 2022, Unit: Share %

Shares / Name of Major Shareholder	Number of shares	Shareholding ratio
Qisda Corporation	51,609,986	45.07%
British Virgin Islands Merchant--GORDIAS INVESTMENTS LIMITED	15,734,441	13.74%
Darly2 Venture, Corp.	9,175,109	8.01%
British Virgin Islands Merchant--Hyllus INVESTMENT LIMITED	8,559,818	7.47%

(II) Market value per share, net value, surplus and dividends

<table>
<tr><td colspan="3">Year / Item</td><td>2020</td><td>2021</td><td>Current year up to March 31, 2022</td></tr>
<tr><td rowspan="3">Market price per share (Note 1)</td><td colspan="2">Highest</td><td>92.4</td><td>74.5</td><td>62.3</td></tr>
<tr><td colspan="2">Lowest</td><td>53.8</td><td>54</td><td>60</td></tr>
<tr><td colspan="2">Average</td><td>72.3</td><td>62.22</td><td>61.18</td></tr>
<tr><td rowspan="2">Net worth per share (Note 2)</td><td colspan="2">Before distribution</td><td>25.99</td><td>26.7</td><td>24.15</td></tr>
<tr><td colspan="2">After distribution</td><td>22.99</td><td>23.1</td><td>-</td></tr>
<tr><td rowspan="2">Earnings per share</td><td colspan="2">Weighted average number of shares</td><td>114,488.90</td><td>114,488.90</td><td>114,488.90</td></tr>
<tr><td colspan="2">Earnings per share (Note 3)</td><td>3.54</td><td>5.38</td><td>0.73</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividends</td><td>3</td><td>3.6</td><td>N/A</td></tr>
<tr><td rowspan="2">Stock dividends</td><td></td><td>-</td><td>-</td><td>N/A</td></tr>
<tr><td></td><td>-</td><td>-</td><td>N/A</td></tr>
<tr><td colspan="2">Cumulative unpaid dividends (Note 4)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">Price-to-earnings ratio (Note 5)</td><td>20.42</td><td>11.57</td><td>N/A</td></tr>
<tr><td colspan="2">Price-to-dividend ratio (Note 6)</td><td>24.10</td><td>17.28</td><td>N/A</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 7)</td><td>3.76%</td><td>5.79%</td><td>N/A</td></tr>
</table>

* If the surplus or capital reserve is converted into capital for allotment of shares, the information about the market price and cash dividends retroactively adjusted based on the number of the issued shares shall be disclosed.

Note 1. Please state the maximum and minimum market price of the ordinary shares of each year, and calculate the average market price of each year based on the annual transaction value and turnover.

Note 2. Please state the number of the shares issued at the end of the year based on the allocation resolved at the board meeting or the shareholders' meeting of the next year.

Note 3. In case of retroactive adjustment due to allotment of shares free of charge, please state the earnings per share before and after adjustment.

Note 4. If the issuing conditions of the securities stipulate that the dividends not paid in the year then ended are accumulated to the year when the earnings are achieved, please disclose the unpaid accumulated dividends to the current year.

Note 5. Price-earnings ratio = average closing price per share of the year/ earnings per share

Note 6. Price to dividend ratio = average closing price per share of the year/ cash dividends per share

Note 7. Cash dividend residuals ratio = cash dividends per share/ average closing price per share of the year

(IV) Dividend policies and execution status

1. Dividend policies

If the Company realizes earnings in the general final accounts, the Company shall first withdraw and pay the taxes out of the earnings, recover the accumulated losses, and then withdraw 10% out of the earnings as the statutory surplus reserve. However, when the statutory surplus reserve is up to the Company's paid-up capital, the Company will cease to withdraw the statutory surplus reserve; in case of surplus, and accumulated undistributed earnings, the Board of Directors will formulate a proposal on distribution of earnings, and submit the proposal to the shareholders' meeting for resolving allocation of dividend and bonus to the shareholders.

If, according to the foregoing proposal on distribution of earnings, the distribution is made in the form of cash dividends, then, the Board of Directors is authorized to make resolution and report to the shareholders' meeting.

Given competitive industry, changing environment, and stable growth stage of the Company, in order to effectively grasp the Company's future investment opportunity, working capital requirements and long-term financial planning, and meet the shareholders' demand for cash inflows, the earnings distribution proposal developed by the Board of Directors shall be taken into account the general level of distribution in the relevant industry as well as the adoption of a balanced dividend policy to distribute based on a conservatism principle. If the Company realizes earnings in the general final accounts, and the distributable earnings in the year are up to 2% of the capital, the dividend distribution shall be not less than 10% of the distributable earnings, and the cash dividends to be released in every year shall be not less than 10% of the total cash and share dividends released in the year.

The Company shall allot new shares or cash in the form of statutory surplus reserve or capital reserve in accordance with Article 241 of the Companies Act.

In case of cash allotment according to the foregoing provisions, then, the Board of Directors is authorized to make a resolution and report to the shareholders' meeting.

2. Distribution of dividends proposed at the current shareholders' meeting

(1) The Company's 2021 earnings distribution proposal was resolved at the board meeting to distribute cash dividends of NT$ 366,364,342 to the shareholders, with cash dividend of NT$ 3.2 per share. A report is submitted to the 2022 general shareholders' meeting.

(2) The Company's 2021 capital reserve distribution proposal was resolved at the board meeting to distribute cash dividends of NT$ 45,795,543 to the shareholders, with cash dividends of NT$ 0.4 per share. A report is submitted to the 2022 general shareholders' meeting.

3. Expected changes to the dividend policies:

(V) Impact of the free allotment proposed at this shareholders' meeting on the Company's operation results: There is no free allotment this time.

(VI) Employee bonus and remuneration of directors and supervisor

1. Information about employee bonus and remuneration of directors and supervisor as set out in the Articles of Association is as follows:

If the Company realizes earnings in the year, the Company shall withdraw 5%-20% out of the earnings as the employee remuneration. The Board of Director will resolve payment in the form of stock or in cash to the employees of the controlled or affiliated companies that meet certain conditions; if the Company realizes earnings in the year, the Board of Directors will resolve withdrawal of not more than 1% out of the earnings as remuneration of the directors. The proposal on distribution of the employee remuneration and director's remuneration shall be submitted to the shareholders' meeting.

When the Company has accumulated losses, the Company shall reserve the sum for recovery of the losses, and then, withdraw the employee remuneration and director's remuneration based on the foregoing percentage.

2. Amount proposed by the Board of Directors for employee bonus and remuneration of the directors and supervisor, and the surplus per share are as follows:

(1) The proposed cash employee bonus is NT$ 53,437,000.

(2) The proposed director's remuneration is NT$ 5,685,000.

(3) After taking into account the proposed distribution of employee bonus and director's remuneration, the Company anticipates that the earnings per share for 2021 is still NT$ 5.38.

3. **Earnings for 2020 that are used to distribute employee bonus and remuneration of directors and supervisor are as follows:**
   (1) Cash payment for employee bonus is NT$ 37,720,000.
   (2) Remuneration of directors and supervisor is NT$ 4,013,000.

(VI) The Company's repurchase of its own shares: None.

II. Company bond, preferred share, overseas depository receipt, employee stock warrants and acquisition (including consolidation, purchase and division) or issuance of new shares by transfer of shares of other companies: None.

III. Execution of the capital utilization plan

As of the quarter before the date of publication of the annual report, the previous issuance or private placement of securities has not been completed or has completed in the past 3 years and the planned benefits have not been shown yet: None.

Chapter 5 Operation Overview

I. Business contents

(I) Business scope

1. Main business contents and business proportion

The Company mainly engages in design, manufacturing, production, sale and after-sale service of the Embedded Motherboard and Box PC and Panel PC.

The vertical market areas where the products are mainly applied include the industrial automation, vehicle transportation, medical, financial automation and gaming, network security, retail and military, to meet different demands and solutions of the customers.

Detailed operating revenue amount and percentage are shown in the following table:

Unit: In Thousands of New Taiwan Dollars

Item	Operating revenue of 2021	
	Amount	Percentage
Industrial computer cards and system	4,831,083	36.57
Industrial automation control	3,522,522	26.66
Computer components	4,336,531	32.82
Others	521,140	3.95
Total	13,211,276	100.00

2. Current main items

- ●Industrial computer motherboards
- ●Embedded computer module
- ●Embedded computer system
- ●Industrial system
- ●Application field system
- ●Industrial tablet PC
- ●Industrial display

3. New products planned to be developed

- ●Industrial computer motherboards
- ●Embedded computer module
- ●Embedded computer system
- ●Industrial system
- ●Application field system
- ●Industrial tablet PC

4. Strengthen the design modular integration of software and hardware, to make use of the software and hardware resources more flexible and efficient.

(II) Industry overview

1. Industry status and development

Post-epidemic era

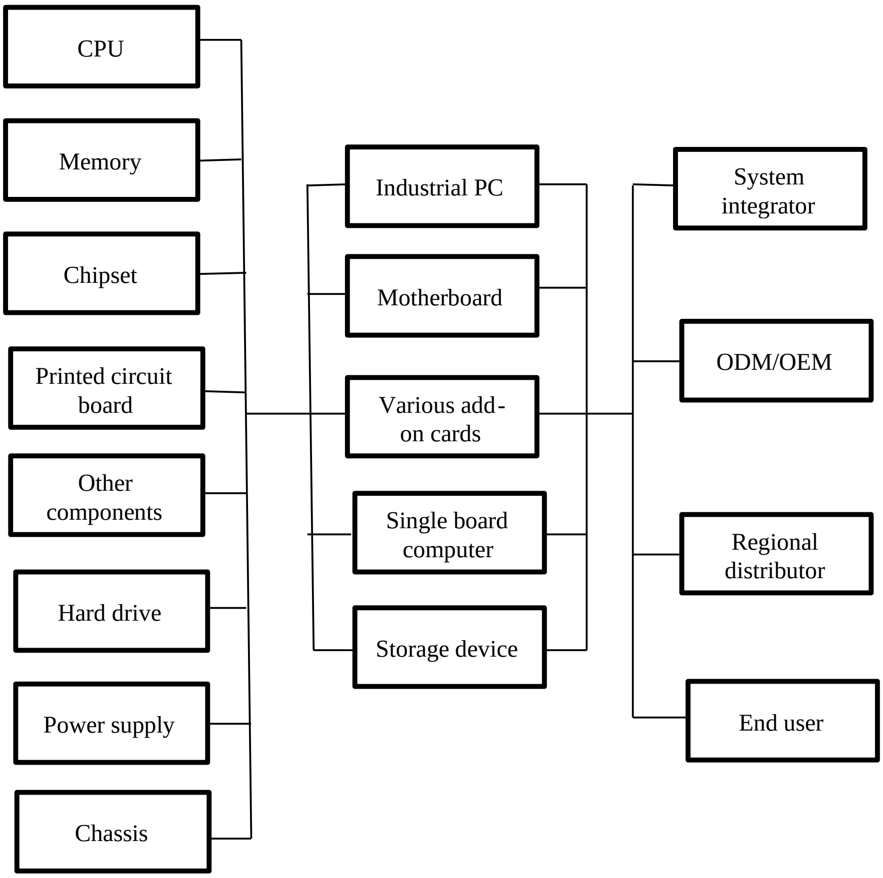
In Q4 of 2021, the quarterly growth rate of the industrial computer industry in Taiwan was up to 15.3%, and the annual growth rate was increased by 22.4% on a year-on-year basis compared with that in 2020, exceeding the original expected annual growth rate of 15.8%. The output was NT$ 749.07 million. Upon analysis, the annual growth rate exceeds the original expected growth rate mainly because gradual recovery of the industry in the world drives the overall demand. In addition, due to delay in delivery caused by shortage of materials in the first half of 2021, the raising of costs for sea transportation and parts which were gradually reflected to the shipping price, the overall performance sees dramatic growth compared with that in the same period of 2020 and in Q3 of 2021. At present, although some chips (such as Power IC and Lan Chip) are still in shortage, the overall gap has been gradually narrowed. Meanwhile, as the IPC operators gradually reflect the raising of costs to the shipping price, the overall gross margin of the industry is expected to be increased, and restored to the past gross margin performance. However, growth of individual vertical application markets varies greatly. In addition to growth of communication, automation control, medical and traffic control in the field of traditional industrial computer, the life automation segment is another booming market. The applications or products of this market are usually all around us. Since PC, especially x86 framework, has gradually powerful function and becomes cheaper, it can replace the platforms that were used in the various closed markets. Thus, the effect of substitution develops another huge opportunity for the industrial computer operators. Given no economic benefits for the home-made products, the system manufacturers have outsourced part of the electronic components to reduce the costs. Thus, even though the market growth rate of the traditional industry computer is not high, the new application fields will rapidly promote the operating revenue of the industry computer operators of this sector, and thus, the growth rate of these operators is higher than the overall industry growth rate.

Increasing cost competition

In the field of traditional industry computer, there is still a trend of small quantity with diversity. The customer’s orders are still small. Thus, even if the operators desire to reduce the costs, the suppliers and the contractors are difficult to achieve this goal. However, in recent years, with the advantages of relatively medium and high volumes, some new emerging industries make it possible to reduce the costs. In the past few years, the leading industrial computer manufacturers in Taiwan have also cooperated with large PC manufacturers because they believe that medium and high volume market is one of the important driving forces for their growth. If they can reduce the material and production costs through cooperation with the large manufacturers, then, they will have a chance to avoid loss of business opportunities. The above signs indicate that in the emerging application of medium and high volume, the manufacturers are faced with an extremely competitive market segment of low entry threshold and crowded competitors. Especially, the consumer motherboard manufacturers try to enter the “semi-industrial control” field.

Relevance among upstream, mid-stream and downstream of the industry

Alike general personal computer, the upstream of the industrial computer industry includes CPU, memory, hard disk, chipset and printed circuit board, all of which are the basic parts of the industrial computer. The mid-stream is the main product of the industrial computer, and motherboard is even the important component. The downstream industry is the sales channel of the industrial computers, that is, customers. However, as there are few of end users of the industrial computers, and the enterprise customers are the main customer base. Thus, the enterprise customers include the System Integrator, value-added distributors, regional distributors, or ODM/OEC manufacturers. The industrial computer products are more complex than the general PC. Thus, after-sale service is also an important link. Especially, international merger and 24-hour international collaboration has become usual. Operation outlets scattered around the work and never-ending service capacity will become the key to victory.



Printed circuit boards, chipsets, passive elements and memory are the main raw materials of the industrial computers. In addition to observation of the order receiving status, control over the parts and components of the industrial computers is also the key for the manufacturer to make successful delivery.

2. Development trend and competition of the products

（I）Development trend

<u>Diversified IPC customized application products and new application derived from the Internet of Things bright about growth momentum for the industrial computers</u>

IPC industrial computers are characterized by small quantity, diversity, customization and focus on services. With Wintel PC standardization and price rationalization, standard pc framework has become the mainstream of the industrial automation. In addition to industrial automation application, all kinds of hardware control cores are built to accommodate the demands of the different customers, and lead to diversified and customized design. On the other hand, driven by demands for infrastructures with business opportunity for game and retail, the industrial computer industry sees vigorous development as a whole. With increasingly diversified applications related to the Internet of Things, including intelligent vehicle, security, logistics, medical treatment, entertainment, energy and intelligent buildings, and even intelligent city and household, the relevant application fields are relatively extensive. As e-expenditures for large amount of infrastructures required by the countries around the world to meet the could services, and the Internet of Things, including radio frequency identification tags (RFID), readers, other infrastructures, and wireless network sensing (WSN), are the expertise of the industrial computer factories, the growth momentum of the industrial computers also come from the resolutions of the Internet of Things for application in various fields of life, electric energy and transportation. For IPC operators, IOT era will accelerate the growth of IPC industry. In addition, AIoT stimulates and drives evolution and upgrading requirements of more different traditional industries, leading to more demand for efficient computing capacity.

(2) Competition

<u>Increasing introduction of new entrants maintain the competitiveness not be reduced by continuous acquisition of the existing dealers.</u>

In order to gain markets and customers, it has become a trend in the past few years for the international large manufacturers to increase their growth rate through continuous acquisition, investment and cooperation. This trend has led to gradual disappearance of the manufacturers of modest size in the market. In another word, it reduces the competition in the market. However, rapid growth and remarkable profits of the Taiwan manufacturers in the past two years have drawn attention of the motherboard and EMS manufacturers, becoming an experimental direction in the process of seeking transformation. Furthermore, due to expanding application fields of IPC products, and huge business opportunity potential, large PC manufacturers have entered IPC markets through cooperation with IPC manufacturers to gain the huge business opportunity. In the future, the competition will become fierce.

(III) Technology and R&D overview

1. Research and development expenses

The Company has accumulated many years of rich experience in board design, and will continue making investments to improve the R&D and design capacity and expertise in response to increasing growth of the industrial computer business and customized development in the future and needs to improve the product design capacity (such as Module, firmware, software, architecture and embedded system).

Unit: In Thousands of New Taiwan Dollars

Year / Item	2020	2021
Research and development expenses (A)	405,350	421,608
Total business turnover (B)	8,349,522	13,211,276
Percentage of R&D expenses among total business turnover (A/B)	4.85%	3.19%

2. Successfully developed technology or product

DFI invests a lot of resources in research and development, and attaches great importance to innovation in development. In recent years, DFI has enhanced the design quality through systematic integration of auxiliary software and hardware tools, and also focuses on deepening technology for research and development in professional field of miniaturized AIoT generation demand, and RF ruggedized products.

The Company has obtained 20 patents by the end of 2021.

●Long-term and short-term business development plans

(1) Short-term business development plan

<u>Pay equal attention to EMS and brand marketing</u>

Achieve performance with EMS/ODM customers, adjust the production constitution, improve the cost bargaining power, increase the gross margin and generate profits by selling a small variety of standard products and customized services. Strengthen the number and quality of the distributors and SI everywhere.

<u>Upgrade products</u>

Provide PICMG products for the traditional industrial computers as well as wider temperature and stronger board cards and systems; strengthen system integration capacity, such as OS, firmware and organization. Provide wider product lines, so that the Company deepens its penetration in the field of traditional industrial computers.

Continue promoting business growth of Embedded System

With board cards as the main products, DFI also considers the source for growth of next level while repeatedly setting new all-time highs in operating revenue. By virtue of reputation and experience accumulated by DFI in cooperation with the international large manufacturers, the customers desire to design and produce more integrated products through DFI. Meanwhile, with respect to the integrated products in combination with Panel, automatic application or other peripheral products will also become one of the driving force for future growth.

(2) Long-term business development plan

Copy the successful mode, and develop middle-scale ODM/EMS customers

DFI wins trust from the customers by virtue of years of design and manufacturing experience, and dense logistics support network established by the experienced staff, as well as the quality and services. The main R&D, manufacturing and logistics personnel of DFI have abundant experience in electronics sector, are very familiar with the industry operation, and are able to provide the customers with services of satisfactory speed, reliability, quality and cost. In the future, the Company will adhere to such mode to continue expanding the customers for design and manufacturing services, in order to create long-term and stable growth.

Develop specific vertical market

Develop the security control, network security, industrial control, intelligent transportation, game/ entertainment machine and other markets based on the product characteristics of the vertical market. Invest resources in the developing countries where the economy is taking off and develop new customers.

II. Market, production and sale overview

(I) Market analysis

1. Regions where the main commodities (services) are sold (provided)

Unit: In Thousands of New Taiwan Dollars

Item \ Year		2020		2021	
		Net sales	Percentage (%)	Net sales	Percentage (%)
Operating revenue from domestic sales		1,683,784	20.17	1,947,217	14.74
Operating revenue from exports	The Americas	1,545,142	18.51	5,647,502	42.74
	Asia, Australia, and Africa	3,844,873	46.05	4,396,374	33.28
	Europe	1,275,723	15.28	1,220,183	9.24
	Subtotal	6,665,738	79.83	11,264,059	85.26
Total		8,349,522	100.00	13,211,276	100.00

2. Market share and future market supply and demand status, and growth

(1)Market share

The industrial computers cover a wide range of vertical application and extension field. Taking the Company's top 3 applications in terms of shipments for example, such as factory automation, intelligent transportation and intelligent medical treatment, the products of DFI are mostly used in system components or as a part of the overall solution. With OEM/ODM expansion business, the market share is hard to be estimated by general market research.

If based on the sales volume, the current market share is 3%.

(2)<u>Future market supply and demand, and growth</u>

The distinction between the industrial computers and personal computers, and consumer products has been always clear. Although architectures of the software and hardware are extremely the same, the biggest difference is attributable to stability, degree of customization, life cycle, project customization, special requirements and service contents. The maximum productivity that can be achieved in the application level of various links is the top guidance for manufacturing of the industrial computers.

At the industrial level, items including but not limited to robot arms, automatic transport vehicles, visual detection, conveyor belt shunting, production line automation and remote maintenance, are within the scope of the industrial computers. The industrial IOT strategy promoted by the government agency has also stimulated the computing demand brought by the industry upgrading.

With industry change and prevailing AIoT, the productivity projects are also extended from traditional manufacturing to business operation and daily life, such as smart pay, traffic monitoring, KIOSK information station, and occasions in response to all kinds of transport vehicles and transportation related requirements, leading to higher test for computing capacity and communication functions of the hardware.

Cross-industry layout and introduction are becoming increasingly popular based on high stability of the industrial computers. For example, the game machines attach importance to the safety of the machine, while the medical devices require accuracy for information presentation, and self-driving vehicle (ADAS) needs high-speed and stable computing capacity, all of which greatly rely on design standards and operation efficiency of the industrial computers. In addition to continuous concessions from various new technologies, such as AI, 5G, IoT and other vertical industry fields, Taiwan's industrial computer industry also sees new business opportunity due to the derived demands for multi-field computing hardware, and even Metaverse mentioned by Facebook, software and hardware integration solution related to virtual and real integration applications, and high-speed network and other hardware demands, which is expected to provide growth momentum for the industry output in the next 2022 and 2023. Thus, it is expected that the industrial computer market demand will see continuous growth in 2022, but the global material shortage crisis is the biggest instability factor.

3. Favorable competition base, favorable and adverse factors for development vision, and solutions

(1)<u>Favorable competition base</u>

- DFI has accumulated nearly 40 years of R&D and design experience in industrial computer, has formed a diamond strategic core composed of agility, quality, service, flexibility and cost planning, and has laid a business foundation with customer's trust. Thanks to good reputation, the cross-industry leaders positively introduce DFI's products, and regards DFI as the partners for solutions. DFI is no longer just a hardware supplier, but a cross-field solution provider, especially after it becomes a member of Qisda Group.
- Benefiting from solid customer's feedback, DFI strives to become a market leader in the field of innovation, and masters the latest technology at a extremely rapid speed, to launch the motherboard and system equipped with the latest platform at the first time, and implement the strict requirements for the embedded application version control and long-term supply, and assist the customers in time-to-market, to guarantee consistency in product design.

(2)<u>Favorable factors for development vision</u>

- With restrictions on labor, time and other costs, the industries are increasingly turning to the strategies of "integration of standardized products" or "outsourcing of ODM services" to develop the products or solutions. In addition to the market access through parallel promotion strategy of standard products (STD) and ODM, DFI can also quickly customize DEV for the standardized products, to copy and apply the experience of each other, effectively meet the customer's standardization and differentiation needs, and reduce the possibility of customer loss.

- With successful experience of a number of large industry leaders in the vertical market, DFI becomes the leader in the field of communication, factory automation and medical treatment with the top growth rate, and has established in-deep cooperation with the strategic partners, to create a solid solution supply chain, and achieve efficiency in development of new applications or new markets.

(3)<u>Adverse factors for development vision and solutions</u>

- In addition to global material shortage crisis caused by COVID-19, and customer's increased demands for information products during the epidemic period, many industries led by chips have faced with phenomenon that the consumer products are crowding out the industrial products, such as automobile industry with shutdown due to lack of chips.
- In the past, the industrial computers have been the stable and profitable products. However, in the context of many competitors, transparent information and standard specification, the product value and costs will be increasingly reviewed and compared, which, indirectly, lead to unhealthy competition at low price through integration of resources, such as developing low-price products (such as "semi-industrial control" products of "above consumption standard but under industrial control specifications"), and gross margin in exchange of revenue. All of these will become worries for industrial development.
- Although DFI has been deeply laid a foundation in the vertical market in the past, DFI does not have any strategic promotion and operation in parallel expansion for various vertical applications. Thus, there is still a lot of space for expansion in the market volume. DFI has to mend the pace to catch up with the market leaders with long history in terms of marketing and product design including strategic alliance, and cross-application field.
- In industrial competition, it will fall back if no advance. It is the fastest shortcut to attract the customers to enhance R&D capacity, increase the market application and marketing efforts, and define more accurate product positioning. DFI gives priority to adjust the strategies under limit resources, focus on task allocation getting effect instantly, and deploy integrated market ideas, so as to consolidate the existing business and increase the application layout.

(4)<u>Solutions to epidemic situation and material shortage crisis</u>

- In the context of post-epidemic are in the world, industry upgrading and transformation has become a "new normal state". With gradual recovery of the industry, the industry and customer projects in various regional markets have been restarted in succession, and even the capital expenditures will be further increased to drive the overall development. On the other hand, COVID-19 has no impact on research and development of DFI, but accelerated the product positioning in the vertical application field. In addition to the social and commercial responsibilities to assist integration of vaccine transport vehicle, and align with the thermal manufacturers to respond to the quarantine needs, the Company does not rush to directly follow the quarantine related applications, but make a layout for the possible market trend during and even after the epidemics.
- For example, the Company focuses on layout of the industrial automation, automotive, medical and public facilities, and communication facilities, internally integrates the network security products, electromechanical items and other related strengths of the Group, and aligns with the external cross-field leaders to solve the real demands in the commercial environment and daily life, develop products, and create more remarkable enterprise image and social value while maintaining the profitable position during the epidemic period.

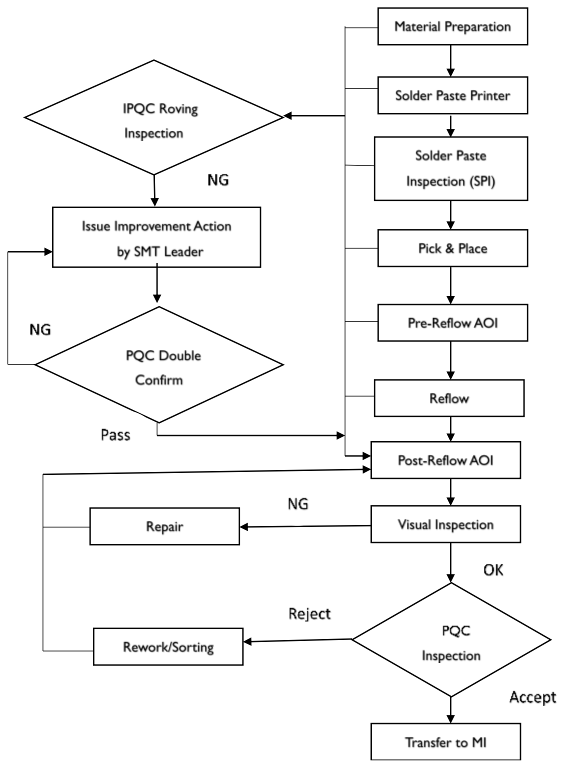
(II) Important use and production process of the main products

1. Important use of the main products

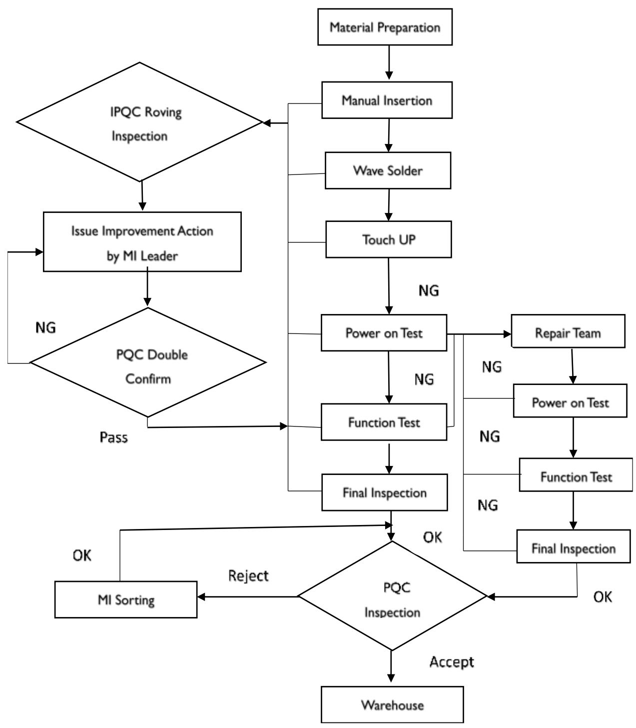
The board cards for the industrial computers are mainly used to provide a "platform" for connection and operation of the relevant parts and components assembled in the industrial computer, and are the most indispensable component in the industrial computer system.

2. Production process of the main products

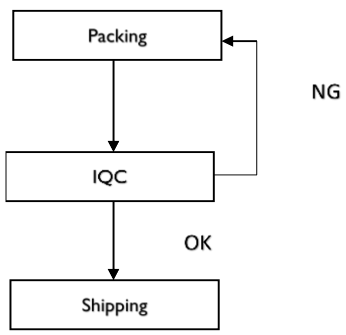
SMT Quality Control Flow Chart



MI Quality Control Flow Chart



Packing Control Flow Chart



(III) List of the main suppliers and customers in the past two years

1. Main suppliers

Unit: In Thousands of New Taiwan Dollars

Item	2020				2021				Up to Q1 of 2022			
	Name (Note 1)	Amount	Proportion to Net Purchase for the Year (%)	Relations with the issuer	Name (Note 1)	Amount	Proportion to Net Purchase for the Year (%)	Relations with the issuer	Name (Note 1)	Amount	Proportion to Net Purchase for the Year (%)	Relations with the issuer
1	Supplier A	722,839	11.41	Non-related party	Supplier A	1,057,431	9.09	Non-related party	Supplier A	307,067	8.75	Non-related party
2	Supplier B	751,208	11.86	The Company's Parent company	Supplier B	350,492	3.01	The Company's Parent company	Supplier B	89,531	2.55	The Company's Parent company
3	Supplier C	667,242	10.53	Non-related party	Supplier C	915,826	7.87	Non-related party	Supplier C	246,866	7.03	Non-related party
4	Others	4,193,224	66.2		Others	9,309,502	80.03		Others	2,867,845	81.67	
5	Purchases Net sales	6,334,513	100		Purchases Net sales	11,633,251	100		Purchases Net sales	3,511,309	100	

Note 1.As the suppliers are diversified, the percentage of some suppliers is changed.

2. Main customers

Unit: In Thousands of New Taiwan Dollars

Item	2020				2021				Up to Q1 of 2022			
	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the issuer	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the issuer	Name	Amount	Proportion to Net Sales as of the Previous	Relationship with the issuer
1	Client A	-	-	Non-related	Client A	-	-	Non-related	Client A	473,971	12.24	Non-related
2	Others	8,349,522	100.00		Others	13,211,276	100.00		Others	3,396,857	87.76	
3	Net sales	8,349,522	100.00		Net sales	13,211,276	100.00		Net sales	3,870,828	100.00	

Note 1.As the product sale portfolio is different, the percentage of some customers is changed.
Note 2.In 2020 and 2021, there was no single customer with net aggregate operating revenue of more than 10%.

(IV) Table of production output in the past two years

Unit: In Thousands of New Taiwan Dollars

Year	2020			2021		
Purchase Volume and Value / Main Products	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Industrial boards/cards and systems	-	-	4,247,277	-	-	4,482,983
Industrial automation control (Note)	-	-	-	-	-	-
Computer components (Note)	-	-	-	-	-	-
Others	-	-	66,677	-	-	120,348
Total	-	-	4,313,954	-	-	4,603,331

Note: The Company merged and acquired AEWIN Technologies and ACE PILLAR in 2019. After the Company merged and acquired Brainstorm Corporation in 2021, the sales volume and output are not presented due to the wide range of products and different units of measurement.

(V) Table of sales volume in the past two years

Unit: In Thousands of New Taiwan Dollars

Year	2020				2021			
Sales Volume and Value / Main Products	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume (Note 1)	Value	Volume (Note 1)	Value	Volume (Note 1)	Value	Volume (Note 1)	Value
Industrial boards/cards and systems	-	318,110	-	4,900,170	-	298,677	-	4,518,711
Industrial automation control	-	1,312,143	-	1,419,786	-	1,602,072	-	1,934,145
Computer component	-	-	-	-	-	-	-	4,336,531
Others	-	53,531	-	345,782	-	46,468	-	474,672
Total	-	1,683,784	-	6,665,738	-	1,947,217	-	11,264,059

Note: The Company merged and acquired AEWIN Technologies and ACE PILLAR in 2019. After the Company merged and acquired Brainstorm Corporation in 2021, the sales volume and output are not presented due to the wide range of products and different units of measurement.

III. Data of employees during the most recent two fiscal years and up to the date of publication of the annual report

Unit: Person; %

Year		2020	2021	Up to March 31, 2022 (Note)
Number of Employees	Director Labor	216	217	234
	Indirector Labor	496	454	454
	Total	712	671	688
Average Age		38.5	39.8	39.7
Average Service Year		6.4	6.89	6.87
Education Distribution Ratio	Ph. D.	0.00%	0.00%	0.00%
	Master's	12.69%	16.99%	16.28%
	Bachelor's	65.63%	67.06%	67.15%
	Senior High School (Vocation School)	18.27%	12.82%	13.66%
	Below Senior High School	3.41%	3.13%	2.91%

Note: It is up to the date of publication May 17, 2022. For the purpose of accuracy, the data is up to Mar. 31, 2022.

IV. Environmental-protection expenditures

There are no noise and waste water in the Company's production process. It is expected that there will be no environmental pollution problem in the future product development. Energy management is planned to be incorporated ISO50001 third-party certification. Systematic management mode is used to confirm effective use of the energy. With respect of RoHS, the Company has purchased and updated the production and detection equipment, which works normally. With respect to production process, the Company has passed test (QC080000) of the Institute of Electronic Industry, ITRI, and audit of several international large manufacturers (Green Product); with respect of suppliers, the Company has completed certification for the prohibited substances, and successfully supplied the materials. The Company has completed registration for WEEE in several European countries, and has entrusted the local operators to recycle the future products.

In order to meet the international green product requirements, the Company has also cooperated with changes to the production environment and materials, and has passed ISO14001 (Validity Period: From 2020 to 2023), QC080000 (Validity Period: From 2021 to 2025) and Green Partner Certification in succession in 2007, to make contributions to environmental protection.

(I) Total losses (including indemnification) and punishment of the Company due to environment during the most recent two fiscal years and up to the date of publication of the annual report: None

(II) Future solutions (including improvement measures) and possible expenditures: None

V. Labor-capital relationship

In order to take good care of the employees, the Company has formulated the systems related to leave, welfare and retirement, and has established an employee welfare committee and a pension management committee to arrange and coordinate the employee welfare measures. Thus, the employees have a high degree royalty to the Company, and harmonious relationship with the Company. So far, there are no labor disputes.

(I) Employee welfare measures

1. Labor insurance, health insurance and group insurance
2. Gifts for three festivals, birthday coupons, Spring Festival coupons, year-end dinner, lot drawing
3. Staff bonus.
4. Marriage and funeral allowance
5. Funeral condolence payments (employee, parents, spouse, children).
6. Meal allowance
7. Association allowance
8. Regular staff physical examination
9. Shuttle bus, education and training for employees
10. Other welfare activities (family day, mountain climbing and walking, arts & cultural activities, etc.)

(II) Retirement system

From Jul. 1, 2005, Company has withdrawn not less than 6% of the monthly salary to the personal pension account of the labor insurance bureau for the new employees and the existing employees who chose to apply the new pension regulations in accordance with the decrees. Meanwhile, the Company continues maintaining the seniority under the old system for the existing employees who chose to apply the old pension measures and the existing employees who chose to apply the new pension measures, and withdraws appropriate amount of pension to the special account with Taiwan banks based on the pension payment standards under the original retirement measures. Peers who are transferred to the affiliated enterprises by the organization shall be entitled to continuous seniority and more benefit security, so as to achieve the Group's talent turnover purpose. Pension of the overseas subsidiary shall be withdrawn according to the regulations of the local government. Pension, medical and various social security funds shall be paid every month.

(III) Protection measures for employee's personal safety and work environment, and implementation thereof

DFI regards the employees as the most important assets, and pay great importance to the work environment and safety of the employees. DFI expects to fulfill its social responsibility and move towards sustainability while growing up. The Company complies with relevant domestic laws and regulations related to the employee's personal safety and work environment protection, and promote the occupational safety and health management system (ISO450001), and passes certification. The relevant management is as follows: formulate and implement the safety and management plan, and regularly implement the operation environment monitoring, safety and health patrol inspection and audit, safety and health education and training, fire education and training; the Company facilitates four management plans: maternity protection, human factors engineering, unlawful infringement and abnormal work load. Every year, the Company will identify the safety and health hazards, and do the safety and health related things so as to improve the work environment, and safety and health performance.

In addition to protection of the safety of the work environment for the employee, health of the employee is also one of the management items. Every year, the Company will organize physical examination for the employees. The Company will remind the employees of any abnormal items in the form of Highlight and BBS based on the physical examination results, to assist the employees to know their physical conditions and provide subsequent medical advice and services. In the future, the Company will make continuous improvement through running of the occupational safety and health management system.

(IV) Other benefits

Employees are entitled to maternity leave, paternity leave and parental leave according to the regulations and decrees. The situation of 2021 is as follows:

Unpaid Parental Leave	Number of Males	Number of Females	Total
Number of employees who applied for parental leave in 2021 (A)	0	1	1
Number of employees who were expected to be reinstated from parental leave in 2021 (B)	1	0	1
Number of employees who were reinstated from parental leave in 2021 (C)	1	0	1
Number of employees who were reinstated from parental leave in 2020 (D)	0	0	0
Number of employees who were still in-service 12 months after reinstatement in 2020 (E)	0	0	0
Reinstatement Rate (C/B)	100%	0%	100%
Retention Rate (E/D)	0%	0%	0%

(V) Losses arising out of labor disputes during the most recent fiscal year and up to the date of publication of the annual report: None.

(VI) Possible estimated amounts at present and in the future and solutions: None.

VI. Important contracts

Supply and sale contracts, technical cooperation contracts, engineering contracts, and long-term loan contracts that remain in force up to the date of publication of the annual report and become due in the most recent fiscal year, and other important contracts that are enough to affect the shareholders' equity:

Nature of the contract	Party to the contract	Effective date of the contract	Main contents	Restriction clause
Software authorization	Consat Telematics AB.	2021.01.15-2023.01.31	SOFTWARE LICENSE AGREEMENT	None
Software authorization	Nuvoton	Subject to the contractual provisions	Nuvoton EC source Software License Agreement	None
Software authorization	Inysde Taiwan	2021.03.09-2023.03.09	NDA to share BIOS code between both of DFI/Juniper	None

VII. Litigation or non-litigation events

(I) Major litigation, non-litigation or administrative dispute events that have been adjudicated or are pending during the most recent two fiscal years and up to the date of publication of the annual report: None.

(II) Major litigation, non-litigation or administrative dispute events of the Company's directors, supervisors, President, and shareholders holding more than 10% of shares, and the affiliated companies that have been adjudicated or are pending during the most recent two fiscal years and up to the date of publication of the annual report: None.

Chapter 6 Financial Overview

I. Condensed balance sheets and consolidated income statement for the most recent five years, and the audit opinion of the CPAs

(I) Condensed balance sheet and consolidated income statement - consolidated

Condensed balance sheet - consolidated

Unit: In Thousands of New Taiwan Dollars

Item \ Year		Financial data for the last five years (Note 1)					Financial data in the current year up to March 31, 2022 (Note 3)
		2017	2018	2019	2020	2021	
Current assets		3,281,940	3,422,103	6,017,867	5,546,713	8,391,838	9,109,457
Property, plant and equipment		588,452	964,362	1,972,002	1,911,589	2,466,382	2,466,232
Intangible assets		12,609	13,262	129,325	113,770	974,453	1,119,714
Other Assets		269,307	322,420	512,569	511,932	479,523	465,528
Total Assets		4,152,308	4,722,147	8,631,763	8,084,004	12,312,196	13,160,931
Current liabilities	Before distribution	967,943	1,389,652	3,029,053	2,771,923	4,540,899	6,289,936
	After distribution	1,449,636	1,994,153	3,601,497	3,115,390	4,953,059 (Note 2)	
Non-current liabilities		87,778	115,706	241,912	278,442	2,267,484	1,586,630
Total Liabilities	Before distribution	1,054,502	1,505,358	3,270,965	3,050,365	6,808,383	7,876,566
	After distribution	1,536,195	2,109,859	3,843,409	3,393,832	7,220,543 (Note 2)	
Equity attributable to owners of parent company		3,097,804	3,216,789	3,194,797	2,975,103	3,057,279	2,764,830
Share capital		1,146,889	1,146,889	1,146,889	1,146,889	1,144,889	1,144,889
Capital surplus	Before distribution	673,773	673,775	679,644	679,735	655,744	609,948
	After distribution	673,773	673,775	679,644	656,837	609,948 (Note 2)	
Retained earnings	Before distribution	1,342,967	1,461,650	1,435,439	1,235,993	1,371,470	1,088,720
	After distribution	861,274	857,149	862,995	915,424	1,005,106 (Note 2)	
Other equity		(65,825)	(52,616)	(54,268)	(74,607)	(114,824)	(78,727)
Treasury shares		-	(12,909)	(12,907)	(12,907)	-	-
Non-controlling interests		2	-	2,166,001	2,058,536	2,446,534	2,519,535
Shareholders' equity Total	Before distribution	3,097,806	3,216,789	5,360,798	5,033,639	5,503,813	5,284,365
	After distribution	2,616,113	2,612,288	4,788,354	4,690,172	5,091,635 (Note 2)	

Note 1. The financial data of each year has been audited by the CPAs.
Note 2. Amount resolved at the board meeting dated Mar. 3, 2022.
Note 3. The financial data for 2022 as at Mar. 31 has been audited by the CPAs.

Condensed consolidated income statement- consolidated

Unit: In NTD thousands, except for earnings per share which is in NTD

Year / Item	Financial data for the last five years (Note 1)					Financial data in the current year up to March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating revenue	3,717,054	5,211,122	7,031,784	8,349,522	13,211,276	3,870,828
Gross Profit	1,196,175	1,540,791	1,994,172	2,109,099	2,520,997	704,579
Operating Income	560,811	781,647	783,787	648,125	526,330	139,639
Non-operating income and expenses	(25,884)	8,523	4,486	(34,448)	457,823	11,590
Net income before tax (loss)	534,927	790,170	788,273	613,677	984,153	151,229
Income (loss) from continuing operations	418,332	605,337	622,657	477,833	781,906	110,119
Profit or loss on discontinued operations	–	–	–	–	–	–
Net Income (Loss)	418,332	605,337	622,657	477,833	781,906	110,119
Other comprehensive income/(loss) for the period (net of tax)	(15,358)	8,461	(8,548)	(27,971)	(42,113)	69,514
Total comprehensive income/(loss) for the period	402,974	613,798	614,109	449,862	739,793	179,633
Net Income attributable to owners of the parent company	418,332	605,337	630,403	405,046	615,903	83,614
Net Income attributable to non-controlling interests	–	–	(7,746)	72,787	166,003	26,505
Comprehensive income attributable to owners of the parent company	402,974	613,798	627,674	382,109	575,471	119,711
Comprehensive income attributable to non-controlling interests	–	–	(13,565)	67,753	164,322	59,922
Earnings per share (NT$)	3.65	5.28	5.51	3.54	5.38	0.73

Note 1: The above annual financial data for each year has been audited by the CPAs.

Note 2: The above annual financial data as of March 31, 2022 has been reviewed by the CPAs.

(II) Condensed balance sheet and income statement - individual

Condensed balance sheet - individual

Unit: In Thousands of New Taiwan Dollars

Item \ Year		Financial data for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		2,746,990	2,775,422	1,801,030	1,505,695	2,054,854
Funds and investments		706,986	809,901	2,021,692	2,196,984	3,124,831
Fixed assets		573,498	949,213	972,400	936,096	1,066,375
Intangible assets		12,609	13,262	7,257	7,256	10,522
Other Assets		64,508	112,317	91,229	87,883	227,480
Total Assets		4,104,591	4,660,115	4,893,608	4,733,914	6,484,062
Current Liabilities	Before distribution	921,169	1,328,588	1,574,881	1,627,612	1,867,673
	After distribution	1,402,862	1,933,089	2,147,325	1,971,079	2,279,833 (Note 2)
Other liabilities		85,618	114,738	123,930	131,199	1,559,110
Liabilities Total	Before distribution	1,006,787	1,443,326	1,698,811	1,758,811	3,426,783
	After distribution	1,488,480	2,047,827	2,271,255	2,102,278	3,838,943 (Note 2)
Share capital		1,146,889	1,146,889	1,146,889	1,146,889	1,144,889
Capital surplus	Before distribution	673,773	673,775	679,644	679,735	655,744
	After distribution	673,773	673,775	679,644	656,837	609,948 (Note 2)
Retained earnings	Before distribution	1,342,967	1,461,650	1,435,439	1,235,993	1,371,470
	After distribution	861,274	857,149	862,995	915,424	1,005,106 (Note 2)
Other equity		(65,825)	(52,616)	(54,268)	(74,607)	(114,824)
Treasury shares		-	(12,909)	(12,907)	(12,907)	-
Total shareholders' equity	Before distribution	3,097,804	3,216,789	3,194,797	2,975,103	3,057,279
	After distribution	2,616,111	2,612,288	2,622,353	2,631,636	2,645,119 (Note 2)

Note 1: The above annual financial data for each year has been audited by the CPAs.

Note 2: It is the amount approved by the Board of Directors through a resolution on March 3, 2022.

Condensed income statement - individual

Unit: In NTD thousands,

except for earnings per share which is in NTD

Year / Item	Financial data for the last five years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	3,573,698	4,819,574	4,804,917	3,777,182	3,460,880
Gross Profit	990,096	1,217,521	1,245,733	939,852	662,185
Operating Income	476,223	672,886	671,090	392,528	86,891
Non-operating income and expenses	34,660	84,669	112,019	100,770	611,875
Net income before tax (loss)	510,883	757,555	783,109	493,298	698,766
Income (loss) from continuing operations	418,332	605,337	630,403	405,046	615,903
Profit or loss on discontinued operations	-	-	-	-	-
Net Income (Loss)	418,332	605,337	630,403	405,046	615,903
Other comprehensive income/(loss) for the period (net of tax)	(15,358)	14,109	(2,729)	(22,937)	(40,432)
Total comprehensive income/(loss) for the period	402,974	613,798	627,674	382,109	575,471
Net Income attributable to owners of the parent company	418,332	605,337	630,403	405,046	615,903
Net Income attributable to non-controlling interests	-	-	-	-	-
Comprehensive income attributable to owners of the parent company	402,974	613,798	627,674	382,109	575,471
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NT$)	3.65	5.28	5.51	3.54	5.38

Note 1: The above annual financial data for each year has been audited by the CPAs.

(III) Name and audit opinion of CPA during the most recent five fiscal years

Year	Name of Accountant	Audit Opinion
2017	Deloitte Taiwan: Ming-Hsin Zhou, Kei-Chang Wu (Note 1)	Unqualified opinion
2018	Deloitte Taiwan: Ming-Hsin Zhou, Kei-Chang Wu	Unqualified opinion
2019	Deloitte Taiwan: Ming-Hsin Zhou,Shu-Chuan Yeh (Note 2)	Unqualified opinion
2020	Deloitte Taiwan: Shu-Chuan Yeh, Ming-Hsin Zhou	Unqualified opinion
2021	KPMG: Hui-Chen Chang and Ching-Min Kao (Note 3)	Unqualified opinion

Note 1.Due to internal business adjustment of Deloitte Taiwan, the CPAs were changed to Ming-Hsin Zhou and Kei-Chang Wu from Q4, 2017.

Note 2.Due to internal business adjustment of Deloitte Taiwan, the CPAs were changed to Ming-Hsin Zhou and Shu-Chuan Yeh from Q3, 2019.

Note 3.In order to accommodate the actual needs of the Company, CPAs were changed to Hui-Chen Chang and Ching-Min Kao from KPMG from Q2, 2021 pursuant to Articles 20 and 29 of the Companies Act.

II. Financial analysis during the most recent fiscal years

(1)Financial analysis- consolidated

Analysis item \ Year		Financial analysis for the last five years (Note 1) 2017	2018	2019	2020	2021	Financial data in the current year up to March 31,
Financial structure (%)	Debt ratio	25.40	31.88	37.89	37.73	55.30	59.85
	Ratio of long-term capital to property, plant, and equipment	541.14	345.56	174.28	170.20	215.89	176.44
Solvency (%)	Current ratio	339.06	246.26	198.67	200.10	184.81	144.83
	Quick ratio	256.82	173.36	126.57	130.90	98.67	73.35
	Interest coverage ratio	638.58	-	84.18	41.43	41.15	14.69
Operating ability	Accounts receivable turnover ratio (times)	5.67	6.07	4.38	4.00	5.48	5.48
	Average days for cash receipts	64.37	60.13	83.33	91.25	66.60	66.60
	Inventory turnover ratio (times)	4.11	4.11	3.19	3.09	3.72	3.05
	Accounts payable turnover ratio (times)	4.51	4.56	3.91	4.43	6.21	5.36
	Average days for sale of goods	88.80	88.81	114.42	118.12	98.12	119.67
	Property, plant, and equipment turnover ratio (times)	6.27	6.71	4.79	4.30	6.04	6.28
	Total assets turnover ratio (times)	0.90	1.17	1.05	1.00	1.30	1.22
Profitability	Return on total assets (%)	10.16	13.64	9.44	5.86	7.86	3.71
	Return on equity (%)	13.26	19.17	14.52	9.19	14.84	8.17
	Ratio of income before tax to paid-in capital (%)	46.64	68.90	68.73	53.51	85.96	13.21
	Net profit margin (%)	11.25	11.62	8.85	5.72	5.92	2.84
	Earnings per share (NT$)	3.65	5.28	5.51	3.54	5.38	0.73
Cash flows	Cash flow ratio (%)	49.93	79.18	52.88	18.13	-23.20	-3.47
	Cash flow adequacy ratio (%)	63.85	92.39	86.33	84.46	34.02	25.71
	Cash reinvestment ratio (%)	-1.00	17.94	17.37	-1.30	-19.86	-3.61
Leverage	Operating leverage	1.13	1.12	1.29	1.43	1.71	1.85
	Financial leverage	1.00	1.00	1.01	1.02	1.05	1.09

Note 1: The above annual financial data for each year has been audited by the CPAs.

Note 2: The above annual financial data as of March 31, 2022 has been reviewed by the CPAs.

(2)Financial analysis -individual

Analysis item \ Year			Financial analysis for the last five years (Note 1)				
			2017	2018	2019	2020	2021
Financial Structure (%)	Debt ratio		24.53	30.97	34.71	37.15	52.85
	Ratio of long-term capital to property, plant, and equipment		555.09	350.98	341.29	331.84	432.90
Solvency . (%)	Current ratio		298.21	208.90	114.36	92.51	110.02
	Quick ratio		232.34	147.41	74.11	60.87	46.90
	Interest coverage ratio		609.92	-	578.09	136.08	61.77
Operating ability	Accounts receivable turnover ratio (times)		5.24	5.27	5.01	4.73	5.03
	Average days for cash receipts		69.66	69.26	72.85	77.17	72.56
	Inventory turnover ratio (times)		5.39	5.11	4.97	5.03	3.34
	Accounts payable turnover ratio (times)		5.21	4.85	3.87	3.76	4.00
	Average days for sale of goods		67.72	71.43	73.44	72.56	109.28
	Fixed assets turnover ratio (times)		6.23	5.08	4.94	4.04	3.25
	Total assets turnover ratio (times)		0.87	1.03	0.98	0.80	0.53
Profitability	Return on total assets (%)		10.27	13.81	13.22	8.47	11.13
	Return on equity (%)		13.26	19.17	19.66	13.13	20.42
	As a percentage of paid-in capital %	Operating income	41.52	58.67	58.51	34.23	7.59
		Income before tax	44.55	66.05	68.28	43.01	61.03
	Net profit margin (%)		11.71	12.56	13.12	10.72	17.80
	Earnings per share (NT$)		3.65	5.28	5.51	3.54	5.38
Cash flows	Cash flow ratio (%)		45.37	81.73	82.15	19.05	-16.81
	Cash flow adequacy ratio (%)		75.80	95.29	104.91	98.40	65.14
	Cash reinvestment ratio (%)		0.47	16.47	18.79	-8.56	-14.80
Leverage	Operating leverage		1.22	1.11	1.15	1.29	0.50
	Financial leverage		1.00	1.00	1.00	1.00	1.20

Note 1: The above annual financial data for each year has been audited by the CPAs.

Financial analysis calculation formula

1. Financial structure
   (1) Debt-asset ratio = Total liabilities/Total assets.
   (2) Long-term assets - fixed assets ratio= (net shareholder's equity + long-term liabilities)/ net fixed assets
2. Debt paying ability
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
   (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses of the period.
3. Operation capacity
   (1) Receivables turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average receivables of each period (including accounts receivable and bills receivable from business activities).
   (2) Average days for cash receipts = 365/ receivables turnover.
   (3) Inventory turnover rate= Cost of sales/Average inventory.
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average payables of each period (including accounts payable and bills payable from business activities).
   (5) Average days for sale of goods = 365/Inventory turnover.
   (6) Fixed asset turnover rate = net sales / average net fixed assets
   (7) Total asset turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - tax rate)]/Average total assets.
   (2) Shareholder's equity return ratio = Profit or loss after tax/ average net shareholders' equity.
   (3) Net profit ratio = Profit or loss after tax/Net sales.
   (4) Earnings per share = (net profit after tax- dividends of preferred share)/ weighted average issued shares
5. Cash flows
   (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
   (2) Net cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
   (3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividends) / (gross fixed assets + long-term investments + other assets + working capital).
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income
   (2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit Report of the Audit Committee

The 2022 financial statements prepared by the Company's Board of Directors have been audited by Hui-Chen Chang and Ching-Min Kao from KPMG for which the audit report has been issued. The foregoing financial statements, business report, audit report and earnings distribution proposal have been examined by the Audit Committee, and are founded to be in conformity with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Companies Act. This report is hereby submitted for your reference.

Yours Sincerely
2022 General Shareholders' Meeting of DFI Inc.

Convener of the Audit Committee: Kuang-Jen Chou

Mar. 3, 2022

IV. Consolidated financial report for the most recent fiscal year and the auditor's report: Please see Appendix I (Pages 89-171).

V. Individual financial report for the most recent fiscal year and the auditor's report: Please see Appendix II (Pages 172-251).

VI. Financial difficulties of the Company and its affiliated companies, if any, during the most recent fiscal year and up to the date of publication of the annual report, and its impact on the Company's financial position: None.

Chapter 7 Discussion and Analysis on the Financial Position and Operating Results, and Risk Management

I. Financial position

Financial Position Comparison and Analysis Table

Unit: In Thousands of New Taiwan Dollars

Year / Item	2021	2020	Difference	
			Amount	%
Current assets	8,391,838	5,546,713	2,845,125	51%
Non-current assets	3,920,358	2,537,291	1,383,067	55%
Total Assets	12,312,196	8,084,004	4,228,192	52%
Current liabilities	4,540,899	2,771,923	1,768,976	64%
Non-current liabilities	2,267,484	278,442	1,989,042	714%
Total Liabilities	6,808,383	3,050,365	3,758,018	123%
Share capital	1,144,889	1,146,889	(2,000)	0%
Capital surplus	655,744	679,735	(23,991)	-4%
Retained earnings	1,371,470	1,235,993	135,477	11%
Other equities	(114,824)	(74,607)	(40,217)	54%
Treasury shares	-	(12,907)	12,907	-100%
Non-controlling interests	2,446,534	2,058,536	387,998	-5%
Total shareholders' equity	5,503,813	5,033,639	470,174	9%

Analysis of the increase and decrease in the ratios in the last two years:

1. Increase in current assets is mainly due to the acquisition of Brainstorm Corporation in May 2021.
2. Increase in current liabilities is mainly due to the acquisition of Brainstorm Corporation in May 2021.
3. Increase in non-current liabilities is mainly due to the increase in long-term borrowings.

II. Operating results

(I)Operating Results Comparison and Analysis Table

Unit: In Thousands of New Taiwan Dollars

Year / Item	2021	2020	Increase/Decrease (amount)	Change, by percentage (%)
Net operating revenue	13,211,276	8,349,522	4,861,754	58%
Operating costs	10,690,279	6,240,423	4,449,856	71%
Gross Profit	2,520,997	2,109,099	411,898	20%
Operating expenses	1,994,667	1,460,974	533,693	37%
Net operating income	526,330	648,125	-121,795	-19%
Non-operating income and expenses	457,823	-34,448	492,271	1429%
Net profit before tax	984,153	613,677	370,476	60%
Income tax	202,247	135,844	66,403	49%
Net income/(loss) for the year	781,906	477,833	304,073	64%

Analysis of the increase and decrease in the ratios:
The change mainly arose from the acquisition of Brainstorm Corporation in May 2021 and the sale of plant recognized in profit on the disposal of assets this year.

III. Cash flows

(I) Changes in consolidated cash flows in 2021

Unit: In Thousands of New Taiwan Dollars

Opening balance of cash in 2021	Cash inflow (outflow) in 2021	Cash Surplus (deficit)
1,922,245	(400,455)	1,521,790

(II) Analysis on changes in consolidated cash flows in 2021

Unit: In Thousands of New Taiwan Dollars

Item	2021	2020	Change by amount	Change, by percentage
Net cash flows from operating activities	(1,053,315)	490,625	(1,543,940)	-315%
Net cash flows from investing activities	(534,928)	29,916	(564,844)	-1888%
Net cash flows from financing activities	1,246,130	(622,266)	1,868,396	300%

(1) Operating activities: It is mainly due to the cash outflow for purchasing materials for operating activities.

(2) Investing activities: It is mainly due to the net cash outflow for the acquisition of property, plant and equipment in 2021.

(3) Financing activities: It is mainly due to long-term borrowings in 2021.

(III) Remedial measures for estimated cash shortfall and liquidity analysis: No cash shortfall.

(IV) Liquidity analysis of cash in the next year: On the premise of maintaining stable cash liquidity, the Company will measure the financial market conditions and make prudent planning based on the cash balance on the books and the cash flows from the operating and investment activities.

IV. Impact of significant capital expenditures of the most recent fiscal year on the financial business

(I) Application of significant capital expenditures and capital source: None.

(II) Expected possible earnings: None.

V. Main reasons for reinvestment policies and profit or loss in the most recent fiscal year, and its improvement plan and the investment plan for the next year:

The Company's reinvestment policy is in line with the Company's business development strategy and the operational needs. In 2021, the Company made profits from reinvestment in the subsidiary, amounting NT$143,250,000. In the coming year, the Company will continue focus on the business development and long-term strategic investment related to the industry, and continue to carefully evaluate the reinvestment plan.

VI. Risk analysis and evaluation during the most recent fiscal year and up to the date of publication of the annual report

(I) Impact of interest and exchange rate changes, and inflation on the Company's profit or loss, and future countermeasures:

1. The bank loans of the Company and the subsidiaries are subject to the floating interest rate. Countermeasures taken by the Company and the subsidiary against the interest change risks include regular evaluation on the loan interest rate of bank in each currency, maintenance of good relationship with the financial institutions, to obtain lower financing costs, and cooperation with the working capital management method to reduce interdependence on the bank loans, and disperse the interest change risks.
2. As the Company's export transactions are mainly presented in USD, any changes to the exchange rate will have certain impact on the Company's profits. The following countermeasures are taken for any possible exchange risks from USD amounts:
   (1) The financial department will keep contact with the financial institutions and collect real-

time exchange rate information based on the international political and economic situation and development, in order to fully master the exchange rate trend.

(2) The Company executes the forward foreign exchange contracts and the exchange rate swap contract to control the exchange rate risks arising from net foreign-currency amounts of the incurred sales and purchases. In addition to estimation of the future trend of the exchange rate to maintain appropriate foreign currency position for future foreign currency payment, the Company also settles and sells the foreign currency net position as appropriate to reduce the impact of exchange rate change on the Company.

(3) The Company has formulated express foreign exchange operation strategies, and strictly controls the process. The Company has signed the forward foreign exchange contracts with the financial institutions to avoid the risks, but not make profits through active operation.

3. Inflation has resulted in price rising in the recent years. The Company and the subsidiary will still pay close attention to the situation of inflation, adjust the product selling price and the inventory as appropriate to reduce impact of inflation on the Company and the subsidiary, and sign purchase contracts with the major raw material manufacturers.

(II) Policies regarding high-risk and high-leverage investments, loans to others, endorsement and guarantee, and derivative commodity trade, reasons for profit or loss, and future countermeasures:

The Company and its subsidiaries have always adhered to the policy of not engaging in high-risk and high-leverage investments. Risk avoidance is the strategy of the derivative commodity trade. The Company never engages in speculative trade.

In 2021, the Company and its subsidiaries engaged in derivative commodity trade on a risk-averse basis, and did not have any relevant operating risks. In the future, the Company will continue engaging in derivative commodity trade on the principles of avoiding risks from exchange rate and interest rate fluctuations, and continue regularly evaluating the foreign exchange and its risks to reduce the Company's operating risks.

Forward foreign exchange contracts and exchange contracts of the Company and the subsidiaries are mainly designed to avoid the risks arising from exchange rate fluctuation of the assets or liabilities in foreign currencies. The derivative financial commodities that are highly negatively correlated with the change in fair value of the risk-averse projects are regarded as the risk-averse tools, and will be regularly evaluated. As the risk-averse accounting conditions are not met, the above items are classified as financial assets or liabilities at FVTPL.

When the Company and its subsidiaries lend capital to others, provides endorsement and guarantee, or engages in derivative commodity trade, in addition to compliance with the relevant operation procedures, the Company shall also make announcement regularly according to the relevant rules of the competent authorities. Up to the date of publication of the annual report, loans to others and endorsement of the Company and its subsidiaries are only targeted at the Company and its subsidiaries.

(III) Future R&D plan and estimated investments in R&D expenses:

1. Future R&D plan:
   - ●Industrial computer motherboards
   - ●Embedded computer module
   - ●Industrial system
   - ●Application field system
   - ●Industrial tablet PC
2. Estimated investments in R&D expenses: about 5% of the turnover; in the future, adjustment will be made based on the global industry development trend and the Company's actual operation status.
3. Estimated completion time of mass production: Mass production will be expected to be completed in 2022.
4. Main influence factors for success of the future research and development:

   With years of experience, the Company has fully grasped the technology trend and have strong ability of integration and the ability to cope with the future technology changes. In addition to continuous and active recruitment of professionals and cultivation of senior technical talents, the

Company also cooperates with the institutions that have know-how through projects. It is the main factor for the Company's success in the future research and development.

(IV) Impact of changes to domestic and foreign important policies and laws, and countermeasures:

The Company's relevant units always pay close attention to and grasp the policies and decrees that might affect the Company's operation, and cooperates to adjust the Company's internal systems to guarantee smooth operation. There have been no significant impact of the changes to the domestic and foreign important policies on the Company's financial affairs in the recent years.

(V) Impact of changes to technology and industry on the Company's financial affairs and countermeasures:

The information industry is always changing and fast. Over the years, the Company has been making changes to the products and strategies in response to the industry evolution, to find the opportunities for growth and making profits. The Company has made profit every year for many years. The management team has adapted well to the changes in technology and industry, which has no significant impact on the Company's financial affairs.

(VI) Impact of change to enterprise image on the enterprise crisis management, and countermeasures:

The Company adheres to going concern on the principle of integrity and stability, attaches importance to the corporate image, and continues improving the quality management ability. In order to perfect the Company's governance and strengthen the relevant functions of the Board of Directors, the Company has established the Remuneration Committee in March 2012 assisting the Board of Directors to exercise the remuneration management function, and has appointed 3 independent directors on Dec. 28, 2017 in accordance with the provisions of Article 14-2 of the Securities and Exchange Act. Thus, there have been no significant changes to the corporate image of the Company, nor any reports adverse to the corporate image in the most recent fiscal year and up to the date of publication of the annual report. There is no danger of such crisis.

(VII) Expected benefits, possible risks and countermeasures of acquisition:

In order to accelerate the development of the U.S. market and implement the first-mover strategy for the consolidated company, on Mar. 22, 2021, the Board of Directors approved the acquisition of 35.09% shareholding ratio in Brainstorm Corporation with an expected total investment of USD 17,970 thousand. This investment proposal has been prudently evaluated by the Board of Directors, and the possible risks include general environment recession, market demand not as expected, and so on. The Company's countermeasures include active development, innovative product and technology, and cost reduction in order to maintain the Company's stable growth rate in operating income.

(VIII) Expected benefits, possible risks and countermeasures of expansion of factories:

In order to meet the operational needs, meet the balanced development of performance growth and stable capacity utilization, with approval of the Board of Directors, the Company has leased a plant covering an area of 8044.1m2 from Qisda Corporation.

(IX) Risks arising from centralized purchases or sales, and countermeasures:

The Company's main domestic and foreign raw materials suppliers and customers are scattered, and the Company has established long-term and stable cooperation relationship with them. Thus, there are no problems and risks from over-concentration of purchases and sales. The Company keeps track of the payment status of the customers, and controls it through the insurance company to protect the Company's interest.

(X) Impact, risks and countermeasures of substantial equity transfer or replacement of the directors, supervisors or shareholders holding more than 10% of shares in the Company on the Company:

There is no substantial equity transfer or replacement of the directors.

(XI) Impact, risks and countermeasures of changes to the management power on the Company:

It is inapplicable as there is no substantial changes to the Company's Board of Directors and management team.

(XII) The Company shall list the significant litigation, non-litigation or administrative dispute events that have been adjudicated or are pending in relation to the Company and its directors, supervisors, President, actual responsible person, shareholders holding more than 10% of shares, and affiliated companies. If the results might have significant influence on the shareholders' equity or securities price, please disclose the dispute facts, the amount of the subject matter, the commencement date of the litigation, the main parties involved, and the actions taken up to the date of publication of the annual report:

Up to the date of publication of the annual report, there are no other significant litigation, non-litigation or administrative dispute events that have been adjudicated or are pending and of which the results might have significant influence on the shareholders' equity or securities price.

(XIII) Other important risks and countermeasures:

I. Information Security Management Structure

1. The Information Division is responsible for the Company's information security management, planning, executing and promoting the information security management related matters, and intensifying the information security awareness of all peers.
2. The Audit Division is responsible for the Company's information security audit. In case of any missing at the time of audit, the audited unit shall propose the relevant improvement plan, and regularly trace the improvement effect to reduce the information security risks.
3. Facilitate implementation, effective operation and continuous improvement of the Company's information security management, and protect the confidentiality, integrity and availability of the Company's core information system, so as to achieve the goal of sustainable operation.

II. Information Security Management Policy

In order to maintain effective operation of the Company's information management system, and maintain the confidentiality, integrity and availability of the important information system, the Company's information security management policy is composed of the three aspects:

1. Establishment of system: formulate the Company's information security management code and comply with the internal and external laws and decrees.
2. Operation of equipment: build and acquire the relevant security management devices, and implement the information security management measures.
3. Education and training: organize information security education and training for the personnel, and strengthen the information security awareness of all peers.

III. Information Security Management Measures

Type	Description	Relevant operation
Authority management	Personnel account, authority management and system operation management measures	1. Personnel account authority management and audit 2. Periodic review of personnel account authority
Access control	Measures for control on personnel's access to the internal and external systems and data transmission	1. Internal/ external access control measures
External threat	Potential security weakness and vulnerabilities of the information system, and the corresponding protective measures	1. Receive the external latest information security threats 2. Regularly detect and remedy the information system vulnerability 3. Regularly update the computer virus protection and virus code
Availability	Availability status of information services and measures to deal with service interruption	1. Mechanism for monitoring and notification of the availability status of the network and system 2. Countermeasures for information service interruption 3. Regular data backup mechanism 4. Regular disaster recovery drills
Information security awareness	Deepen the information security awareness of all peers, cooperate with the regular drills, and intensify the information security	1. Regularly implement the information security use advocacy 2. Regularly implement the network social engineering drills

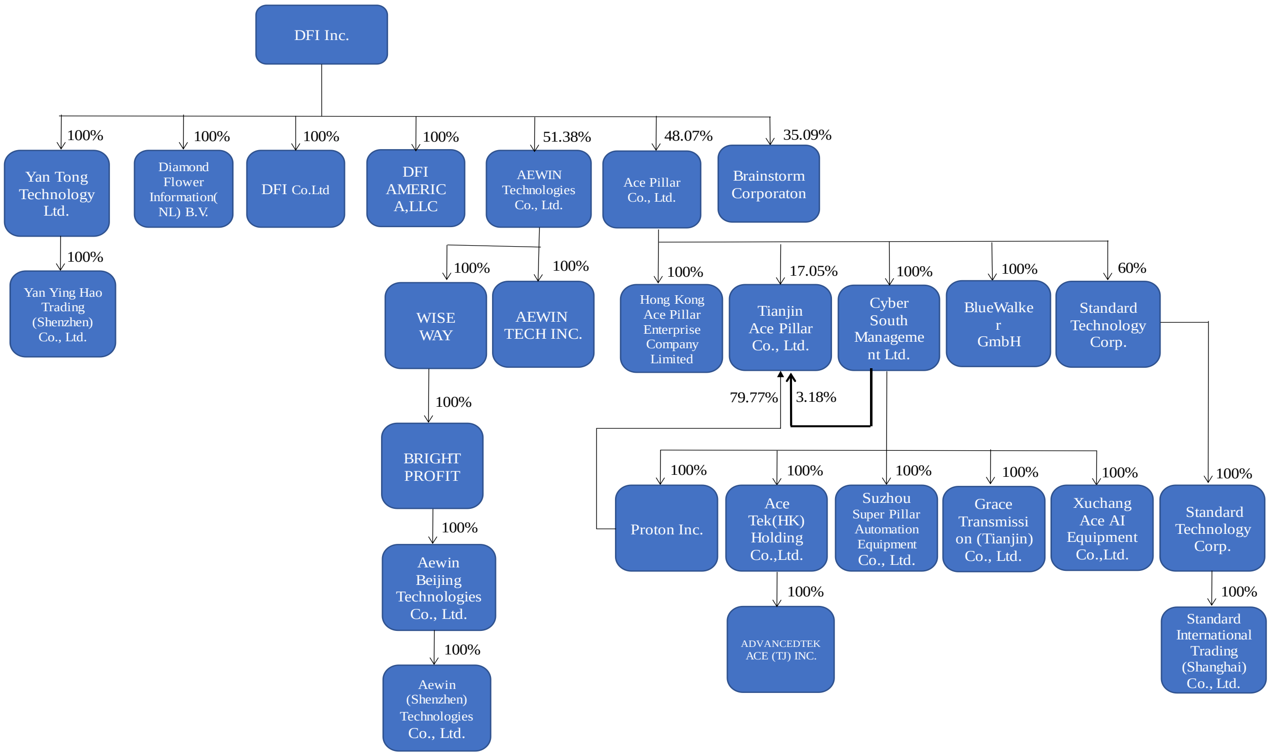
VI. **Other important matters: None**

Chapter 8 Special Notes

I. Relevant data and information of the affiliated enterprises

(I) Consolidated business report of the affiliated enterprises

1. Organization chart of the affiliated enterprise



Note: AEWIN Technologies Co., Ltd. was merged and acquired in March 2019.
ACE PILLAR Co., Ltd.was merged and acquired in October 2019
Brainstorm Corporation was merged and acquired in May 2015
Standard Technology Corporation was merged and acquired by the subsidiary ACE Pillar in March 2022
BlueWalker GmbH was merged and acquired by the subsidiary ACE Pillar in April 2022
The information of the organization chart of the above affiliated enterprises is updated as at Apr. 30, 2022

2. Summary of organization of the affiliated enterprises

(1) Development history of each affiliated company

- DFI Inc. (parent company) is a listed company incorporated in 1981, has engaged in manufacturing and sale of computer motherboards since 1997, and has entered design, manufacturing and sale of industrial computers since 2002.
- Diamond Flower Information (NL) B.V. is the former subsidiary of Diamond Flower Service (NL) B.V. On Dec. 28, 2011, the above two companies were merged, and the later was the surviving company, and was renamed as Diamond Flower Information (NL) B.V.
- DFI Co.,Ltd. was previously a large shareholder of DFI established in 2004, and was mainly responsible for developing the Japanese industrial computer market for DFI. DFI acquired 100% of equity from this large shareholder in October 2006.
- DFI-ITOX,LLC is a subsidiary that engages in industrial computer marketing in the United States. The Company previously held 34.23% of equity in DFI-ITOX,LLC , and fully acquired the shares from the rest shareholders in December 2007, holding 100% of shares.
  This subsidiary was renamed as DFI AMERICA, LLC. in May 2019.
- Yan Tong Technology Ltd. is a new investment company added in February 2008, and

is mainly to integrate the subsidiary investments.

- Yan Ying Hao Trading (ShenYan) Co., Ltd. is a sub-subsidiary founded and established in August 2014, and is mainly a sales outlet in China.
- AEWIN Technologies Co., Ltd. was merged and acquired in March 2019.
- ACE PILLAR Co., Ltd.was merged and acquired in October 2019
- Brainstorm Corporation was merged and acquired in May 2015

(2) Details of relationship between the companies controlled by the affiliated enterprises and the subsidiary company

Company Name	Controlled (subsidiary) company	Control (subsidiary) relationship	Business activities and division of labor of the affiliated enterprises
Diamond Flower Information (NL)B.V.	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in Europe
DFI Co.,Ltd.	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in Japan.
DFI AMERICA, LLC..	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in the United States.
Yan Tong Technology Ltd.	Subsidiary company	Control by holding shares	Consolidation of the parent company's investments.
Yan Ying Hao Trading (ShenYan) Co., Ltd	Subsidiary company	Control by holding shares	Sales outlet in China
AEWIN Technologies Co., Ltd.	Subsidiary company	Control by holding shares	Access to netcom information security market
ACE PILLAR Co., Ltd.	Subsidiary company	Control by holding shares	Realization of the value and market position of the Group in IT +OT future digital transformation services.
Brainstorm Corporation	Subsidiary company	Control by holding shares	Acceleration of DFI's market development in the United States

Note: Interrelation among the affiliated enterprises of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the company's 2021 Annual Report.

(3) General information of the affiliated enterprises

Dec. 31, 2021 Unit: in Thousands of New Taiwan Dollars

Name of Enterprise	Date of Incorporation	Address	Paid-in Capital	Principal Activities or Production Project
Diamond Flower Information (NL) B.V.	2000.10.24	Klompenmakerstraat 89, 3194 DD Rotterdam Hoogvliet, The Netherlands	1,632	Sales of industrial computers
DFI Co.,Ltd.	2002.7.1	5F Dai2 Denpa Bldg. 2-14-10 Sotokanda Chiyoda-ku,Tokyo, 101-0021, Japan	88,430	Sales of industrial computers
DFI AMERICA, LLC.	1987	197 Route 18 South , STE 108 East Brunswick, NJ 08816, U.S.A.	77,176	Sales of industrial computers
Yan Tong Technology Ltd.	2008.2	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius	187,260	Reinvestments

Yan Ying Hao Trading (ShenYan) Co., Ltd	2014.8	Room C1501, Unit C, Yujing Center, No.7, Qingquan Road, Longhua Street, Longhua District, Shenzhen City	15,393	Sales of industrial computers
AEWIN Technologies Co., Ltd.	2000.10.24	32F, No.97, Sec.1, Xintai 5th Rd, Xizhi Dist., New Taipei City	591,231	Design, manufacturing and sale of industrial computers
ACE PILLAR Co., Ltd.	1984.03.31	12F, No.558, Zhongyuan Rd, Xinzhuang District, New Taipei City	1,122,505	Sales and purchase of transmission mechanical components
Brainstorm Corporation	2005	1620 Proforma Avenue, Ontario CA 91761. United States	422,825	Computer components

Note: General information of the affiliated enterprises of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the company's 2021 Annual Report.

3. Information of the same shareholder of the persons presumed to have control and affiliation: None.

4. If the business is related to the industry covered by the enterprise as a whole and the business is related to each other, the division of labor shall be described.

(1) Purpose for establishment of Diamond Flower Information (NL) B.V.: set up a base for sales of industrial computers in the Europe.

(2) Purpose for establishment of DFI Co.,Ltd.: set up a base for sales of industrial computers in Japan.

(3) Purpose for establishment of DFI AMERICA, LLC.: set up a base for sales of industrial computers in the United States.

(4) Purpose for establishment of Yan Tong Technology Ltd.: integrate reinvestments of the parent company.

(5) Purpose for establishment of Yan Ying Hao Trading (ShenYan) Co., Ltd.: sales of industrial computers in China.

(6) Purpose of acquisition of AEWIN Technologies Co., Ltd.: enable the Company enter the netcom information security market, and grasp the future development opportunities of the netcom information security market by combining the resources of both parties.

(7) Purpose of acquisition of ACE PILLAR Co., Ltd.: expand the market share of Embedded in factory automation, integrate the Group’s investments in ICT, and realize the value and market position of the Group in IT +OT future digital transformation services.

(8) Acquisition of Brainstorm Corporation: accelerate the market development of DFI in the United States.

5. Data of the directors, supervisors and the presidents of each affiliated enterprise

Dec.31, 2021 Unit: Share; %

Name of Enterprise	Title	Name or Representative	Number of Shares	
			Number of Shares	Shareholding ratio
Diamond Flower Information (NL) B.V. (Note 1)	Director	DFI Inc. Legal Representatives: Chia-Hung Su, Li-Min Huang	12,001	100%
DFI Co.,Ltd. (Note 1)	Director Supervisor	DFI Inc. Legal Representatives: Chia-Hung Su, Li-Min Huang, Lo-Lung Wu Legal Representative: Ya-Chun Huang	6,200	100%
DFI AMERICA, LLC. (Note1)	Director	DFI Inc. Legal Representatives: Chia-Hung Su, Li-Min Huang	1,209,000	100%
Yan Tong Technology Ltd. (Note1)	Director	DFI Inc. Legal Representatives: Chia-Hung Su, Li-Min Huang	6,000,000	100%
Yan Ying Hao Trading (ShenYan) Co., Ltd	Director Supervisor President	Yan Tong Technology Ltd. Legal Representative: Han-Chung Hsu Legal Representative: Li-Min Huang Hsiao-Yu Chiao	-	-
AEWIN Technologies Co., Ltd. (Note 1) (Note 2)	Director President	DFI Inc. Legal Representatives: Chang-Hung Li, Chih-Ying Tien, Li-Min Huang, Chia-Hung Su, Chang-An Lin Legal Representative of Chi Hsin Co., Ltd.: His-Kuang Fan Independent Directors: Po-Feng Lin, Jung-Kuei Chiang, Chien-Wei Chen, Chang-An Lin	30,376,000	51.38%
ACE PILLAR Co., Ltd. (Note 1) (Note 2)	Director President	DFI Inc. Legal Representative: Chia-Hung Su, Chang-Hung Li, Li-Min Huang, Chih-Cheng Lin, Chang- Chien Li Legal Representative of Han Yu Investment Ltd.: Hui-Ling Yang Independent Directors: Sheng-Fa Yeh, Chi-Hang Yang, Liang-Yu Li, Chang-Chien Li (Note 4)	53,958,069	48.07%
Brainstorm Corporation	Director President	DFI Inc. Legal Representatives: Chang-Hung Li, Tao-Kai Wu, Li-Min Huang, Sherman Lee, Kevin Hsu,Grace Hsu Kevin Hsu	233,000	35.09%

Note:

(1) As to the Company's subsidiaries Diamond Flower Information (NL) B.V., DFI Co.,Ltd., DFI AMERICA, LLC., Yan Tong Technology Ltd., ACE Pillar, the Representative of the Corporate Director DFI Information Corp.: Chi-Nan Tsai resigned on Nov. 5, 2021, and Chia-Hung Su took his replace as the Representative.
As to the Company's subsidiary AEWIN Technologies, the Representative of the Corporate Director Chi-Nan Tsai resigned on Nov. 5, 2021, and Chih-Ying Tien took his place as the Representative.

(2) Please refer to the 2021 Annual Report for the data of the directors, supervisors and President of the affiliated enterprises of the Company's subsidiaries AEWIN Technologies and ACE PILLAR

(3) The Representative of the Corporate Director DFI Information Corp. of AEWIN Technologies: Chi-Nan Tsai resigned on Nov. 5, 201, and Chih-Ying Tien took his place as the Representative.

(4) The President Wen-Te Chen of ACE PILLAR adjusted the position on Apr. 1, 2021, and the new President was Chang-Chien Li.

6. Operation overview of the affiliated enterprises

2021.12.31 ıds of New Taiwan Dollars

Name of Affiliate	Capital	Assets Total	Liabilities Total	Net worth	Operating revenue	Operating income	Profit or loss in this period (after tax)	Earnings per share (NTD) (after tax)
Diamond Flower Information (NL) B.V.	1,632	117,697	42,235	75,462	406,726	13,446	13,955	1,162.79
DFI Co., Ltd.	88,430	299,608	19,447	280,161	257,985	9,779	10,481	1,690.40
DFI America, LLC.	77,176	292,355	92,718	199,637	743,504	3,235	4,624	3.82
Yang Tong Technology Ltd.	187,260	225,197	42,121	183,076	210,875	14,381	7,338	1.22
Yan Tong Infotech (Dongguan) Co., Ltd.	73,927	55,851	4,353	51,498	-	(79)	(1,601)	N/A
Yan Ying Hao Trading (ShenYan) Co., Ltd.	15,393	84,283	37,769	46,514	210,875	14,742	11,090	N/A
AEWIN Technologies Co., Ltd. (Notes 1 and 4)	591,231	2,567,901	1,408,607	1,159,294	2,016,727	79,471	44,617	0.75
Ace Pillar Co., Ltd. (Notes 2 and 4)	1,122,505	3,053,117	1,000,023	2,053,094	3,554,986	189,738	147,895	1.32
Brainstorm Corporation (Note 3)	422,825	1,597,524	934,179	663,345	6,702,521	278,990	248,222	215.69

Note 1: The company was merged into affiliates on March 4, 2019. As of December 31, 2021, the shareholding was 51.38%.

Note 2: The company was merged into affiliates on October 1, 2019. As of December 31, 2021, the shareholding was 48.07%.

Note 3: The company was merged into affiliates on May 1, 2021. As of December 31, 2021, the shareholding was 35.09%.

Note 4: Please refer to"Operating status of affiliates" of the Company's 2021 annual report for the operating status of the Company' subsidiaries: AEWIN Technologies Co., Ltd. and Ace Pillar Co., Ltd.

7. Property transaction: None
8. Capital financing: None
9. Asset leasing: None
10. Endorsement guarantee and derivative commodity trade: None

(II) Consolidated financial statements of the affiliated enterprises: please refer to the consolidated financial statements of the parent company and subsidiary.

II. Private placement of the securities during the most recent fiscal year and up to the date of publication of the annual year: None.

III. The Company's Shares held or disposed by the subsidiaries during the most recent fiscal year and up to the date of publication of the annual report: None.

IV. Other necessary supplementary matters: None.

V. Matters under Paragraph 2-2 of Article 36 of the Securities and Exchange Act with significant influence on the shareholders' equity or the securities price during the most recent fiscal year and up to the date of publication of the annual report:

1. In order to enter the netcom information security market and grasp the future development opportunities of the netcom information security market by combining the resources of both parties, the Company approved at the board meeting dated Feb. 27, 2019 to participate in subscription of 30,000 thousand ordinary shares from AEWIN Technologies through private placement at NT$ 18.5 per share. The investment amount is NT$ 550,000 thousand, and the shareholding ratio is 51.26%.
   The Company approved at the board meeting dated Nov. 10, 2020 acquisition of ordinary shares of this company from the open market up to an aggregate amount of NT$ 177,369,000.
   As at Mar. 31, 2022, the Company holds a total of 30,376,000 outstanding shares including private placement in this company, at shareholding ratio of 51.38%.

2. In order to expand the market share of Embedded in factory automation, integrate the Group's

investments in ICT, and realize the value and market position of the Group in IT +OT future digital transformation services, the Company approved at the board meeting dated Sep. 23, 2019 acquisition of 23,000 thousand ordinary shares from ACE Pillar through private placement at NT$ 20 per share. The investment amount is NT$ 460,000 thousand, and the shareholding ratio is 20.49%.

In addition, acquisition of shares of this company through open market was adopted at the board meeting dated Oct. 24, 2019. The issued shares have been acquired at an amount of not more than NT$ 420,845,000.

Besides, the board meeting dated Nov. 10, 2020 adopted acquisition of the ordinary shares of this company from the open market at an amount of not more than NT$ 610,000,000 in total.

At the board meeting dated Jun. 8, 2021, acquisition of 17,970,000 ordinary shares of ACE Pillar through public offering was adopted, and the aggregate 14,445,069 shares were acquired upon expiry of the public offering period on Jul. 29. The public offering conditions have been met.

As at Mar. 31, 2022, a total of 53,958,069 shares including private placement was held at a shareholding ratio of 48.07%.

3. In order to accelerate the development of the U.S. market and implement the first-mover strategy for the consolidated company, on Mar. 22, 2021, the Board of Directors approved the acquisition of 35.09% shareholding ratio in Brainstorm Corporation with an expected total investment of USD 17,970 thousand.

Appendix1. Consolidated financial statements of the parent company and subsidiary audited by CPAs during the most recent fiscal year

Statements

The entities of the Company that are required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2021 (from January 1 to December 31, 2021), under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements of parent company and its subsidiary prepared in conformity with the International Financial Reporting Standard 10 endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of parent company and its subsidiary. Consequently, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby certify

Company name: DFI Inc.

Chairman: Chi-Hung, Chen

Date: March 3, 2022

Independent Auditors' Report

The Board of Directions and Shareholders DFI Inc.

Audit Opinion

We have audited the accompanying consolidated financial statements of DFI Inc. and its subsidiaries (hereinafter "the Group"), which comprise the consolidated balance sheets as of December 31, 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion which based on our audit results and the other certified public accountants' audit reports (please refer to the paragraph of other matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and other certified public accountants' audit reports, 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 DFI Inc. and its subsidiaries' consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters that we judge should be communicated in the audit reports are stated as follows:

I. Inventory valuation

For accounting policies related to inventory valuation, please refer to Note IV (VIII) of the consolidated financial statements; for uncertainty of accounting estimates and assumptions of inventory valuation, please refer to Note V (I) of the consolidated financial statements; for situation of inventory price loss provision, please refer to Note VI (VI) of the consolidated financial statements.

Key audit matters are stated as follows:

Inventories are subsequently measured by the lower of cost and net realizable value. Due to the rapid development of technology, the original material in stock may no longer meet the market demand, or the sales price may fall due to competition, resulting in the cost of inventory may exceed its net realizable value; the assessment of net realizable value involves the subjective judgment of the management, and, therefore, the inventory evaluation is one of the material evaluation matters for us to perform the audit of the consolidated financial statements of the Group.

The audit procedures to process for the above:

Our main audit procedures for the above-mentioned key audit matters include reviewing the inventory aging reports provided by the Group and analyzing situation in inventory age changes; checking the correctness of the inventory aging reports by sampling; evaluating the inventory valuation and confirming that it has been processed in accordance with the established accounting policies of the Group; assessing the reasonableness of the impairment losses on inventories which was set aside by the management previously.

II. Business combinations

For accounting policies related to business combinations, please refer to Note IV (XIX) of the consolidated financial statements; for description of business combinations, please refer to Note VI (VIII) of the consolidated financial statements.

Key audit matters are stated as follows:

For the year ended December 31, 2021, the Company acquired 35.09% of Brainstorm Corporation's ordinary shares and special shares, and according to the investment agreement between both parties and the Articles of Association of Brainstorm Corporation, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors, and, therefore, it has taken control of Brainstorm Corporation. Due to the accounting treatment of business combination, the management needs to determine the fair value of identifiable acquired assets and liabilities assumed; the process involves many assumptions and estimates with complexity, so the business combination is one of the material evaluation matters for us to perform the consolidated financial statements of the Group.

The audit procedures to process for the above:

Our main audit procedures for the above-mentioned key audit matters include obtaining the fair value assessment and the purchase price allocation of intangible assets reports entrusted by the management to external experts, and assessing the assets and liabilities identified by management at the acquisition date and the reasonableness of their evaluations; appointing our experts of evaluation to assist in assessing the reasonableness of the evaluation methods and material assumptions used in the evaluation; we also assess the correctness of the accounting of the Group and whether the relevant information about the acquisition has been properly disclosed.

III. Impairment Assessment of Goodwill

For accounting policies related to impairment of non-financial assets, please refer to Note IV (XIII) of the consolidated financial statements; for description of the uncertainty of accounting estimates and assumptions of impairment assessment of goodwill, please refer to Note V (III) of the consolidated financial statements; for description of impairment test of goodwill, please refer to Note VI (XI) of the consolidated financial statements.

Key audit matters are stated as follows:

The Group's goodwill arising from business combinations should be tested for impairment annually, or whenever there is an indication of impairment. Due to assessing the recoverable amount of the cash-generating unit to which goodwill belongs involves a number of management assumptions and estimates, the goodwill impairment assessment is one of the important assessment matters for us to perform the audit of the consolidated financial report of the Group.

The audit procedures to process for the above:

Our main audit procedures for the above key audit matters include obtaining a goodwill impairment assessment test form self-assessed by the management; evaluating the basis of estimates and key assumptions used by the management to measure the recoverable amount, including reasonableness of discount rates, expected revenue growth rates, and future cash flow forecast, etc.; processing sensitivity analysis for key assumptions, and checking whether the Group have properly disclosed relevant information on goodwill impairment assessment.

Other Matters

Among the subsidiaries listed in the Group's consolidated financial statements, partial subsidiary's financial statements were not audited by us but by other certified public accountants. Therefore, our opinions expressed in the consolidated financial statements regarding the amounts of that partial subsidiary are according to other certified public accountants' audit reports. That subsidiary's total assets amounted to $277,176 thousand in New Taiwan Dollars (same as below) as of December 31, 2021, accounting for 2.25% of the consolidated total assets, and its net operating revenue was $739,706 thousand for the year ended December 31, 2021, accounting for 5.6% of the consolidated net operating revenue.

The consolidated financial statements of the Group for the year ended December 31, 2020 were audited by other accountants, which issued an audit report with unqualified opinion plus other matter paragraph on March 22, 2021.

DFI Inc. has prepared the parent company only financial statements as of and for the years ended December 31, 2021 and 2020 on which we and other accountants have individually issued an audit report with unqualified opinion plus other matter paragraph for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statement that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of' the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause DFI Inc. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit proof of the financial information of the Group's constituents so as to express opinions on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to the group.

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 the key audit matters of the DFI Inc. and its subsidiaries' consolidated financial statements for the year ended December 31, 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Certified Public Accountant:

Assurance Document Number Approved by Securities Regulator	:	(88) Taiwan-Finance-Securities-VI-18311 Financial-Supervisory-Securities-Audit-1060005191

March 3, 2022

Notes to Readers

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

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

i.DFI Inc. and its subsidiaries

ii.Consolidated Balance Sheets

iii.December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Assets	**2021.12.31**		**2020.12.31**	
	Current assets:	**Amount**	**%**	**Amount**	**%**
1100	Cash and cash equivalents (Note VI (I))	$ 1,521,790	12	1,922,245	24
1110	Financial assets at fair value through profit or loss - current (Notes VI (II))	28,528	-	28,221	-
1136	Financial assets at amortized cost - current (Notes VI (IV) & VIII)	1,708	-	1,708	-
1170	Net of notes receivable and accounts receivable (Notes VI (V) (XXI) & VIII)	2,596,077	21	1,840,247	23
1180	Trade receivable - related parties (Notes VI (V) (XXI) & VII)	167,795	2	144,234	2
1200	Other receivables (Notes VI (V) & VII)	30,806	-	13,411	-
130X	Inventories (Notes VI (VI))	3,583,295	29	1,528,105	19
1410	Prepayments	133,011	1	60,497	1
1460	Non-current assets held for sale (Notes VI (VII)(IX)(X))	312,601	3	-	-
1470	Other current assets	16,227	-	8,045	-
	Total current assets	8,391,838	68	5,546,713	69
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VI (III))	42,547	-	30,807	-
1600	Property, plant and equipment (Notes VI (IX) & VII)	2,466,382	20	1,911,589	24
1755	Right-of-use assets (Notes VI (X) & VII)	267,778	2	144,577	2
1780	Intangible assets (Notes VI (VIII) (XI) & VII))	974,453	8	308,790	3
1840	Deferred tax assets (Notes VI (XVII)	78,856	1	87,688	1
1990	Other non-current assets (Notes VI (XVI))	90,342	1	53,840	1
	Total non-current assets	3,920,358	32	2,537,291	31
	Total assets	**$ 12,312,196**	**100**	**8,084,004**	**100**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

iv.DFI Inc. and its subsidiaries

v.Consolidated Balance Sheets (Continued from the previous page)

vi.December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

		2021.12.31		2020.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes VI (XII) & VIII)	$ 1,311,304	11	823,701	10
2120	Financial liabilities at fair value through profit or loss-current (Notes VI (II))	821	-	9,768	-
2130	Contract liabilities - current (Note VI (XXI))	181,755	1	96,698	1
2170	Notes and trade payables	2,191,477	18	1,083,474	13
2180	Trade payables to related parties (Note VII)	63,053	1	104,880	1
2200	Other payables (Note VI (XXII) & VII)	548,898	4	404,349	5
2230	Current income tax liabilities	86,768	1	122,492	2
2250	Provisions - current (Note VI (XV))	46,247	-	56,827	1
2280	Lease liabilities - current (Note VI (XIV) & VII)	73,484	1	52,120	1
2322	Long-term borrowings - current portion (Notes VI (XIII) & VIII)	20,000	-	-	-
2399	Other current liabilities	17,092	-	17,614	-
	Total current liabilities	4,540,899	37	2,771,923	34
	Non-current liabilities:				
2540	Long-term borrowings (Notes VI (XIII) & VIII)	1,730,000	14	-	-
2570	Deferred tax liabilities (Notes VI (XVII)	315,669	3	174,584	2
2580	Contract liabilities - non-current (Note VI (XIV) & VII)	181,231	2	63,896	1
2640	Net defined benefit liabilities - non-current (Note VI (XVI))	40,584	-	39,962	1
	Total non-current liabilities	2,267,484	19	278,442	4
	Total liabilities	6,808,383	56	3,050,365	38
	Equity attributable to the owners of the parent company (Notes VI (III) (VIII) (XVII) & (XVIII))				
3110	Share capital - ordinary shares	1,144,889	9	1,146,889	14
3200	Capital surplus	655,744	5	679,735	9
3300	Retained earnings	1,371,470	11	1,235,993	15
3400	Other equity	(114,824)	(1)	(74,607)	(1)
3500	Treasury shares	-	-	(12,907)	-
	Total equity attributable to owners of parent company	3,057,279	24	2,975,103	37
36XX	**Non-controlling interests (Note VI (VIII) (XVIII))**	2,446,534	20	2,058,536	25
	Total equity	5,503,813	44	5,033,639	62
	Total liabilities and equity	$ 12,312,196	100	8,084,004	100

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

		2021		2020	
		AMOUNT	%	AMOUNT	%
4000	**Net operating revenue (Notes VI (VIII) (XXI), VII & XIV)**	$ 13,211,276	100	8,349,522	100
5000	**Operating costs (Note VI (VI) (IX) (X) (XI) (XV) (XVI) (XXII), VII & XII)**	(10,690,279)	(81)	(6,240,423)	(75)
	Gross Profit	2,520,997	19	2,109,099	25
	Operating expenses (Note VI (V) (IX) (X) (XI) (XIV) (XVI) (XXII), VII & XII):				
6100	Selling and marketing expenses	(1,172,469)	(9)	(746,508)	(9)
6200	General and administrative expenses	(405,221)	(3)	(355,860)	(4)
6300	Research and development expenses	(421,608)	(3)	(405,350)	(5)
6450	Gain on reversal of expected credit loss	4,631	-	46,744	1
6000	**Total operating expenses**	(1,994,667)	(15)	(1,460,974)	(17)
	Net operating income	526,330	4	648,125	8
	Non-operating income and expenses (Note VI (VII) (XIV) (XXIII) & VII):				
7100	Interest income	2,581	-	5,350	-
7010	Other income	20,261	-	19,758	-
7020	Other gain and loss	459,492	3	(44,378)	(1)
7050	Finance costs	(24,511)	-	(15,178)	-
	Total non-operating income and expenses	457,823	3	(34,448)	(1)
7900	**Profit before tax**	984,153	7	613,677	7
7950	**Loss: Income tax expense (Note VI (XVII))**	(202,247)	(1)	(135,844)	(1)
8200	**Net profit for the period**	781,906	6	477,833	6
	Other comprehensive income (Note VI (XVIII)):				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	270	-	(5,168)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	11,740	-	(3,527)	-
8349	Income tax relating to items that will not be reclassified	(55)	-	1,033	-
		11,955	-	(7,662)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translating the financial statements of foreign operations	(54,068)	-	(20,309)	(1)
8399	Income tax relating to items that may be reclassified	-	-	-	-
		(54,068)	-	(20,309)	(1)
	Other comprehensive income (loss) for the period	(42,113)	-	(27,971)	(1)
8500	**Total comprehensive income (loss) for the period**	**$ 739,793**	**6**	**449,862**	**5**
	Net profit in current period attributable to:				
8610	Owners of the parent company	$ 615,903	5	405,046	5
8620	Non-controlling interests	166,003	1	72,787	1
		$ 781,906	**6**	**477,833**	**6**
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 575,471	5	382,109	4
8720	Non-controlling interests	164,322	1	67,753	1
		$ 739,793	**6**	**449,862**	**5**
	Earnings per share (Unit: In New Taiwan Dollars and Note VI (XX))				
9750	**Basic earnings per share**	**$ 5.38**		**3.54**	
9850	**Diluted earnings per share**	**$ 5.33**		**3.51**	

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to owners of parent company												
			Retained earnings				Other equity items						
	Share capital - Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Treasury shares	Total equities attributable to owners of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2020	$ 1,146,889	679,644	725,424	52,616	657,399	1,435,439	(69,158)	14,890	(54,268)	(12,907)	3,194,797	2,166,001	5,360,798
Net profit for the period	-	-	-	-	405,046	405,046	-	-	-	-	405,046	72,787	477,833
Other comprehensive income (loss) for the period	-	-	-	-	(4,327)	(4,327)	(13,952)	(4,658)	(18,610)	-	(22,937)	(5,034)	(27,971)
Total comprehensive income (loss) for the period	-	-	-	-	400,719	400,719	(13,952)	(4,658)	(18,610)	-	382,109	67,753	449,862
Profit distribution:	-	-											
Legal reserve	-	-	63,094	-	(63,094)	-	-	-	-	-	-	-	-
Appropriation of legal reserve	-	-	-	1,652	(1,652)	-	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(572,444)	(572,444)	-	-	-	-	(572,444)	-	(572,444)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(40,814)	(40,814)
Changes in non-controlling interests	-	91	-	-	-	-	-	-	-	-	91	709	800
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(29,450)	(29,450)	-	-	-	-	(29,450)	(135,113)	(164,563)
Disposal of equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	1,729	1,729	-	(1,729)	(1,729)	-	-	-	-
Balance as of December 31, 2020	**$ 1,146,889**	**679,735**	**788,518**	**54,268**	**393,207**	**1,235,993**	**(83,110)**	**8,503**	**(74,607)**	**(12,907)**	**2,975,103**	**2,058,536**	**5,033,639**
Net profit for the period	-	-	-	-	615,903	615,903	-	-	-	-	615,903	166,003	781,906
Other comprehensive income (loss) for the period	-	-	-	-	(215)	(215)	(51,761)	11,544	(40,217)	-	(40,432)	(1,681)	(42,113)
Total comprehensive income (loss) for the period	-	-	-	-	615,688	615,688	(51,761)	11,544	(40,217)	-	575,471	164,322	739,793
Profit distribution:							-						
Legal reserve	-	-	37,246	-	(37,246)	-	-	-	-	-	-	-	-
Appropriation of legal reserve	-	-	-	20,339	(20,339)	-	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(320,569)	(320,569)	-	-	-	-	(320,569)	-	(320,569)
Cash distributed from capital	-	(22,898)	-	-	-	-	-	-	-	-	(22,898)	-	(22,898)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(52,225)	(52,225)
Cancellation of treasury shares	(2,000)	(1,093)	-	-	(9,814)	(9,814)	-	-	-	12,907	-	-	-
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(149,828)	(149,828)	-	-	-	-	(149,828)	(365,532)	(515,360)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	641,433	641,433
Balance as of December 31, 2021	**$ 1,144,889**	**655,744**	**825,764**	**74,607**	**471,099**	**1,371,470**	**(134,871)**	**20,047**	**(114,824)**	**-**	**3,057,279**	**2,446,534**	**5,503,813**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	2021	2020
Cash flows from operating activities:		
Net profit before tax for the period	$ 984,153	613,677
Adjustment item:		
Adjustments for		
Depreciation expenses	176,957	148,587
Amortization expenses	67,378	28,732
Gain on reversal of expected credit loss	(4,631)	(46,744)
Evaluation losses of financial assets measured at fair value through gains and losses	829	20,471
Interest expense	24,511	15,178
Interest income	(2,581)	(5,350)
Dividend income	(999)	(1,260)
Loss (gain) on disposal of property, plant and equipment	1,854	(296)
Gain on disposal of non-current assets held for sale	(469,360)	-
Unrealized foreign exchange gains	-	(29,953)
Gain on lease amendment	(5)	(222)
Total revenue, expense and loss items	(206,047)	129,143
Changes in assets/liabilities related to business activities:		
Net changes in assets related to operating activities:		
Increase in financial assets measured at fair value through profit or loss	(2,117)	(13,452)
Increase in notes receivable and accounts receivable	(559,311)	(67,859)
Decrease (increase) in accounts receivable - related parties	(23,561)	129,678
Decrease (increase) in other receivables	(17,396)	17,666
Decrease (increase) in inventories	(1,251,608)	233,994
Decrease (increase) in prepayments	(77,855)	9,146
Decrease (increase) in other current assets	1,349	(267)
Total net changes in assets related to operating activities	(1,930,499)	308,906
Net change in liabilities related to operating activities:		
Decrease in financial liabilities measured at fair value compulsorily through profit or loss	(8,947)	-
Increase in contractual liabilities	85,057	3,536
Increase (decrease) in notes payable and accounts payable	323,659	(301,430)
Decrease in accounts payable - related parties	(41,827)	(101,442)
Decrease in other payables	(26,003)	(30,689)
Decrease(increase) in liability reserve	(10,580)	842
Increase (decrease) in other current liabilities	(833)	5,158
Decrease in net defined benefit liabilities	(517)	(2,322)
Total net changes in liabilities related to business activities	320,009	(426,347)
Total net changes in assets and liabilities related to operating activities	(1,610,490)	(117,441)
Total adjustment items	(1,816,537)	11,702
Cash (used in) generated from operations	(832,384)	625,379
Interest received	2,582	5,350
Interest paid	(24,250)	(14,870)
Income tax paid	(199,263)	(125,234)
Net cash (used in) generated from operating activities	(1,053,315)	490,625

(Continued on the next page)

DFI Inc. and its subsidiaries
Consolidated Statements of Cash Flows (Continued from the previous page)
January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	2021	2020
Cash flows from investing activities:		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	26,410
Purchase of financial assets at amortized cost	-	(2,707)
Proceeds from sale of financial assets at amortized cost	-	47,532
Proceeds from sale of financial assets at fair value through profit or loss	981	5,699
Acquisition of subsidiaries (less cash obtained)	(41,201)	-
Proceeds from disposal of non-current assets held for sale	542,245	-
Purchase of Property, plant and equipment	(993,714)	(33,063)
Proceeds from disposal of property, plant and equipment	1,677	782
Decrease in refundable deposits	1,056	1,635
Purchase of intangible assets	(15,396)	(13,177)
Increase in other non-current assets	(31,575)	(4,455)
Dividends received	999	1,260
Net cash (used in) generated from investing activities	(534,928)	29,916
Cash flows from financing activities:		
Proceeds from short-term borrowings	5,982,178	2,818,377
Repayments of short-term borrowings	(5,494,381)	(2,608,849)
Proceeds from long-term borrowings	2,200,000	-
Repayments of long-term borrowings	(454,170)	-
Repayment of the principal portion of lease	(76,445)	(54,773)
Cash dividends distributed	(343,467)	(572,444)
Acquisition of subsidiaries	(515,360)	(164,563)
Changes in non-controlling interests	(52,225)	(40,014)
Net cash (used in) generated from financing activities	1,246,130	(622,266)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(58,342)	(21,373)
Decrease in cash and cash equivalents for the current period	(400,455)	(123,098)
Cash and cash equivalents at the beginning of the period	1,922,245	2,045,343
Cash and cash equivalents at the end of the period	**$ 1,521,790**	**1,922,245**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020
(The amount shall be dominated in thousands of NTD, unless otherwise specified)

I. Company History

On July 14, 1981, DFI Inc. (the "Company") was established and registered under the approval from the Ministry of Economic Affairs, having the registered address of 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company and its subsidiaries (hereafter collectively referred to as the "Consolidated Company") are principally engaged in the manufacturing and sales of boards and computer components for industrial computers.

II. Date and Procedures of Authorization of Financial Statements

The accompanying consolidated financial statements were approved and issued by the Board of Directors on March 3, 2022.

III. Application of New and Amended Standards and Interpretations

(I) Effect of adopted newly issued and revised standards and interpretations endorsed by the Financial Supervisory Commission (hereafter referred to as the "FSC")

As of January 1, 2021, the Consolidated Company began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the consolidated financial statements.

- Amendments to IFRS 4 "Extension of Temporary Exemption from Application of IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Changes in Interest Rate Indicators - Phase 2"
- Amendments to IFRS 16, "Rent Concessions Related to COVID-19 After June 30, 2021"

(II) Impact of not adopting IFRS endorsed by the FSC

The consolidated company has performed an assessment procedure and concluded that the implementation of the newly amended IFRS effective as of January 1, 2022 will not deliver a material impact on the consolidated financial statements.

- Amendment to IAS 16 "Property, plant, and equipment: price before fulfillment of expected usage state"
- Amendment to IAS 37 "Loss-making contract - cost of contract performance"
- Annual Improvement to IFRS Standards 2018-2020
- Amendment to IFRS 3 "Reference to the Conceptual Framework"

(III) New and amended standards and interpretations not acknowledged by the FSC

The standards and interpretations issued and amended by the IASB but not yet endorsed by the FSC that may be related to the consolidated company are as follows:

New issued or amended standards	Main amendments	Effective date of issuance by IASB
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendment was made to improve consistency in the application of these standards to assist companies in determining whether debt or other liabilities with an indefinite maturity date should be classified as current (due or likely to be due within one year) or non-current on the balance sheet. The amendment also clarifies the classification of debt that may be settled by conversion into equity.	January 1, 2023

The consolidated company is now continuously assessing the impact of the above standards and interpretations on the financial position and operating results of the consolidated company, and will disclose the related impact after completing the assessment.

The consolidated company expects that the following newly issued and amended standards that have not been endorsed by the FSC yet will not deliver a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendment to IAS 12 “Deferred Income Tax related to Assets and Liabilities Derived from Single Transaction”

IV. Summary of Significant Accounting Policies

The summary of significant accounting policies adopted by the consolidated financial statements is as below. The accounting policies below have been applied consistently to all periods presented in this consolidated financial statements.

(I) Statement of Compliance

This consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereafter referred to as the “Preparation Regulations”) and IFRS, IAS, IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC (hereafter referred to as the “IFRSs endorsed by the FSC”).

(II) Basis of Preparation

1. Measurement Basis

Except for below material items of the balance sheet, this consolidated financial statement has been prepared on the basis of historical cost:

(1) Financial instruments at fair value through profit or loss (including derivative financial instruments)；

(2) Financial assets at fair value through other comprehensive income; and

(3) Net defined benefit liabilities (or assets) are measured by the fair value of present value of defined benefit obligation less pension fund assets.

2. Functional currency and presentation currency

An entity of the consolidated company uses the currency of the primary economic environment in which the entity operates as its functional currency. The consolidated financial statements of the Company are presented in the New Taiwan, Dollars, the functional currency of the Company. The amount of financial information in New Taiwan Dollars shall be dominated in thousands of NTD, unless otherwise specified.

(III) Basis of Consolidation

1. Basis for preparation of consolidated financial statements

The reporting entity of the consolidated financial statements includes the Company and the entities (that is the subsidiaries) controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of a subsidiary shall be included in the consolidated financial statements from the date it gains control until the date when it ceases to control the subsidiary. Intragroup transactions, outstanding balance, and any unrealized income and expenses are eliminated in full when preparing the consolidated financial statements. Total comprehensive income of subsidiaries is separately attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Adjustments are properly made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

Where the change in the consolidated company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction between owners. The difference between the adjustment amount of non-controlling interests and fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

When the consolidated company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between below two items: (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest of the former subsidiary at the date when control is lost, and (2) the aggregate of the carrying amount of the assets (including goodwill) and liabilities of the former subsidiary and any non-controlling interests at the date when control is lost. The amounts recognized in other comprehensive income in relation to the subsidiary on the same accounting basis as the basis must abide of the accounting treatment for the related assets or liabilities had been directly disposed of by the consolidated company.

The fair value of any investment retained in the former subsidiary at the date when control is lost is considered to be the value on initial recognition of financial assets at fair value through other comprehensive income, or the cost on initial recognition of an investment in an associate.

2. Subsidiaries included in consolidated financial statements

Name of investor company	Name of subsidiary	Nature of business	Comprehensive shareholding 2021.12.31	Comprehensive shareholding 2020.12.31	Description
The Company	DFI AMERICA, LLC	Sales of industrial computer cards	100.00%	100.00%	-
The Company	DFI Co., Ltd.	Sales of industrial computer cards	100.00%	100.00%	-
The Company	Yan Tong Technology Ltd. (Yan Tong)	Investment business	100.00%	100.00%	-
The Company	Diamond Flower Information (NL) B.V.	Sales of industrial computer cards	100.00%	100.00%	-
The Company	Brainstorm Corporation (Brainstrom)	Wholesale and retail of computer and peripheral devices	35.09%	-	Note
Yan Tong	Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	100.00%	100.00%	-
Yan Tong	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	100.00%	100.00%	-
The Company	AEWIN Technologies Co., Ltd. (AEWIN)	Design, manufacture and sale of industrial computer cards and related products	51.38%	50.84%	-
AEWIN	Wise Way	Investment business	51.38%	50.84%	-
AEWIN	Aewin Tech Inc.	Wholesale of computer and peripheral equipment and software	51.38%	50.84%	-
Wise Way	Bright Profit	Investment business	51.38%	50.84%	-
Bright Profit	Aewin Beijing Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	51.38%	50.84%	-
Beijing AEWIN	Aewin(Shenzhen)Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	51.38%	50.84%	-
The Company	Ace Pillar Co., Ltd. (Ace Pillar)	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	48.07%	33.56%	-
Ace Pillar	Cyber South Management Ltd.(Cyber South)	Holding Company	48.07%	33.56%	-
Ace Pillar	Hong Kong Ace Pillar Enterprise Company Limited (Hong Kong ACE Pillar)	Sales and Purchases of transmission mechanical components	48.07%	33.56%	-
Ace Pillar/Proton	Tianjin Ace Pillar Co., Ltd. (Tianjin Ace Pillar)	Sales and Purchases of transmission mechanical components	48.07%	33.56%	-
Cyber South	Proton Inc.(Proton)	Holding Company	48.07%	33.56%	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. (Ace Tek)	Holding Company	48.07%	33.56%	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	Processing and technical services of mechanical transmission and control products	48.07%	33.56%	-
Cyber South	Grace Transmission (Tianjin) Co., Ltd.	Manufacturing and processing of machinery transmission products	48.07%	33.56%	-
Cyber South	Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	48.07%	33.56%	-
Ace Tek	ADVANCEDTEK ACE (TJ) INC.	Electronic system integration	48.07%	33.56%	-

Note: As stated in Note VI (VIII), on May 1, 2021, the Company acquired 35.09% of the equities in Brainstorm, and according to the equity purchase agreement and the Articles of Association of Brainstorm, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors of Brainstorm. Therefore, the Company has taken control of Brainstorm and included Brainstorm in the consolidated entities as of the acquisition date.

3. Subsidiaries not included in the consolidated financial statements: None.

(IV) Foreign Currency

1. Foreign Currency Transaction

Foreign currency transactions shall be converted into the functional currency using the exchange rate on the date of the transaction. Foreign currency monetary items are subsequently converted into functional currency at the exchange rate of the date at the end of each reporting period (hereafter referred to as the "reporting date"). Non-monetary items denominated in foreign currencies measured at fair value are converted into functional currency at the exchange rate on the date when the fair value is determined, and non-monetary items denominated in foreign currencies measured at historical cost are converted at the exchange rate on the transaction date.

Foreign currency translation differences arising from translation are normally recognized in profit or loss, but equity instruments designatedly measured as fair value through other comprehensive income are recognized in other comprehensive income.

2. Exchange differences on the translation of financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are converted to the representation currency of the consolidated financial statements at the exchange rate on the reporting date. All income and expense items are converted to the representation currency of the consolidated financial statements at the current average exchange rate, and the difference is recognized as other comprehensive income.

In the event of a loss of control, joint control, or significant influence due to the disposal of foreign operations, the cumulative amount of exchange difference related to the foreign operations is reclassified into profit or loss. In the case of partial disposal of a subsidiary that includes foreign operations, the cumulative amount of related exchange difference is reallocated to non-controlling interests based on a pro-rata basis. In the case of partial disposal of an associate or joint control that includes foreign operations, the cumulative amount of related exchange difference is reallocated to profit or loss on a pro-rata basis.

If there is no repayment plan and it is not possible to repay in the foreseeable future, foreign currency exchange gain or loss arising from monetary items of receivables or payables of foreign operations are regarded as part of the foreign operations' net investment and recognized as other comprehensive income.

(V) Standards for Classification of Current and Non-current Assets and Liabilities

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

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
2. Assets primarily held for trading purposes;
3. Assets that are expected to be realized within twelve months from the balance sheet

date; or

4. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities primarily held for trading purposes;
3. Liabilities that are to be paid off within twelve months from the balance sheet date; or
4. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(VI) Cash and cash equivalents

Cash includes cash on hand, checking deposit, and demand deposit. 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.

(VII) Financial Instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. all other financial assets and financial liabilities shall be recognized when the consolidated company becomes a party of the financial instrument contract. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1. Financial assets

   Financial assets are classified into the following categories: Financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. When purchasing or selling financial assets in accordance with trading practices, the trade date accounting is adopted.

   The consolidated company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets from the next reporting period.

   (1) Financial assets at amortized cost

   Financial assets which satisfy the following two conditions and not designated to be measured at fair value through profit or loss are measured at amortized cost.

   - It is held within a business model whose objective is to hold assets to collect contractual cash flows.

- Such financial assets' contractual terms generate cash flows on a specified date basis which are solely payments on the principal amounts outstanding and interest amounts outstanding.

After initial recognition, such financial assets are measured at amortized cost less impairment losses using the effective interest method. Interest income, foreign currency profit or loss and impairment loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income

Investment in debt instruments which satisfy the following two conditions and not designated to be measured at fair value through profit or loss are measured at FVTOCI.

- For a financial asset held in a business model with the purpose of generating contractual cash flows and for sale thereof.
- Such financial assets' contractual terms generate cash flows on a specified date basis which are solely payments on the principal amounts outstanding and interest amounts outstanding.

On initial recognition of an equity investment that is not held for trading, the consolidated company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

An investment through debt instrument is subsequently measured at fair value. Interest income using the effective interest method, foreign currency profit or loss, and impairment loss are recognized as profit or loss, and the remaining net gain or loss is recognized as other comprehensive income. As derecognition, other comprehensive income accumulated under equity shall be reclassified to profit or loss.

An investment through equity instrument is subsequently measured at fair value. Dividend income is recognized in profit or loss, unless it clearly represents a recovery of part of the investment cost. The remaining net gain or loss is recognized as other comprehensive income. As derecognition, other comprehensive income accumulated under equity shall be reclassified to retained earnings instead of profit or loss. Dividend income derived from equity investments is recognized on the date that the consolidated company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

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

All financial assets not classified as amortized cost or measured at fair value through other comprehensive income described as above are measured at fair value through profit and loss, including derivatives. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and their net benefits or losses arising from remeasurement (including any dividends and interest income) are recognized as profit or loss.

(4) Impairment of Financial Assets

The consolidated company recognizes loss allowances for ECL on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivables, other receivables, and guarantee deposits paid, etc.).

The consolidated company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Bank deposits for which credit risk (that is the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Allowance for loss of accounts receivable is measured by the amount of expected credit losses during the existence period.

Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date (or within a shorter period, if the period of existence of financial instruments is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the consolidated company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the consolidated company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the consolidated company's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the consolidated company in accordance with the contract and the cash flows that the consolidated company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Allowance for loss of the financial assets at amortized cost is deducted from the carrying amount of assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The consolidated company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The consolidated company expects that the amount written off will not be materially reversed. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the consolidated company's procedures for recovery of amounts due.

(5) Derecognition of Financial Assets

The consolidated company only derecognizes such assets if the contractual rights from the cash flow of the financial assets are terminated, if the financial assets have been transferred and almost all the risks and remunerations of the ownership of the assets have been transferred to other enterprises, or if it neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset.

When the consolidated company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, such financial assets will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instruments refer to any contracts containing the Company's residual interest after subtracting all liabilities from assets. Equity instruments issued by the consolidated company shall be recognized at the amount equal to the consideration acquired less the direct costs of issuance.

(3) Treasury shares

When buying back the equity instruments recognized by the consolidated company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sales or re-issuance of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for the offsetting).

(4) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives, or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value. All related net benefits and losses, including any interest expenses, are recognized as profit or loss.

Other financial liabilities are measured at amortized cost by the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(5) Derecognition of Financial Liabilities

The consolidated company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. When the terms of financial liabilities are modified and the cash flow of the modified liabilities is significantly different, the original financial liabilities are excluded and the new financial liabilities are recognized at fair value based on the revised terms. When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

3. Offsetting of financial assets and liabilities

The consolidated company presents financial assets and financial liabilities on a net basis when the consolidated company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

4. Derivative financial instruments

The consolidated company holds derivative financial instruments to avoid exposure to foreign currency risks. Derivative instruments are initially measured at fair value, and transaction costs are recognized as profit or loss. Subsequent measurements are based on fair value, and the resulting benefits or losses are directly recognized as profit or loss. When its fair value is positive, the derivative is recognized as a financial asset; when its fair value is negative, the derivative is recognized as a financial liability.

(VIII) Inventories

Inventories are measured at the lower of cost or net realizable value. The inventories is based on the weighted-average method and includes all costs of purchase, costs of production and manufacture or processing, and other costs incurred in bringing them to their existing location and condition. The allocation of fixed production overheads for the purpose of their inclusion in the costs of finished goods and work in progress is based on the higher of the normal capacity or the actual capacity of the production facilities, and the allocation of variable production overheads is based on the actual capacity. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(IX) Non-current assets held for sale

Non-current assets or disposal group consisting of assets and liabilities are classified as held for sale if its carrying amount will be recovered principally through a sale rather than continuing use. For this to be the case, the non-current asset or disposal group must be available for immediate sale in its present condition, and its sale must be highly probable to complete within one year. Components of the asset or disposal group are remeasured in accordance with the accounting policies of the consolidated company prior to their original classification as non-current assets held for sale. After being classified as non-current assets held for sale, they are measured at the lower of carrying amount and fair value less costs to sell. The impairment loss of any disposal group is allocated to reduce the carrying amount of any goodwill, then to reduce the carrying amounts of the other assets and liabilities pro rata on the basis; however, such loss should not be allocated to the assets out of the scope of IAS 36 Impairment of Assets, and the aforementioned items continue to be measured in accordance with the accounting policies of the consolidated company. Impairment loss recognized for original classification as held for sale and gains and losses subsequently re-measured are recognized as profit or loss; however, the gain of recovery shall not exceed the accumulated impairment loss that has been recognized.

No more depreciation or amortization for the intangible assets and property, plant and equipment when they are classified as non-current assets held for sale. In addition, the equity method shall bot be adopted once the investment accounted for using equity method is classified as non-current assets held for sale.

(X) Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

As the useful life of property, plant and equipment varies, they are deemed as independent items (main components) for treatment.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be recognized as non-operating income and expenses.

2. Subsequent cost

Subsequent cost is only capitalized when the future economic benefits are likely to flow into the consolidated company.

3. Depreciation

Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is recognized in profit or loss within the estimated useful life of each component. Except for land that is not depreciated, the estimated useful life is as below: Machinery equipment: 2-10 years. Office and other equipment: 3-10 years. In addition, buildings and property are depreciated according to the estimated useful life of their major components: Main Building and ancillary Buildings, 20 ~ 60 years; other ancillary electromechanical power equipment and engineering system. 3 ~ 10 years.

The depreciation method, useful life and residual values are reviewed at each reporting date, and the effect of any change in estimates is deferred for adjustment.

(XI) Leases

The consolidated company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease.

1. Lessee

The consolidated company recognizes the right-of-use asset and lease liability upon the inception of the lease. The right-of-use asset is initially measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments paid on or before the inception of the lease and adds the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any lease incentive.

The right-of-use asset is subsequently depreciated on a straight-line basis between the inception of the lease and the end of the end-of-life of the right-of-use asset or the end of the lease period. In addition, the consolidated company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are originally measured by the present value of the lease payments that have not been paid at the inception of the lease. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the consolidated company is used. Generally speaking, the consolidated company adopts the incremental borrowing rate as the discount rate.

Lease payments in the measurement of lease liabilities include:

(1) Fixed benefits, including substantial fixed benefits;

(2) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;

(3) The residual value guarantee expected to be paid; and
(4) When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability is subsequently accrued by the effective interest method, and the amount is measured when the following occurs:

(1) Changes in the indicator or rate used to determine lease payments result in changes in future lease payments;
(2) Changes in the residual value guarantee expected to be paid;
(3) Changes in the evaluation of the underlying asset purchase option;
(4) Changes in the estimate of whether to exercise the extension or termination option and the assessment of the lease period;
(5) Modification of lease subject, scope or other terms.

When the lease liability is remeasured due to changes in the aforementioned indicator or rate used to determine lease payments, changes in the residual value guarantee, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the lease and the remeasured amount of the lease liability is recognized in profit or loss.

The consolidated company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

For the short-term lease and the lease of low-value underlying assets leased, the consolidated company chooses not to recognize the right-of-use assets and lease liabilities, but the related lease payments are recognized on a straight-line basis as expenses during the lease period.

2. Lessor

As a lessor, the consolidated company classified leases on lease inception date based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the consolidated company, and those of transferred shall be classified as finance leases while those of not transferred shall be classified as operating leases. The consolidated company considers relevant specific indicators including whether the lease term is for the major part of the economic life of the underlying asset through assessment.

As a sublease lessor, the consolidated company handles head lease and sublease transactions separately, and it evaluates the classification of sublease transactions based on the right-of-use assets arising from the head lease. If the head lease is a short-term lease and a recognition exemption applies, its sublease transaction should be classified as an operating lease.

For operating leases, the consolidated company recognizes the lease payments received as rental income on a straight-line basis over the lease term.

(XII) Intangible assets

1. Goodwill

Goodwill arising from acquisition of subsidiaries is recognized as intangible assets. Please refer to Note IV (XIX) for initial recognition and measurement of goodwill. Goodwill is not amortized but is measured at cost less accumulated impairment losses.

2. Other intangible assets

The acquisition of purchased software, trademark, and client relationships by the consolidated company is measured at cost less accumulated amortization and accumulated impairment losses. The amortization amount is accrued on a straight-line basis over the following estimated useful life, and the amortization charge is recognized in profit or loss. Purchased software, 1 ~ 5 years; trademark, 10 years; client relationship, 4 ~ 11 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

(XIII) Impairment of Non-financial Assets

The consolidated company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets, and assets arising from employee benefits) may be impaired. If there is any sign of impairment, an estimate is made of its recoverable amount. An impairment test is conducted on goodwill on a yearly basis or when there are indicators of possible impairment.

For the purpose of impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is used as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Impairment loss is recognized immediately in profit or loss, and first reduces the carrying amount of the goodwill of the cash-generating unit, and then reduces the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.

The impairment loss of goodwill will not be reversed. Non-financial assets other than goodwill

will only be reversed if they do not exceed the carrying amount (less depreciation or amortization) determined when no impairment loss had been recognized for the asset in the previous year.

(XIV) Provisions

The recognition of provisions represents a present obligation as a result of a past event that makes it probable that the consolidated company will need to outflow economic resources to settle the obligation in the future, and a reliable estimate of it can be made.

Warranty provisions are recognized as the sales for the products, and the provisions are estimated by the weighting of historical warranty information and all possible outcomes by their associated probabilities.

(XV) Revenue recognition

Revenue is measured based on the consideration which is expected to be entitled in exchange for transferring goods or services. The consolidated company recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a client, and the description of the consolidated company according to the major revenue items is as follows:

1. Sales of goods

   The consolidated company recognizes revenue when control of the goods has transferred to customers. The control of the goods has transferred when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. 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 contract terms, and the consolidated company has objective evidence that all criteria for acceptance have been satisfied.

   The consolidated company is obliged to refund the defective product due to the sale of the product, and warranty provisions have been recognized for this obligation.

   A receivable is recognized when the goods are delivered as this is the point in time that the consolidated company has a right to an amount of consideration that is unconditional.

2. Financial components

   The consolidated company does not expect to have the period between the transfer of the promised goods to the customer and payment for the goods or services by the customer exceeds one year. As a consequence, the consolidated company does not adjust any of the transaction prices for the time value of money.

(XVI) Employee benefits

1. Defined contribution plans

   Obligations for contributions to defined contribution pension plans are recognized as employee benefits expenses under profit or loss for the periods during which services are rendered by employees.

2. Defined benefit plans

The net obligation under a defined benefit plan is calculated for each benefit plan by the discounted amount of future benefit amounts earned by the employee for service in the current or prior periods, less the fair value of any plan assets. The discount rate is determined by reference to the market yield at the end of the reporting period of government bonds with a maturity date close to the consolidated company's net obligation period, and it is denominated in the same currency as the expected benefit payment. Net obligations for defined benefit plans are actuated annually by a qualified actuary using the projected unit credit method.

When the benefits of the plan are improved, the related expenses shall be immediately recognized as profit or loss due to the increase in benefits relating to the employee's past service.

Premeasurements of the net defined benefit liability (asset) include (1) actuarial gains and losses; (2) the return on plan assets, excluding amounts included in net interest of the net defined benefit liability (asset); and (3) changes in the effect of the asset ceiling, excluding amounts included in net interest of the net defined benefit liability (asset). Premeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income, and transferred to other equity in the current period.

During reduction or liquidation, the consolidated company recognizes the reduction or liquidation gain or loss of the defined benefit plan. The reduction or liquidation gain or loss includes any change in the fair value of the plan asset and the change in the present value of the defined benefit obligation.

3. Short-Term Employee Benefits

Short-term employee benefit obligations are measured at the undiscounted amount and recognized as expenses when the service has been rendered. Regarding the amount expected to be paid under the short-term cash bonus or dividend plan, a liability is recognized for the amount expected to be paid if the consolidated company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(XVII) Share-based payment transaction

Equity-delivered share-based payment agreement is measured at the fair value of the grant date with a corresponding increase in equity during the vesting period of the reward. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share- based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The grant date share-based payment of the consolidated company is the date when the consolidated company notifies employees of the subscription price and the number of shares to be subscribed.

(XVIII) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable income (loss) for the year calculated using the statutory tax rate on the reporting date, as well as tax adjustments related to prior years. The amount reflects income tax-related uncertainties (if any), and it is based on the statutory tax rate at the reporting date or the tax rate of substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary differences arising from below situation are not recognized as deferred income tax liabilities:

1. Assets or liabilities originally recognized in a transaction that is not a business combination and affects neither accounting profit nor taxable income (loss) at the time of the transaction;
2. The temporary differences arising on investments in subsidiaries, associates and joint venture that the consolidated company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future; and
3. The taxable temporary differences arising from the initial recognition of goodwill.

   A deferred tax asset should be recognized for the carry forward of unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

   Deferred tax is measured at the tax rate at which the temporary difference is expected to reverse, using the tax rates that have been enacted or substantively enacted at the reporting date, and has reflected tax-related uncertainties, if any.

   Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The deferred tax assets and liabilities are related to one of the taxpayers subject to income tax levied by the same taxation authority as below:
   (1) levied by the same taxing authority; or

(2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Income tax expenses recognized directly in equity or other comprehensive income are measured at the tax rates that are expected to apply when the related assets and liabilities are realized or settled, based on the temporary differences between their carrying amounts for financial reporting purposes and their tax bases.

(XIX) Business combinations

The consolidated company adopts acquisition method to deal with business combination, and it measures goodwill by the fair value of the transfer consideration on the acquisition date, including the amount attributable to any non-controlling interests of the acquiree, less the net amount of identifiable assets acquired and liabilities assumed (usually the fair value). If the balance after deduction is negative, the consolidated company reassesses whether it has correctly identified all assets acquired and liabilities assumed before recognizing gain on bargain purchase in profit or loss.

Except for those instruments classified as equity instruments, acquisition-related costs incurred in a business combination should be expensed as incurred.

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either acquisition-date fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's net identifiable assets. All other non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the consolidated company should remeasure its previously held equity interest in the acquiree at its acquisition date fair value and recognize the resulting gain or loss, if any, in profit or loss. the amount of the change in the value of the acquiree's equity that was recognized in other comprehensive income prior to the acquisition date shall be recognized on the same basis as would be required if the consolidated company had disposed; if it is appropriate to reclassify the equity to profit or loss when disposing of it, the amount shall be reclassified to profit or loss.

If the initial accounting for the business combination is incomplete by the end of the reporting period in which the combination occurs, the consolidated company shall report in its financial statements provisional amounts for the items for which the accounting is incomplete, and it shall retrospectively adjusts or recognizes additional assets or liabilities during the measurement period to reflect new information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(XX) Earnings per Share

The consolidated company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The consolidated company's potentially dilutive ordinary shares represents employee compensation through the issuance of shares.

(XXI) Segment Information

An operating segment is a component of the consolidated company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the consolidated company). Operating results of the operating segment are regularly reviewed by the consolidated company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

V. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When preparing the consolidated financial statements according to the Preparation Regulations and the IFRSs endorsed by the FSC, the management has to make judgements, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

The Management has continuously reviewed the estimates and basic assumptions, and changes in accounting estimate are recognized in the period of change and in the future periods affected.

The uncertainties in the following assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next fiscal year and reflect the impact of COVID-19, as follows:

(I) Inventory valuation

Inventories are measured at the lower of cost or net realizable value. The consolidated company assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note VI (VI) for the inventory valuation.

(II) Acquisition of subsidiaries

The fair value of the identifiable intangible assets (mainly trademark) obtained by the consolidated company from the acquisition of subsidiaries is the provisional amount, and the final valuation of these assets has not been completed yet. The consolidated company will continuously review the final valuation of the aforesaid assets during the measurement period. If the Company obtains the new information related to the facts and events that already exist on the acquisition date within one year after the acquisition date and can thus identify the adjustment to the aforesaid provisional amount or any additional liability reserve existing on the acquisition date, the Company will modify the accounting treatment of the acquisition. For details, please see Note VI (VIII).

(III) Impairment Assessment of Goodwill

The assessment of goodwill impairment process relies on the subjective judgment of the consolidated company, including identification of the cash-generating unit, the allocation of goodwill to relevant cash-generating units, and measurement of the recoverable amount of the relevant cash-generating unit. All changes in economic conditions or changes in company strategies may cause significant changes in the assessment results.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

		2021.12.31	2020.12.31
Cash on hand and petty cash	$	360	742
Demand deposits and check deposits		1,443,926	1,842,123
Time deposits with original maturity date within three months		77,504	79,380
	$	1,521,790	1,922,245

(II) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

		2021.12.31	2020.12.31
Financial assets mandatorily classified as at fair value through profit or loss:			
Non-hedging derivative instruments:			
Forward foreign exchange contracts	$	74	226
Foreign exchange SWAP		2,311	42
		2,385	268
Non-derivative financial assets:			
Fund beneficiary certificates		26,143	27,953
	$	28,528	28,221
Financial liabilities held for trading:			
Derivative financial instruments:			
Forward foreign exchange contracts	$	821	2,185
Foreign exchange SWAP		-	7,583
	$	821	9,768

Please refer to Note VI (XXIII) for the amount recognized in profit or loss measured at fair value.

The consolidated company engages in derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities, which are reported as financial assets or liabilities at fair value through profit or loss because hedge accounting is not applied. The details of the outstanding derivative financial instruments as of the reporting date is as follows:

1. Forward foreign exchange contracts

2021.12.31		
Currency	**Contractual amount (NTD in thousands)**	**Maturity period**
Buy JPY/Sell USD	JPY 34,034	2022.01
Buy USD/Sell RMB	USD 17,279	2022.01
Buy RMB/Sell USD	RMB 6,156	2022.01
Buy Euro/Sell in USD	EUR 1,258	2022.01

2020.12.31		
Currency	**Contractual amount (NTD in thousands)**	**Maturity period**
Buy JPY/Sell USD	JPY 246,778	2021.01
Buy USD/Sell RMB	USD 15,356	2021.01

2. Swap contracts

2021.12.31		
Currency	**Contractual amount (NTD in thousands)**	**Maturity period**
Swap in NTD/swap out USD	USD 22,130	2022.01

2020.12.31		
Currency	**Contractual amount (NTD in thousands)**	**Maturity period**
Swap in NTD/swap out USD	USD 34,860	2021.01

(III) Financial assets at fair value through other comprehensive income - non-current

	2021.12.31	2020.12.31
Equity instruments measured at fair value through other comprehensive income:		
Stocks of domestic listed (OTC) companies:	$ 41,259	29,920
Foreign unlisted (OTC) stocks	1,288	887
	$ 42,547	30,807

The Consolidated Company holds such equity instrument investments for the strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other consolidated profits and losses.

The consolidated company didn't dispose of the aforesaid strategic investments for the year ended December 31, 2021, so the income and loss accumulated in such periods were not transferred within the equities in whatever manner. For the year ended December 31, 2020, the

Consolidated Company disposed of part of the equity instruments measured at fair value through other comprehensive income at a disposal price of NTD26,410,000, and transferred NTD1,729,000 in cumulative gains from other equity to retained earnings.

(IV) Financial Assets at Amortized Cost - current

	2021.12.31	2020.12.31
Pledged certificate of deposit	$ 1,708	1,708

Please refer to Note VIII for details of the aforesaid financial assets used by the Consolidated Company to provide guarantees.

(V) Notes and accounts receivable and other receivables

	2021.12.31	2020.12.31
Notes receivable	$ 305,492	295,309
Accounts receivable	2,322,762	1,590,003
Accounts receivable from related parties	167,795	144,234
Loss: Allowance for loss	(32,177)	(45,065)
	$ 2,763,872	1,984,481
Other receivables	$ 30,308	12,819
Other receivables - related parties	498	592
	$ 30,806	13,411

The Consolidated Company uses a simplified approach to estimate expected credit losses for all accounts receivable, which is measured using expected credit losses for the duration of the period, and has included forward-looking information. The expected credit losses of the consolidated company's accounts receivable were analyzed as follows:

	2021.12.31			
		Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$	2,114,177	0.05%	1,122
1-30 days overdue		159,106	3.25%	5,175
31～60 days overdue		16,337	9.85%	1,609
61～90 days overdue		5,188	17.85%	926
Overdue more than 90 days		27,954	83.51%	23,345
	$	**2,322,762**		**32,177**

	2020.12.31			
		Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$	1,451,008	0.20%	2,888
1-30 days overdue		84,528	3.75%	3,169
31～60 days overdue		10,990	15.33%	1,685
61～90 days overdue		2,050	20.29%	416
Overdue more than 90 days		41,427	89.09%	36,907
	$	**1,590,003**		**45,065**

The Consolidated Company has assessed the counterparties of notes receivable, accounts receivable - related parties and other receivables (including related parties) in respect of past default record, current financial position and future economic situation forecast, and concluded that the expected recoverable amounts of these items are equivalent to respective book amounts. Thus, it is unnecessary to recognize the allowance for the losses.
The statement of changes in the allowance for losses of the consolidated company's accounts receivable is listed as follows:

		2021	2020
Beginning Balance	$	45,065	120,815
Recovery of amounts written off in current period		100	21
Reversal of impairment loss for the period		(4,631)	(46,744)
Unrecoverable amount written off for current year		(8,481)	(27,616)
Effect of exchange rate changes		124	(1,411)
Ending balance	**$**	**32,177**	**45,065**

Please refer to Note VIII for details of the notes receivable used by the Consolidated Company to provide pledge guarantees.

(VI) Inventories

	2021.12.31	2020.12.31
Raw materials	$ 2,058,371	533,178
Work in progress	143,287	46,838
Manufactured goods and commodities	1,246,458	758,717
Goods in Transit	67,907	117,449
Outsourced processing products	67,272	71,923
	$ 3,583,295	1,528,105

The inventory-related expenses and losses recognized in the operating cost in the current period are detailed as follow:

	2021	2020
Cost of inventory sold	$ 10,733,546	6,397,040
Gain on inventory write-up	(92,052)	(156,617)
Loss for inventory obsolescence	48,785	-
	$ 10,690,279	6,240,423

The aforesaid gain on reversal of inventory valuation arises from obsolete inventory sold or scrapped, and the gain on reversal is recognized within the scope of inventory price loss.

(VII) Non-current assets held for sale

The Board of Director of the Company adopted the proposal to sell the plant and buildings in Xizhi District on August 6, 2021, and has signed a contract to deal with matters related to the sale at a total sale price of NTD55,000,000 (including tax). These real estate properties, with a book value of NTD72,885,000, have been transferred to non-current assets held for sale. These real estate have completed the transfer procedure on November 11, 2021, and have been recognized as gain on disposal of NTD469,360,000, which are accounted under other gains and losses.

On May 21, 2021, the Board of Directors of the subsidiary of the Consolidated Company, Ace Pillar, adopted the proposal to sell the land and buildings in Sanchong District, which is expected for completion in the following year. Therefore, carrying amounts of such real estate has been transferred to non-current assets held for sale amounted to NTD73,452,000. Some of the aforementioned assets were sold on January 25, 2022, and the sale price and the carrying amounts of the assets were NTD24,876,000 and NTD17,191,000, respectively.

On December 23, 2021, the Board of Directors of the subsidiary of the Consolidated Company, Tianjin Ace Pillar, adopted the proposal to sell the pilot free trade zone factory of Tianjin Ace Pillar, which is expected for completion in the following year. Therefore, carrying amounts of such relevant right-of-use assets - land and buildings has been transferred to non-current assets held for sale amounted to RMB55,035,000 (about NTD 239,149,000).

(VIII) Subsidiaries and non-controlling interests

1. Acquisition of the subsidiary - Brainstorm Corporation (Brainstorm)

(1) Consideration transferred for acquisition of the subsidiary

On May 1, 2021 (acquisition date), the Company acquired 35.09% of the equities, including ordinary shares and special shares, in Brainstorm, and according to the investment agreement between both parties and the Articles of Association of Brainstorm, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors of Brainstorm. Therefore, the Company has taken control of Brainstorm and included Brainstorm in the consolidated entities as of the acquisition date. The Consolidated Company has acquired Brainstorm mainly in order to implement the channel first strategy and accelerate the development in the American market.

(2) Net identifiable assets acquired

The fair values of the identifiable assets and liabilities of Brainstorm acquired on May 1, 2021 (acquisition date) are detailed as follows:

Transfer consideration:		
Cash		$ 501,582
Plus: Non-controlling interests (measured by the proportion of non-controlling interests in net identifiable assets)		641,433
Loss: Fair value of net identifiable assets acquired:		
Cash and cash equivalents	$ 460,381	
Net accounts receivable	191,888	
Inventories	803,582	
Prepayments and other current assets	4,613	
Property, Plant and Equipment	7,026	
Right-of-use assets	51,212	
Intangible assets - Trademark	562,692	
Intangible assets - Computer Software	129	
Refundable deposits	4,573	
Accounts payables	(784,344)	
Other payables	(143,260)	
Current income tax liabilities	(2,055)	
Other current liabilities	(311)	
Lease liabilities (including current and non-current)	(51,212)	
Deferred income tax liabilities	(112,538)	
Long-term borrowings	(4,187)	988,189
Goodwill		**$ 154,826**

The fair value measurement of the assets and liabilities obtained by the Consolidated Company is provisional, and the amount is subject to final evaluation.

The fair value measurement of the above-mentioned assets and liabilities acquired by the consolidated company is provisional, and it will be continuously reviewed for the aforesaid matters during the measurement period. If the Company obtains the new information related to the facts and events that already exist on the acquisition date within one year after the acquisition date and can thus identify the adjustment to the aforesaid provisional amount or any additional liability reserve existing on the acquisition date, the Company will modify the accounting treatment of the acquisition.

(3) Intangible assets

The intangible asset - trademark is evenly amortized with the straight-line method based on its economic benefit life of 10 years.

The goodwill mainly comes from its profitability, premium from the control of Brainstorm, the synergy of the merger, future development in the American market and value of its human resource team. It is expected to have no income tax effect.

(4) Pro-forma information on operating results

The operating results of Brainstorm from the acquisition date to December 31, 2021 have been consolidated into the consolidated comprehensive income statement of the Consolidated Company, and contributed a net operating revenue and a net after-tax profit of NTD4,336,531,000 and NTD100,816,000 respectively. If the acquisition had occurred on January 1, 2021, the pro-forma net operating revenue and net after-tax profit of the consolidated company for the year ended 2021 would have been NTD15,573,496,000 and NTD884,296,000 respectively.

2. Changes in percentage of ownership interests in subsidiaries that do not result in losing control over the subsidiaries

For the years ended 2021 and 2020, the consolidated company acquired additional equities in Ace Pillar and AEWIN for NTD515,360,000 and NTD164,563,000 respectively. Please see Note IV (II) for corresponding changes in shareholding ratio.

The changes in the ownership interest of the consolidated company in the subsidiaries have produced the following impact on the owners' equity attributable to the parent company:

	2021	**2020**
Retained earnings	$ (149,828)	(29,450)

3. Subsidiaries with material non-controlling interests

The non-controlling interests of subsidiaries that are significant to the consolidated company are as follows:

Name of subsidiary	**Principal place of business/country of registration**	**Proportion of non-controlling interests in ownership interests**	
		2021.12.31	**2020.12.31**
Ace Pillar	Taiwan	51.93%	66.44%
AEWIN	Taiwan	48.62%	49.16%
Brainstorm	USA	64.91%	- %

The summary financial information of the above subsidiaries is stated as follows, prepared in accordance with IFRS endorsed by the FSC and reflecting adjustments made by the Consolidated Company to the fair value and differences in accounting policies on the acquisition date, with the amount before elimination of the transactions between the consolidated companies, is as follows:

(1) Summary financial information on Ace Pillar:

	2021.12.31	2020.12.31
Current assets	$ 2,610,761	2,260,104
Non-current assets	676,262	745,637
Current liabilities	(917,629)	(714,296)
Non-current liabilities	(97,041)	(91,356)
Net assets	$ 2,272,353	2,200,089
Ending balance of non-controlling interests	$ 1,176,182	1,485,796

	2021	2020
Net operating revenue	$ 3,554,986	2,754,448
Net profit for the period	137,480	76,765
Other comprehensive income	1,452	(8,108)
Total comprehensive income	$ 138,932	68,657
Net profit for the period attributable to non-controlling interests	$ 83,753	51,534
Total comprehensive income attributable to non-controlling interests	$ 84,684	45,695
Cash flows from operating activities	$ (6,550)	107,532
Cash flows from investing activities	(279,459)	62,102
Cash flows from financing activities	(97,566)	(274,510)
Effect of changes in exchange rate	226	(18,819)
Decrease in cash and cash equivalents	$ (383,349)	(123,695)
Dividends paid to non-controlling interests	$ (34,976)	(23,340)

(2) Summary financial information on AEWIN

	2021.12.31	2020.12.31
Current assets	$ 1,614,052	1,195,866
Non-current assets	968,544	525,757
Current liabilities	(952,890)	(519,772)
Non-current liabilities	(458,709)	(31,947)
Net assets	$ 1,170,997	1,169,904
Carrying amount of non-controlling interests, ending	$ 567,059	572,740

	2021	2020
Operating revenue	$ 2,016,727	1,761,492
Net profit for the period	$ 34,560	43,091
Other comprehensive income	2,006	1,637
Total comprehensive income	$ 36,566	44,728
Net profit for the period attributable to non-controlling interests	$ 16,810	21,253
Total comprehensive income attributable to non-	$ 17,781	22,058

controlling interests

	2021	2020
Cash flows from operating activities	$ (232,114)	(53,800)
Cash flows from investing activities	(488,725)	(18,785)
Cash flows from financing activities	705,523	6,113
Effect of changes in exchange rate	1,186	109
Decrease in cash and cash equivalents	$ (14,130)	(66,363)
Dividends paid to non-controlling interests	$ (17,249)	(17,474)

(3) Summary financial information on Brainstorm:

	2021.12.31
Current assets	$ 1,528,818
Non-current assets	748,712
Current liabilities	(898,830)
Non-current liabilities	(140,385)
Net assets	$ 1,238,315
Ending balance of non-controlling interests	$ 703,293

	May to December 2021
Net operating revenue	$ 4,336,531
Net profit for the period	$ 100,816
Net profit for the period attributable to non-controlling interests	$ 65,440
Cash flows from operating activities	$ (516,663)
Cash flows from investing activities	(5,871)
Cash flows financing activities	123,537
Effect of changes in exchange rate	541
Decrease in cash and cash equivalents	$ (398,456)
Dividends paid to non-controlling interests	$ -

(IX) Property, Plant and Equipment

		Land	Buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:								
Balance on January 1, 2021	$	739,888	1,087,518	281,846	57,234	130,780	228,277	2,525,543
Acquired through business combination		-	-	4,299	502	10,503	-	15,304

Additions		268,766	454,092	124,505	11,964	25,572	135,846	1,020,745
Disposal		-	-	(8,192)	(4,429)	(8,323)	-	(20,944)
Reclassified to assets held for sale		(76,495)	(137,265)	-	-	-	(229,710)	(443,470)
Other reclassification		-	6,840	350	215	110,995	(118,400)	-
Effect of changes in exchange rate		-	87	(65)	(261)	(603)	1,514	672
Balance on December 31, 2021	$	932,159	1,411,272	402,743	65,225	268,924	17,527	3,097,850
Balance on January 1, 2020	$	739,888	1,095,189	439,535	66,342	142,242	226,545	2,709,741
Additions		-	7,880	7,290	1,693	15,223	1,288	33,374
Disposal		-	(14,281)	(164,980)	(10,655)	(26,292)	-	(216,208)
Effect of changes in exchange rate		-	(1,270)	1	(146)	(393)	444	(1,364)
Balance on December 31, 2020	$	739,888	1,087,518	281,846	57,234	130,780	228,277	2,525,543
Accumulated depreciation:								
Balance on January 1, 2021	$	-	276,711	193,338	49,939	93,966	-	613,954
Acquired through business combination		-	-	1,612	205	6,461	-	8,278
Depreciation		-	39,341	33,703	5,224	16,374	-	94,642
Disposal		-	-	(6,474)	(4,315)	(6,624)	-	(17,413)
Reclassified to assets held for sale		-	(67,423)	-	-	-	-	(67,423)
Effect of changes in exchange rate		-	74	(8)	(189)	(447)	-	(570)
Balance on December 31, 2021	$	-	248,703	222,171	50,864	109,730	-	631,468
Balance on January 1, 2020	$	-	250,145	326,718	55,921	104,955	-	737,739
Depreciation		-	41,513	31,600	4,658	15,046	-	92,817
Disposal		-	(14,281)	(164,980)	(10,525)	(25,936)	-	(215,722)
Effect of changes in exchange rate		-	(666)	-	(115)	(99)	-	(880)
Balance on December 31, 2020	$	-	276,711	193,338	49,939	93,966	-	613,954
Book value:								
December 31, 2021	$	932,159	1,162,569	180,572	14,361	159,194	17,527	2,466,382
December 31, 2020	$	739,888	810,807	88,508	7,295	36,814	228,277	1,911,589

(X) Right-of-use assets

		Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:					
Balance on January 1, 2021	$	31,714	176,860	4,124	212,698
Acquired through business combination		-	46,527	4,685	51,212
Additions		-	167,829	3,707	171,536
Decrease		-	(47,679)	(3,322)	(51,001)
Reclassified to assets held for sale		(10,429)	-	-	(10,429)
Effect of changes in exchange rate		(47)	(3,569)	(150)	(3,766)
Balance on December 31, 2021	$	21,238	339,968	9,044	370,250
Balance on January 1, 2020	$	32,030	187,459	3,093	222,582
Additions		-	86,226	1,182	87,408
Decrease		-	(95,473)	(185)	(95,658)
Effect of changes in exchange rate		(316)	(1,352)	34	(1,634)
Balance on December 31, 2020	$	31,714	176,860	4,124	212,698
Accumulated depreciation of right-of-use assets:					
Balance on January 1, 2021	$	2,098	63,136	2,887	68,121
Depreciation		776	79,012	2,527	82,315
Decrease		-	(43,022)	(2,913)	(45,935)
Reclassified to assets held for sale		(716)	-	-	(716)
Effect of changes in exchange rate		(20)	(1,238)	(55)	(1,313)
Balance on December 31, 2021	$	2,138	97,888	2,446	102,472
Balance on January 1, 2020	$	1,386	101,793	1,618	104,797
Depreciation		799	53,556	1,415	55,770
Decrease		-	(91,671)	(185)	(91,856)
Effect of changes in exchange rate		(87)	(542)	39	(590)
Balance on December 31, 2020	$	2,098	63,136	2,887	68,121
Book value:					
December 31, 2021	$	19,100	242,080	6,598	267,778
December 31, 2020	$	29,616	113,724	1,237	144,577

(XI) Intangible assets

	Goodwill	Trademark	Client relationship	Computer software	Total
Costs:					
Balance on January 1, 2021	$ 195,020	-	129,493	75,786	400,299
Acquired through business combination(Notes VI (VIII)	154,826	562,692	-	678	718,196
Separate Acquisition	-	-	-	15,396	15,396
Write off for the period	-	-	-	(2,002)	(2,002)
Impacts of exchange rate changes	-	-	-	(10)	(10)
Balance on December 31, 2021	$ 349,846	562,692	129,493	89,848	1,131,879
Balance on January 1, 2020	$ 195,020	-	129,493	62,889	387,402
Separate Acquisition	-	-	-	13,177	13,177
Write off for the period	-	-	-	(280)	(280)
Balance on December 31, 2020	$ 195,020	-	129,493	75,786	400,299
Accumulated amortization:					
Balance on January 1, 2021	$ -	-	32,048	59,461	91,509
Acquired through business combination(Notes VI (VIII)	-	-	-	549	549
Amortization	-	37,513	19,772	10,093	67,378
Write off for the period	-	-	-	(2,002)	(2,002)
Impacts of exchange rate changes	-	-	-	(8)	(8)
Balance on December 31, 2021	$ -	37,513	51,820	68,093	157,426
Balance on January 1, 2020	$ -	-	12,276	50,781	63,057
Amortization	-	-	19,772	8,960	28,732
Write off for the period	-	-	-	(280)	(280)
Balance on December 31, 2020	$ -	-	32,048	59,461	91,509
Book value:					
Balance on December 31, 2021	$ 349,846	525,179	77,673	21,755	974,453
Balance on December 31, 2020	$ 195,020	-	97,445	16,325	308,790

1. The lists of amortization of intangible assets for the years ended December 31, 2021 and 2020 are accounted under the following items in the consolidated statement of comprehensive income:

	2021	2020
Operating costs	$ 1,781	1,116
Operating Expenses	65,597	27,616
	$ 67,378	28,732

2. Impairment Assessment of Goodwill

As of December 31, 2021 and 2020, the consolidated company's goodwill arising from business combinations uses the cash-generating unit of its individual subsidiaries, which are listed as follows:

	2021.12.31	2020.12.31
DFI America, LLC	$ 177,874	177,874
DFI Co., Ltd.	9,491	9,491
Ace Pillar Enterprise Co., Ltd.	7,655	7,655
Brainstorm Corporation	154,826	-
	$ 349,846	195,020

The above cash-generating unit is the smallest group of assets under management's supervision of return on investments for assets with goodwill. According to the results of the goodwill impairment assessment performed by the consolidated company, the recoverable amount as of December 31, 2021 and 2020 were higher than its carrying amount, so no impairment loss was recognized. The recoverable amount of the cash-generating unit is determined based on the value in use, and the key assumptions are as follows:

	2021.12.31	2020.12.31
DFI America, LLC:		
Operating revenue growth rate	10.62%~33.44%	11.53%~65.98%
Discount rate	8.21%	18.23%
DFI Co., Ltd.:		
Operating revenue growth rate	5%~61%	(4)%~5%
Discount rate	6.17%	8.33%

	2021.12.31	2020.12.31
Ace Pillar:		
Operating revenue growth rate	12.5%~25.16%	(3)%~25%
Discount rate	10.50%	14.08%

	2021.12.31
Brainstorm Corporation:	
Operating revenue growth rate	0%~8%
Discount rate	7.56%

1. The estimated future cash flows are based on the five-year financial budgets estimated by management based on future operating plans, and cash flows beyond five years are extrapolated using an annual growth rate of 2%.
2. The discount rate used to determine the value in use is estimated based on the weighted average cost of capital.

(XII) Short-term borrowings

2021.12.31	2020.12.31

Unsecured bank loans	$ 1,293,108	784,143
Secured bank loans	18,196	39,558
	$ 1,311,304	823,701
Unused lines of credit	$ 4,394,526	4,733,947
Interest Rate	0.62%~4.25%	0.74%~4.20%

Please refer to Note VIII for details of the situation where the Consolidated Company pledged assets as collaterals for bank loan line.

(XIII) Long-term borrowings

	2021.12.31
Unsecured bank loans	$ 1,420,000
Secured bank loans	330,000
Loss: Part due within one year	(20,000)
	$ 1,730,000
Unused lines of credit	$ -
Year of maturity	2022~2024
Interest Rate	0.94%~1.12%

Please refer to Note VIII for details of the situation where the Consolidated Company pledged assets as collaterals for bank loan line.

(XIV) Lease liabilities

The book amount of the lease liabilities of the consolidated company is as follows:

	2021.12.31	2020.12.31
Current	$ 73,484	52,120
Non-current	$ 181,231	63,896

Please refer to Note VI (XXIV) Financial Instruments for the maturity analysis of the lease liabilities.

The amounts recognized as profit and loss are as follows:

	2021	2020
Interest expense on lease liabilities	$ 5,070	2,861
Short-term leases expenses and lease expenses of low-value assets	$ 25,771	12,253
COVID-19-related rent concessions (recognized as a decrease in lease expense)	$ (1,463)	(1,362)

The amounts recognized in the cash flow statement are as follows:

	2021	2020
Total cash outflow for leases	$ 107,286	69,887

Important lease clauses:

1. Lease of land, houses and buildings

The consolidated company has leased lands, and buildings as the office premise, warehouse and plant. The lease period of the land use right is 50 years, and the lease periods of the office premise, warehouse and plant are usually 2 to 10 years. Some leases include the options to extend the original lease contract by the same period when the lease period expires.

2. Other lease

The consolidated company has leased the transport equipment with a period of 1 to 3 years. In addition, the Consolidated Company has leased offices and office equipment and other assets with a period of no longer than one year. Such leases are short-term leases or leases of low-value assets, and the Consolidated Company has selected to apply the provision of exemption from recognition and not recognized them as relevant right-of-use assets and lease liabilities.

(XV) Provisions for liabilities - current

		Warranty reserve for products
Balance on January 1, 2021	$	56,827
Provisions increase for the period		10,615
Provisions decrease for the period		(21,195)
Balance on December 31, 2021	**$**	**46,247**
Balance on January 1, 2020	$	55,985
Provisions increase for the period		842
Balance on December 31, 2020	**$**	**56,827**

The warranty provisions for products of the consolidated company is mainly related to the sales of computer peripheral products and electronic components, and the warranty reserve is estimated based on the historical warranty data of similar products.

(XVI) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of the defined benefit obligations and the fair value of the plan assets of the Company and its domestic subsidiaries is as follows:

		2021.12.31	**2020.12.31**
Present value of defined benefit obligation	$	97,925	103,956
Fair value of plan assets		(61,943)	(67,186)
	$	**35,982**	**36,770**
Net defined benefit assets (accounted under other non-current assets)	**$**	**(4,602)**	**(3,192)**
Net defined benefit liabilities	**$**	**40,584**	**39,962**

The defined benefit plans of the Company and its domestic subsidiaries are contributed to the special account for labor retirement reserves of the Bank of Taiwan. Pension for each employee to which the Labor Standards Act applies are calculated on the basis of the base number of years of service and the average salary for the six months prior to retirement.

(1) Plan assets component

The pension funds are contributed by the Company and its domestic subsidiaries in accordance with the Labor Standards Act is under the overall management of the Bureau of Labor Fund, the Ministry of Labor (hereinafter referred to as the “Bureau of Labor Fund”). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the minimum income of the fund's annual final settlement and distribution shall not be lower than the income calculated according to the local bank's interest rate of two-year fixed deposit.

As of December 31, 2021 and 2020, the balances of the special account for labor retirement reserves of the Bank of Taiwan of the Company and its domestic subsidiaries amounted to NTD61,943,000 and NTD67,186,000, respectively. The information on the utilization of the assets of the labor pension fund includes the fund's yield rate and the fund's asset allocation. Please refer to the information published on the website of the Bureau of Labor Fund for details.

(2) Changes in present value of defined benefit obligation

	2021	2020
Defined benefit obligation on January 1	$ 103,956	100,347
Service costs and interests for the period	755	1,135
Remeasurement on net defined benefit liability (asset)		
- Effect of changes in demographic assumptions	2,162	642
- Actuarial gain or loss due to experience adjustment	(396)	3,807
- Actuarial gain or loss due to changes in financial assumptions	(1,188)	2,649
Benefits paid by plan	(7,364)	(4,624)
Defined benefit obligation on December 31	$ 97,925	103,956

(3) Changes in fair value of plan assets

	2021	2020
Fair value of plan assets on January 1	$ 67,186	66,423
Interest income	338	522
Remeasurement on net defined benefit liability (asset)		
- Plan asset return (excluding current interests)	848	1,930
Amount contributed to plan	935	2,935
Benefits paid by plan	(7,364)	(4,624)
Fair value of plan assets on December 31	$ 61,943	67,186

(4) Changes in the effects on asset cap

The consolidated company has no effect on asset cap of the defined benefit plans for the years ended December 31, 2021 and 2020.

(5) Expenses recognized in profit or loss

	2021	2020
Service costs for the current period	$ 235	383
Net interests of net defined benefit liabilities (assets)	182	229
	$ 417	612

Operating costs	$	434	632
Operating Expenses		(17)	(20)
	$	**417**	**612**

(6) Actuarial assumptions

The significant actuarial assumptions used by the consolidated company to determine the present value of the benefit obligation at the reporting date are as follows:

	2021.12.31	2020.12.31
Discount rate	0.625%	0.50%
Future salary increases	2.00%~2.50%	2.00%~2.50%

The consolidated company expects to pay NTD3,683,000 to the defined benefit plan within one year after the reporting date for the year ended December 31, 2021. The weighted-average duration of defined benefit plan is 7.8 ~ 9.9 years.

(7) Sensitivity analysis

Effects on the present value of defined benefit obligation due to changes in the major actuarial assumptions are as follows:

		Effect on defined benefit obligation	
		Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021			
Discount rate	$	(2,356)	2,444
Future salary increases		2,358	(2,287)
DECEMBER 31, 2020			
Discount rate		(2,667)	2,769
Future salary increases		2,670	(2,586)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The method of sensitivity analysis and the method of calculation on net defined benefit obligation at the balance sheet date are the same. The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

2. Defined contribution plans

The Company and its domestic subsidiaries allocates 6% of each employee's monthly wages to the personal labor pension account at the Bureau of Labor Insurance, Ministry of Labor in accordance with the provisions of the Labor Pension Act. There is no statutory or constructive obligation to pay the additional amount after the Company and its domestic subsidiaries have provided a fixed amount under these schemes. Foreign subsidiaries contribute pensions in accordance with their local laws and regulations.

The consolidated company's pension costs under the defined contribution plan were NTD44,501,000 and NTD35,696,000 for the years ended December 31, 2021 and 2020, respectively.

(XVII) Income taxes

1. Income tax expense

The income tax expenses of the Consolidated Company are detailed as follows:

	2020	2020
Current income tax expenses		
Current income tax expenses	$ 164,474	114,697
Current income tax from adjustment of prior period	(324)	(438)
Surtax on unappropriated earnings	664	163
Current income tax expenses	$ 164,814	114,422
Deferred income tax expenses	37,433	21,422
	$ 202,247	135,844

The amount of income tax expenses (benefits) recognized by the consolidated company in other comprehensive income for the years ended December 31, 2021 and 2020 was as follows:

	2021	2020
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ (55)	1,033

The reconciliation of income tax expenses and income before tax was as follows:

	2021	2020
Profit before tax	$ 984,153	613,677
Income tax at the Company's domestic tax rate	$ 196,831	122,735
Effect of different tax rates in foreign jurisdictions	46,013	31,675
Gains on land transaction exempt from profit-seeking enterprise income tax	(92,777)	-
Income tax from adjustment of prior period	(324)	(438)
Expenses not deductible	1,201	7,622
Land value increment tax	45,975	-
Changes in unrecognized temporary differences and loss carryforward	(12,971)	(25,293)
Surtax on unappropriated earnings	664	163
Other non-taxable income	(14,587)	(9,656)
Others	32,222	9,036
	$ 202,247	135,844

2. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

	2021.12.31	2020.12.31
Deductible temporary differences	$ -	24,205
Loss carryforward	56,318	101,579
	$ 56,318	125,784

The consolidated company assesses that it is not probable that it will have sufficient taxable income in the future against which the deductible temporary difference and loss carryforward, so the relevant deferred tax assets have not been recognized.

As of December 31, 2021, the loss carryforward of consolidated company not recognized as deferred tax assets and the period for tax deduction are as follows:

Loss not yet deducted	Last year to be deducted
$ 11,988	2022
17,062	2023
102,098	2024
43,328	2025
44,778	2026
5,785	2028
1,485	2030
$ 226,524	

(2) Deferred tax assets and liabilities

	2021.12.31	2020.12.31
Income from investments in subsidiaries	$ 10,191	10,191

The temporary taxable differences related to investment in subsidiaries are not recognized as deferred income tax liabilities due to the consolidated company can control the reversal timing of temporary differences, which are likely not to reverse in the foreseeable future.

(3) Recognized deferred tax assets and liabilities

The changes in deferred tax assets and liabilities are as follows:

Deferred income tax assets:

	Allowance for inventory loss	Provisions	Defined benefit plans	Investments in subsidiaries	Financial assets at fair value through profit or loss	Others	Total
January 1, 2021	$ 22,108	11,365	7,558	19,084	2,877	24,696	87,688
Recognized in (loss) profit	(1,251)	(2,116)	(43)	(6,391)	(2,877)	3,802	(8,876)
Recognized in other comprehensive (loss) income	-	-	(55)	-	-	-	(55)
Effect of changes in exchange rate	-	-	-	-	-	99	99
December 31, 2021	$ 20,857	9,249	7,460	12,693	-	28,597	78,856
January 1, 2020	$ 21,366	11,197	6,924	33,126	2,819	20,279	95,711
Recognized in (loss) profit	742	168	(399)	(14,042)	58	4,417	(9,056)
Recognized in other comprehensive (loss) income	-	-	1,033	-	-	-	1,033
DECEMBER 31, 2020	$ 22,108	11,365	7,558	19,084	2,877	24,696	87,688

Deferred income tax liabilities:

	Investments in subsidiaries	Property, Plant and Equipment	Others	Total
January 1, 2021	$ 149,161	3,224	2,709	174,584
Recognized in loss (profit)	41,384	(1,352)	(18)	28,557
Arising in business combination	-	-	-	112,538
Effect of changes in exchange rate	-	-	(10)	(10)
December 31, 2021	$ 190,545	1,872	2,681	315,669
January 1, 2020	$ 131,842	4,620	2,312	162,218
Recognized in loss (profit)	17,319	(1,396)	(479)	11,490
Effect of changes in exchange rate	-	-	876	876
December 31, 2020	$ 149,161	3,224	2,709	174,584

3. Income tax assessments

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

(XVIII) Capital and other equities

1. Ordinary shares and treasury shares

As on December 31, 2021 and 2020, the total authorized capital of the Company was NTD1,772,000,000, which was divided into 177,200 thousand shares at NTD10 per share. The number of issued shares were 114,489 thousand shares and 144,689 thousand shares, respectively. The share capital reserved for the issuance of the exercise of employee share options was 20,000 thousand shares.

The number of outstanding ordinary shares was all 114,489 thousand shares from January 1 to December 31, 2021 and 2020, after the Company bought the treasury stocks of 200 thousand shares.

From November 2018 to January 2019, the Company bought back 200,000 ordinary shares of the Company at an average buyback price of NTD64.53 each from the centralized trading market. The Company will transfer the shares bought back this time to others, including employees of the controlled subsidiaries or affiliates of the Company who satisfy certain conditions, once or in multiple transactions within three years after the buyback date. Treasury shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

On November 15, 2021, the Board of Directors of the Company adopted the resolution to implement capital reduction by canceling 200 thousand shares of treasury stock yet to be transferred to employees pursuant to the Securities and Exchange Act. With December 28, 2021 as the base date, the capital reduction involved the cancellation of 200 thousand shares amounting to NTD2,000,000, and the amount of paid-in capital after capital reduction was NTD1,144,889,000. The relevant change registration has been completed.

2. Capital surplus

The Company's capital reserve balance is analyzed as follows:

	2021.12.31	2020.12.31
Share premium	$ 625,371	649,362
Recognized changes in percentage of ownership interests in subsidiaries	5,962	5,962
Asset disposal income	808	808
Others	23,603	23,603
	$ 655,744	679,735

Pursuant to the provisions of the Company Act, the capital reserve shall be first used to recover the loss before it is distributed as the realized capital reserve to the shareholders based on their respective shareholding ratios in the form of new shares or cash. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if which as mentioned in the preceding paragraph shall be in the form of cash. The realized capital reserve as termed in the preceding sentence includes the proceeds from the shares issued at a premium over the face value and the income from the acceptance of donations. Pursuant to the provision of the processing standard for negotiable securities offering and issuance by issuers, the capital reserve shall be accrued out of the capital, and the total amount accrued every year shall be no higher than ten percent of the paid-in capital.

3. Retained earnings and dividends policy

Pursuant to the provision of Articles of Association of the Company, if there is any surplus in the final accounts, it shall first accrue the tax, recover the accumulated loss and then set aside 10% as the legal surplus reserve, except when the legal surplus reserve has reached the paid-in capital of the Company. If there is any surplus after the special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall make the profit distribution plan for the surplus together with the accumulated undistributed profit and submit it to the Shareholders' Meeting for dividend distribution. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if the earnings distribution shall be in the form of cash dividends. Pursuant to the provisions of the Articles of Association of the Company, the profit distribution plan made by the Board of Directors shall consider the general dividend level in the industry, adopt the balanced dividend policy and follow the principle of prudence in distribution, but the cash dividend to the shareholders shall be no lower than 15% of the total dividend to the shareholders, pursuant to the provisions of the Articles of Association of the Company. According to the Articles of Association of the Company on August 20, 2021, if a surplus totaling up to 2% of capital is recorded in the annual final accounts of the Company, the amount of dividends distributed shall be no lower than 10% of the distributable earnings for the year, and the amount of annual cash dividend distributed shall be no lower than 10% of the total amount of cash and stock dividends distributed for the year.

(1) Legal reserve

Pursuant to the provision of the Company Act, when the Company makes no loss, the Company shall distribute the legal surplus reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if which as mentioned in the preceding paragraph shall be in the form of cash.

(2) Special reserve

Pursuant to the regulations issued by the Financial Supervisory Commission, when distributing the profit available for distribution, the Company shall accrue the special surplus reserve in the same amount out of the profit in the current period and the undistributed profit in the previous period against net deductibles incurred in the current year and listed in the shareholders' equity, and for the deductibles of other shareholders' equity accumulated in the previous period, the Company shall not distribute the special surplus reserve in the same amount accrued out of the undistributed profit in the previous period. If other deductibles of shareholders' equity are reversed in future, the Company shall distribute the profit with the reversed part.

4. Profit distribution

The amounts of cash dividends for the distribution of earnings for 2020 and 2019 which were resolved by the Company's Board of Directors on May 6, 2021 and May 6, 2020, respectively, were as follows:

	2020		2019	
	Dividend per share (NTD)	**Amount**	**Dividend per share (NTD)**	**Amount**
Dividends distributed to owners of common stock:				
Cash dividends	$ 2.8	320,569	5.0	572,444

Under the dividend distribution plan for 2020, the Company will distribute a cash dividend at NTD0.2 per share with the capital reserve of NTD22,898,000. The information regarding the profit distribution can be obtained from the open information monitoring website.

The amounts of cash dividends for the distribution of earnings for 2021 which were resolved by the Company's Board of Directors on March 3, 2022 was as follows:

	2021	
	Dividend per share (NTD)	**Amount**
Cash dividends distributed to owners of ordinary shares by unappropriated earnings	$ 3.2	366,364

Under the dividend distribution plan for 2021, the Company will distribute a cash dividend at NTD0.4 per share with the capital reserve of NTD45,796,000. The information regarding the profit distribution can be obtained from the open information monitoring website.

5. Other equities (net amount after tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2021	$ (83,110)	8,503	(74,607)
Exchange difference from conversion of net assets of foreign operating organizations	(51,761)	-	(51,761)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,544	11,544
Balance on December 31, 2021	**$ (134,871)**	**20,047**	**(114,824)**
Balance on January 1, 2020	$ (69,158)	14,890	(54,268)
Exchange difference from conversion of net assets of foreign operating organizations	(13,952)	-	(13,952)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(4,658)	(4,658)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	(1,729)	(1,729)
Balance on December 31, 2020	**$ (83,110)**	**8,503**	**(74,607)**

6. Non-controlling interests (net amount after tax)

		2021	2020
Beginning Balance	$	2,058,536	2,166,001
Shares attributable to non-controlling interests:			
Net profit for the period		166,003	72,787
Exchange differences on translating the financial statements of foreign operations		(2,307)	(6,357)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		196	1,131
Remeasurement of defined benefit plans		539	241
Income tax associated with other comprehensive income		(109)	(49)
Cash dividends distributed by subsidiaries to non-controlling interests		(52,225)	(40,814)
Non-controlling interest of acquisition in subsidiaries		641,433	-
Non-controlling interests related to outstanding vested share options held by the employees of the subsidiaries		-	709
Acquisition of additional equity in subsidiaries		(365,532)	(135,113)
Ending balance	$	2,446,534	2,058,536

(XIX) Share-based payment

The consolidated company has two transactions as below for the years ended December 31, 2021 and 2020.

1. Employee share options plan of the consolidated company's subsidiaries is as below:

	Employee share options plan of Ace Pillar in 2014	Employee share options plan of AEWIN in 2016
Grant date	August 2014	June 2016
Quantity granted (unit)	3,000	1,350,000
Subscription price of issuance per share	$22.40	$53.10
Ordinary shares to be subscribed per unit	1,000 shares	1 share
Contract Period	6.00 years	5.00 years
Conditions for Vesting	To exercise in accordance with the proportion specified in the issuance regulations during two to four years since the expiry of the grant date.	To exercise in accordance with the proportion specified in the issuance regulations during two years since the expiry of the grant date.
Granted recipient	Employees of Ace Pillar and its subsidiaries who meet the agreed conditions	Employees of AEWIN and its subsidiaries who meet the agreed conditions

2. Related information on the employee stock warrants of the subsidiary AEWIN is as

follows:

	2021		2020	
	Amount (thousand units)	**Weighted average exercise price (NTD)**	**Amount (thousand units)**	**Weighted average exercise price (NTD)**
Outstanding at the beginning of the period	761	$ 37.70	856	$ 37.70
Invalid in current period	(761)	37.70	(95)	37.70
Outstanding at the end of the period	-	-	761	37.70
Executable quantity at end of period	-	-	761	37.70

The employee stock options plan of AEWIN has been terminated after the term of contract expired in June 2021.

3. Related information on the employee stock warrants of the subsidiary Ace Pillar is as follows:

	2020	
	Amount (thousand units)	**Weighted average exercise price (NTD)**
Outstanding at the beginning of the period	958	$ 21.40
Exercised in current period	(25)	21.40
Invalid in current period	(933)	21.40
Outstanding at the end of the period	-	-
Executable quantity at end of period	-	-

The employee stock options plan of ACE Pillar has been terminated after the term of contract expired in August 2020.

(XX) Earnings per Share

1. Basic earnings per share

	2021	2020
Net profit attributable to ordinary shareholders of the Company	$ 615,903	405,046
Weighted average number of outstanding ordinary shares (1,000 shares)	114,489	114,489
Basic earnings per share (NTD)	$ 5.38	3.54

2. Diluted earnings per share

	2021	2020
Net profit attributable to ordinary shareholders of the	$ 615,903	405,046

Company		
Weighted average number of outstanding ordinary shares (1,000 shares)	114,489	114,489
Impacts of potential ordinary shares with dilution effect (in thousand shares):		
Impact of employee stock compensation	1,003	746
Weighted average number of outstanding ordinary shares (after adjusting the number of dilution potential common shares) (1,000 shares)	**115,492**	**115,235**
Diluted earnings per share (NTD)	**$ 5.33**	**3.51**

(XXI) Revenue from customer contracts

1. Breakdown of income

	2021	**2020**
Main products and services:		
Industrial computer cards and systems	$ 4,831,083	5,218,280
Industrial Automation Control	3,522,522	2,731,929
Computer component	4,336,531	-
Others	521,140	399,313
	$ 13,211,276	**8,349,522**

2. Balance of contracts

	2021.12.31	**2020.12.31**	**2020.1.1**
Notes and accounts receivable (including related parties)	$ 2,796,049	2,029,546	2,140,120
Loss: Allowance for loss	(32,177)	(45,065)	(120,815)
	$ 2,763,872	**1,984,481**	**2,019,305**
Contract liabilities	**$ 181,755**	**96,698**	**93,162**

For the disclosure of notes receivable, accounts receivable (including related parties) and their impairments, please see Note VI (V) for details.

The contract liabilities mainly come from the difference between the time point of satisfying the performance obligation when the consolidated company transfers goods to a customer and the time point of the customer’s payment. The beginning balances of contract liabilities on January 1, 2021 and 2020 were recognized in the income in an amount of NTD75,130,000 and NTD67,996,000 for the years ended December 31, 2021 and 2020, respectively.

(XXII) Employees compensation and remunerations of directors

In accordance with the Articles of Association: The Company shall set aside at least 5-20% of the earnings, if any, in the year as remuneration to the employees and no greater than 1% as remuneration to directors. Bur if the Company still has an accumulated loss, it shall reserve the recovery amount in advance. The beneficiaries of the aforesaid employees' compensation, if distributed in stock or in cash, shall include the employees of the controlled companies or affiliates of the Company who meet certain conditions.

The Company has estimated the employees' remunerations at NTD53,437,000 and NTD37,720,000, and estimated the directors' remunerations at NTD5,685,000 and NTD4,013,000 for the years ended 2021 and 2020. The Company has made these estimates by multiplying the pre-tax profit of respective period before the remunerations of employees and directors are deducted and the distribution ratios of the remunerations of employees and directors, and recognized these remunerations as the operating cost or operating expense in respective period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year.

The above-mentioned employees' compensation and the directors' remuneration are consistent with the distribution plan resolved by the Board of Directors of the Company, and they have been fully distributed in cash. Please refer to the TWSE MOPS website for relevant information.

(XXIII) Non-operating income and expenses

1. Interest income

	2021	2020
Interest on bank deposit	$ 2,066	4,486
Interest income from financial assets measured at amortized cost	26	152
Imputed interest on deposits	2	-
Interest income on financial assets measured at fair value through profit or loss	487	712
	$ 2,581	5,350

2. Other income

	2021	2020
Rental income	$ 6,160	6,221
Dividend income	999	1,260
Others	13,102	12,277
	$ 20,261	19,758

3. Other gain and loss

	2021	2020
Gain(loss) on disposal of property, plant and equipment	$ (1,854)	296
Gain on disposal of non-current assets held for sale(Note VI (VII))	469,360	-
Net gain (loss) on foreign exchange	3,036	(22,073)
Valuation profit or loss from financial assets and liabilities	(9,103)	(20,471)
Other expenditures	(1,947)	(2,130)
	$ 459,492	**(44,378)**

4. Finance costs

	2021	2020
Bank interest expenses	$ 19,441	12,317
Financial expenses on lease liabilities	5,070	2,861
	$ 24,511	**15,178**

(XXIV) Financial Instruments

1. Classification of financial instruments

(1) Financial assets

	2021.12.31	2020.12.31
Financial assets at fair value through profit or loss - current	$ 28,528	28,221
Financial assets at fair value through other comprehensive income - non-current	42,547	30,807
Financial assets at amortized cost:		
Cash and cash equivalents	1,521,790	1,922,245
Financial assets at amortized cost - current	1,708	1,708
Notes receivable, accounts receivable, and other receivables (including related parties)	2,794,678	1,997,892
Refundable deposits	34,610	31,093
Subtotal	4,352,786	3,952,938
Total	**$ 4,423,861**	**4,011,966**

(2) Financial liabilities

	2021.12.31	2020.12.31
Financial liabilities at fair value through profit or loss:		
Held-for-trading	$ 821	9,768
Financial liabilities measured by amortized cost:		
Short-term borrowings	1,311,304	823,701
Notes payables, accounts payables and other payables (including related parties)	2,803,428	1,592,703
Long-term borrowings (including the part due within one year)	1,750,000	-
Lease liabilities (including current and non-current)	254,715	116,016
Subtotal	6,119,447	2,532,420
Total	**$ 6,120,268**	**2,542,188**

2. Fair Value

(1) Financial instruments not measured at fair value

The Management of the consolidated company thinks that the book amounts of the financial assets and financial liabilities of the consolidated company measured at the amortized are close to the fair values.

(2) Financial instruments measured at fair value

The consolidated company's financial assets/liabilities measured by fair value through profit and loss and the financial assets measured by fair value through other comprehensive profit and loss are measured by fair value on the basis of repeatability. The following table provides relevant analysis of the financial instruments measured by fair value after initial recognition and classifies these assets into levels 1 to 3 based on the observable extent of fair value. Different fair value levels are defined as follows:

A. Level 1: Open quotation of the same asset or liability in the active market (without adjustment).

B. Level 2: The input parameter of the asset or liability is directly observable (namely price) or indirectly observable (namely, inferred from price), except for the open quotations included in level 1.

C. Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

	2021.12.31			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	74	-	74
Derivative financial instruments - Foreign exchange swap contracts	-	2,311	-	2,311
Fund beneficiary certificates	26,143	-	-	26,143
	$ 26,143	2,385	-	28,528
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 41,259	-	-	41,259
Foreign unlisted stocks	-	-	1,288	1,288
	$ 41,259	-	1,288	42,547
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	(821)	-	(821)

	2020.12.31			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	226	-	226
Derivative financial instruments - Foreign exchange swaps contract	-	42	-	42
Fund beneficiary certificates	27,953	-	-	27,953
	$ 27,953	268	-	28,221
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 29,920	-	-	29,920
Foreign unlisted stocks	-	-	887	887
	$ 29,920	-	887	30,807
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	(2,185)	-	(2,185)
Derivative financial instruments - Foreign exchange swap contracts	-	(7,583)	-	(7,583)
	$ -	(9,768)	-	(9,768)

(3) Fair value measurement techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

If there is an open quotation for the financial instrument in the active market, the open quotation in the active market shall be the fair value.

Except for financial instruments with active markets, fair values of the other financial instruments are obtained with valuation techniques or counterparty quotations. Evaluation technique-based fair value may be calculated by referring to the current fair value of other financial instruments with similar substantial conditions and characteristics, or discounted cash flow or other evaluation techniques, including market information application mode available on the reporting date.

The fair values of the financial instruments held by the consolidated company are presented in terms of type and attribute as follows:

Listed (OTC) stocks and fund beneficiary certificates have standard terms and conditions and are traded in active markets, and their fair values are determined in accordance with market quotations.

The Consolidated Company employs the asset approach to estimate fair values of unlisted stocks without active market and infers their fair values with total market values of individual assets and individual liabilities covered by the valuation subject as well as other factors.

B. Derivative financial instruments

They are valuated with the valuation model generally accepted by market participants. Forward foreign exchange contracts and foreign exchange swaps contracts are usually valuated in line with the current forward exchange rate.

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended 2021 and 2020.

(5) Detailed statement on changes in level 3

Financial assets at fair value through other comprehensive income:

	2021	2020
Beginning Balance	$ 887	1,414
Changes recognized in other comprehensive incomes in current period	401	(527)
Ending balance	**$ 1,288**	**887**

(XXV) Financial risk management

The consolidated company is exposed to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and equity instrument price risk) due to its business activities. This note expresses the consolidated company's policies and procedures for measuring and managing the above risks, and the quantitative disclosures of risk.

The Board of Directors of the consolidated company is responsible to develop and control the risk management policies which are formulated to identify and analyze the risks faced by the consolidated company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the consolidated company's activities.

The financial management department of the consolidated company monitors and manages the financial risks related to the operations of the consolidated company through internal risk reports.

1. Credit risk

Credit risk refers to the risk of financial loss of the consolidated company due to the failure of the counterparty to perform its contractual obligations in financial assets, mainly from cash and cash equivalents, derivatives transactions, accounts receivable from clients, and other receivables. The carrying amount of financial assets of the consolidated company represents the maximum amount of credit risk exposure.

The transaction counterparties of the consolidated company's cash and cash equivalents and the fund beneficiary certificates held are all financial institutions with good credit, so there should be no significant credit risk.

The policies adopted by the consolidated company are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The consolidated company conduct transactions with enterprises whose ratings is equivalent to or higher than investment level. The information is provided by independent rating agencies. If such information is not available, the consolidated company will use other publicly available financial information and transaction records of each other to rate major clients. The consolidated company continues to monitor credit risk exposure and the credit ratings of counterparties, and it distributes total transaction amounts among clients with qualified credit ratings. It also controls credit risk exposure through credit limit of counterparties reviewed and approved by the unit of risk management every year, and through insurance to reduce possible losses

To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the consolidated company believes that the consolidated company’s credit risk is significantly reduced.

The consolidated company does not have any concentration of accounts receivable balances for the years ended December 31, 2021 and 2020.

2. Liquidity risk

Liquidity risk is the risk that the consolidated company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The consolidated company supports business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash. The management of the consolidated company supervises the use of the bank's financing line and ensures compliance with the terms of the loans contract.

The following table shows the contractual maturity date of financial liabilities, including the impact of estimated interest, and prepared at the undiscounted cash flow.

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings (variable interest rates)	$ 1,318,223	1,318,223	-	-	-
Long-term borrowings (variable interest rates)	1,776,288	37,375	1,325,596	413,317	-
Notes payables, accounts payables and other payables (including related parties; no interest)	2,803,428	2,803,428	-	-	-
Lease liabilities	264,601	77,114	57,475	69,418	60,594
Subtotal	6,162,540	4,236,140	1,383,071	482,735	60,594
Derivative financial instruments:					
Forward foreign exchange contracts －total amount of delivery					
Outflow	553,511	553,511	-	-	-
Inflow	(552,764)	(552,764)	-	-	-
Foreign exchange SWAP－total amount of delivery					
Outflow	612,731	612,731	-	-	-
Inflow	(615,042)	(615,042)	-	-	-
Subtotal	(1,564)	(1,564)	-	-	-
	$ 6,160,976	**4,234,576**	**1,383,071**	**482,735**	**60,594**

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2020					
Non-derivative financial liabilities:					
Short-term borrowings (variable interest rates)	$ 825,514	825,514	-	-	-
Notes payables, accounts payables and other payables (including related parties; no interest)	1,592,703	1,592,703	-	-	-
Lease liabilities	120,861	55,107	44,683	21,071	-
Subtotal	2,539,078	2,473,324	44,683	21,071	-
Derivative financial instruments:					
Forward foreign exchange contracts －total amount of delivery					
Outflow	505,129	505,129	-	-	-
Inflow	(503,170)	(503,170)	-	-	-
Foreign exchange SWAP－total amount of delivery					
Outflow	993,108	993,108	-	-	-
Inflow	(985,567)	(985,567)	-	-	-
Subtotal	9,500	9,500	-	-	-
	$ 2,548,578	2,482,824	44,683	21,071	-

The Consolidated Company doesn’t expect the time point of the cash flow under the maturity date analysis will come much earlier or the actual amount will be substantially different.

3. Market Risks

Market risk refers to the risk of the value of revenue or held financial instruments being influenced by market price changes, such as changes in exchange rate, interest rate, and equity instrument price. The objective of market risk management lies in optimizing the investment return by controlling the market risk exposure within the bearable scope.

(1) Exchange Rate Risks

The consolidated company is exposed to exchange rate risk arising from the sale and purchase in the currency other than the functional currency, and the currency of such transaction is USD. The consolidated company manages exposure to exchange rate risks by using forward foreign exchange contracts and foreign exchange SWAP to manage the exchange rate risks in the range allowed by policies.

The exchange rate risks of the consolidated company are mainly derived from USD, RMB, and JPY-denominated receivables and payables of the consolidated company that are still outstanding on the balance sheet date. Listed below are the book values of the monetary assets and liabilities not valuated by the consolidated company in the functional currency on the reporting date (including monetary items included in the non-functional currency written off in the consolidated financial statements) as well as the sensitivity analysis of their related foreign currency changes (monetary unit: thousands of NTD):

	2021.12.31				
	Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD (Note 1)	$ 67,168	27.6800	1,859,210	1%	18,592
USD (Note 2)	2,093	6.3700	57,934	1%	579
RMB	4,687	4.3454	20,367	1%	204
JPY	31,879	0.2404	7,664	1%	77
Financial liabilities					
Monetary items					
USD (Note 1)	30,710	27.6800	850,053	1%	8,501
USD (Note 2)	26,447	6.3700	732,064	1%	7,321
JPY	11,453	0.2404	2,753	1%	28

	2020.12.31				
	Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD (Note 1)	$ 67,993	28.3500	1,927,602	1%	19,276
USD (Note 2)	1,950	6.5600	55,283	1%	553
RMB	21,086	4.3216	91,125	1%	911
JPY	66,285	0.2749	18,222	1%	182
Financial liabilities					
Monetary items					
USD (Note 1)	24,728	28.3500	701,039	1%	7,010
USD (Note 2)	20,408	6.5600	578,567	1%	5,786
JPY	21,969	0.2749	6,039	1%	60

(Note 1) It is the exchange rate between the US dollar and the New Taiwan Dollar.

(Note 2) It is the exchange rate between the US dollar and RMB.

The Consolidated Company has many functional currencies, so the Company has selected to disclose the overall exchange gain or loss information on the monetary items. Please refer to Note VI (XXIII) for details of the Company's foreign exchange gain or loss (realized and unrealized) for the years ended 2021 and 2020.

(2) Interest Rate Risks

The consolidated company's bank borrowings are on a floating rate basis. The measures taken by the consolidated company in response to changes in the interest rate risk are mainly to assess the interest rate of bank borrowings on a regular basis, and to maintain good relations with financial institutions in order to obtain lower financing costs; meanwhile, it cooperates to strengthen the management of working capital to reduce the dependence on bank borrowings and the risk of interest rate changes.

The interest rate risk exposure of financial liabilities of the consolidated company is described in the liquidity risk management of this Notes. The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The rate of change used internally in reporting interest rates to the management from the consolidated company is the 1% increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If the interest rate of the consolidated company’s bank borrowings increases/decreases by 1%, the net profit before tax of the consolidated company for the years ended December 31, 2021 and 2020 will decrease/increase by NTD30,613,000 and NTD8,237,000, respectively, with all other variables remaining constant, estimated based on the bank borrowings balance of the consolidated company as of December 31, 2021 and 2020.

(3) Other market risks

The consolidated company holds equity securities investments measured at fair value and so the risk of changes in equity instrument prices arises. The consolidated company manages and monitors investment performance on a fair value basis.

Sensitivity analysis on equity instrument price risk is based on changes in fair value at the reporting date. If the price of equity instruments increased/decreased by 1%, other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by NTD425,000 and NTD308,000, respectively, which were calculated based on estimation of the balance of equity securities investments held by the consolidated company as of December 31, 2021 and 2020.

(XXVI) Capital management

The consolidated company conducts management of risks in capital to ensure that each enterprise of the group would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders’ equity.

The consolidated company's capital structure consists of its net debt, which is borrowings less cash and cash equivalent, and equity attributable to the owners of the Company, which is equity, capital reserve, retained earnings and other equity items.

The consolidated company is not subject to other external capital requirements.

The consolidated company's key management annually reviews the group's capital structure, and the content of the review includes costs of various capital and related risks. According to the key management's suggestions, the consolidated company will balance the overall capital structure through the payment of dividends, issuance of new shares, and buy-back of shares.

The method of capital management has not been changed by the consolidated company for the years ended December 31, 2021 and 2020.

(XXVII) Investing and financing activities not in cash transaction

1. Please refer to Note VI (X) for the right-of-use assets acquired by the consolidated company through lease.
2. The liabilities from financing activities are reconciled in the following table:

			Non-cash change				
	2021.1.1	**Cash Flows**	**Impact from initial consolidation of subsidiary**	**Increase in lease liabilities**	**Decrease in lease liabilities**	**Exchange rate changes**	**2021.12.31**
Short-term borrowings	$ 823,701	487,797	-	-	-	(194)	1,311,304
Long-term borrowings (including the part due within one year)	-	1,745,830	4,187	-	-	(17)	1,750,000
Lease liabilities	116,016	(76,445)	51,212	171,536	(5,071)	(2,533)	254,715
Total liabilities from financing activities	$ 939,717	2,157,182	55,399	171,536	(5,071)	(2,744)	3,316,019

			Non-cash change			
	2020.1.1	**Cash Flows**	**Increase in lease liabilities**	**Decrease in lease liabilities**	**Exchange rate changes**	**2020.12.31**
Short-term borrowings	$ 622,075	209,528	-	-	(7,902)	823,701
Lease liabilities	88,027	(54,773)	87,408	(4,024)	(622)	116,016
Total liabilities from financing activities	$ 710,102	154,755	87,408	(4,024)	(8,524)	939,717

VII. Related Party Transactions

(I) Parent company and ultimate controller

Qisda Corporation (Qisda) is the parent company of the Company and the ultimate controller of the Group to which it belongs, and it holds 55.1% of the Company's outstanding ordinary shares. Qisda has prepared consolidated financial statements for public use.

(II) Name and relation of related party

The related parties having transactions with the consolidated company during the period under the consolidated balance sheet are as follows:

Name of related party	Relationship with the consolidated company
Qisda Corporation (Qisda)	Parent company of the Company
Partner Technology Co., Ltd.	Direct/indirect subsidiary of Qisda
Alpha Networks Inc.	Direct/indirect subsidiary of Qisda
BenQ Medical Technology Corporation	Direct/indirect subsidiary of Qisda
BenQ Materials Corporation	Direct/indirect subsidiary of Qisda
BenQ Asia Pacific Corporation	Direct/indirect subsidiary of Qisda
BenQ ESCO Corporation	Direct/indirect subsidiary of Qisda
BenQ Healthcare Corporation (former BenQ Hearing Solution Corporation)	Direct/indirect subsidiary of Qisda
BenQ Guru Corporation	Direct/indirect subsidiary of Qisda
BenQ Guru Software Corporation	Direct/indirect subsidiary of Qisda
BenQ Corporation	Direct/indirect subsidiary of Qisda
BenQ Co., Ltd	Direct/indirect subsidiary of Qisda
BenQ (Shanghai) Co., Ltd.	Direct/indirect subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd.	Direct/indirect subsidiary of Qisda
Simula Technology Inc.	Direct/indirect subsidiary of Qisda
Golden Spirit Co., Ltd.	Direct/indirect subsidiary of Qisda
Dsta Image Co., Ltd.	Direct/indirect subsidiary of Qisda
SYSAGE Technology Co., Ltd.	Direct/indirect subsidiary of Qisda
AdvancedTEK International Corp.	Direct/indirect subsidiary of Qisda
Global Intelligence Network Co., Ltd.	Direct/indirect subsidiary of Qisda
ASIACONNECT INTERNATIONAL COMPANY LTD.	Direct/indirect subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Direct/indirect subsidiary of Qisda
Qisda (Suzhou) Co., Ltd.	Direct/indirect subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd.	Direct/indirect subsidiary of Qisda
BenQ Foundation	Substantive related party of Qisda
AU Optronics Corporation (AUO)	Related enterprise of Qisda/Corporate director valuing Qisda under equity approach (Note 1)
AFPD Pte., Ltd	Direct/indirect subsidiary of AUO
AU Optronics (Kunshan) Co., Ltd.	Direct/indirect subsidiary of AUO

AU Optronics (Xiamen) Co., Ltd.	Direct/indirect subsidiary of AUO
AU Optronics (Suzhou) Co., Ltd.	Direct/indirect subsidiary of AUO
AUO Digitech Taiwan Inc.	Direct/indirect subsidiary of AUO
AUO Crystal Corporation	Direct/indirect subsidiary of AUO
Darwin Precisions (Xiamen) Corporation	Direct/indirect subsidiary of AUO
Darwin Precisions Corporation	Direct/indirect subsidiary of AUO
Ta Chi Education Development Co., Ltd.	Direct/indirect subsidiary of AUO
AEWIN KOREA CO., LTD.	Substantive related party of AEWIN
Darfon Electronics Corporation (Darfon)	Related enterprise of Qisda
Unictron Technologies Corporation	Direct/indirect subsidiary of Darfon
Darfon Electronics (Suzhou) Co., Ltd.	Direct/indirect subsidiary of Darfon
San Jose Technology, Inc.	Direct/indirect subsidiary of Darfon (Note 2)

Note 1: AUO was previously a related enterprise of Qisda. However, AUO is no longer a related enterprise of Qisda starting May 12, 2021, and AUO has valued Qisda under the equity approach as of January 2021.

Note 2: It was written off and dissolved on March 30, 2021.

(III) Material transactions with related party

1. Net operating revenue

The material sales amount of the consolidated company to the related parties is as follows:

	2021	2020
Parent company	$ 51,074	110,108
Other related parties	199,203	276,089
	$ 250,277	386,197

Sales of the Consolidated Company to related parties involve customary products made to order based on the customer demand, so the price is determined by both parties through negotiation. The credit term for related parties is 60-120 days after shipment, and 30-180 days for non-related parties.

2. Purchases

The purchase amount of the consolidated company from the related parties is as follows:

	2021	2020
Parent company	$ 351,317	751,208
Other related parties	24,801	35,909
	$ 376,118	787,117

The purchases from related parties by the consolidated company are customized products tailored to the requirements of the order, and, therefore, the selling price is mutually agreed. The credit term provided by related parties is 60-90 days after shipment, and 30-105 days for non-related parties.

3. Leases

The consolidated company has leased plants and offices from the parent company and other related parties respectively and signed the lease contracts based on the rent prices in the adjacent areas. The total amounts of increase in right-of-use assets in 2021 and 2020 were NTD135,488,000 and NTD6,228,000, respectively.

The Consolidated Company has recognized an interest expense of NTD1,615,000 and NTD123,000 for the years ended December 31, 2021 and 2020 respectively. Relevant balance of lease liabilities was NTD130,047,000 and NTD5,133,000 as on December 31, 2021 and 2020 respectively.

4. Property transactions

Category of related party	Item	2021	2020
Parent company	Property, plant and equipment	$ -	5,469
Other related parties	Property, plant and equipment	6,562	210
Parent company	Intangible assets	1,789	-
Other related parties	Intangible assets	288	-
		$ 8,639	5,679

5. operating costs, expenses, and other income

The operating costs and operating expenses incurred by the consolidated company for services provided by related parties, such as product processing and management services, as well as other income from other transactions are detailed as follows:

Item	Category of related party	2021	2020
Operating costs	Parent company	$ 9,316	8,266
	Other related parties	3,890	219
Operating Expenses	Parent company	5,860	1,549
	Other related parties	11,511	10,538
Other income	Other related parties	5,581	5,612

6. Receivables from related parties

Details of the receivables from related parties of the consolidated company are as follows:

Item	Category of related party	2021.12.31	2020.12.31
Accounts receivable from related parties	Parent company	$ 106,639	89,355
	Other related parties	61,156	54,879
		167,795	144,234
Other receivables	Other related parties	498	592
		$ 168,293	**144,826**

The consolidated company provides some of the raw materials to the parent company for manufacturing, while the completed semi-finished products are sold back to the consolidated company for processing and assembly. To prevent repeated calculation of the purchases and sales above, the consolidated company did not recognize the amount of raw materials provided to the parent company as operating income. Furthermore, the accounts receivable and payable arising from the sale of raw materials and the purchase of semi-finished products above were not collected and paid on a net basis; therefore, they were not expressed as mutual offset.

7. Accounts payable to related parties

The payables of the consolidated company to related parties are detailed as follows:

Item	Category of related party	2021.12.31	2020.12.31
Accounts payables	Parent company	$ 51,668	100,567
	Other related parties	11,385	4,313
		63,053	104,880
Other payables	Parent company	3,188	931
	Other related parties	3,803	337
		6,991	1,268
Lease liabilities - current	Parent company	13,482	-
	Other related parties	2,158	2,067
Lease liabilities - non-current	Parent company	113,483	-
	Other related parties	924	3,066
		130,047	5,133
		$ 200,091	**111,281**

(IV) Remuneration to main management

	2021	2020
Short-Term Employee Benefits	$ 46,767	40,907

VIII. Pledged Assets

The details of the book-entry values of the asset pledged as collateral provided by the consolidated company are detailed as follows:

Asset name	Subject matter of pledge guarantee	2021.12.31	2020.12.31
Pledged certificate of deposits	Performance bond for release before tax to customs house	$ 1,708	1,708
Notes receivable	Guarantee for bank loans	18,196	39,558
Property, Plant and Equipment	Guarantee for bank loans	461,112	-
		$ 481,016	41,266

The aforesaid bank deposits are presented under the financial assets measured at amortized cost.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date

In order to optimize the layout of the semiconductor business, expand the business, and provide customers with a full range of products and services, Ace Pillar, a consolidated subsidiary, acquired 4,680 thousand shares of ordinary shares of Standard Technology Corporation (hereinafter referred to as “Standard Tech”) at a price of NTD187,000,000 with the approval of the Board of Directors on January 4, 2022, resulting in an acquisition of 60% shareholding ratio in Standard Tech after split and the share price has been paid in full on March 1, 2022 and the transfer has been completed.

XII. Others

The employee benefits, depreciation and amortization expenses are summarized by function as follows:

Function / Nature	2021			2020		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	245,210	981,335	1,226,545	219,153	833,226	1,052,379
Labor and health insurance expenses	22,865	87,363	110,228	20,057	71,028	91,085
Pension expense	8,174	36,744	44,918	8,004	28,304	36,308
Other employee benefit expenses	16,215	37,955	54,170	11,577	26,901	38,478
Depreciation expenses	66,428	110,529	176,957	48,672	99,915	148,587
Amortization expenses	1,781	65,597	67,378	1,116	27,616	28,732

XIII. Supplementary Disclosures

(I) Information on Significant Transactions:

Listed below are the material transactions the consolidated company shall disclose again in line with the accounting standard for the year ended 2021:

1. Loans to others:

Unit: In Thousands of New Taiwan Dollars

No.	Financing Company	Loan recipient	Transaction item	Related Party	Maximum balance in current period	Ending balance	Amount of actual use	Interest Rate	Nature for Financing (Note 4)	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Loss	Collateral		Financing Limits for Each Borrowing Company	Total Financing Limits
													Name	Value		
1	AEWIN	Beijing AEWIN	Other receivables - related parties	Yes	85,590	-	-	-	2	-	Operating capital fund	-		-	231,859 (Note 1)	463,718 (Note 1)
2	Ace Pillar	Tianjin ACE Pillar	Other receivables - related parties	Yes	250,560	249,120	166,080	0%~4.35%	2	-	Operating capital fund	-		-	410,619 (Note 2)	821,237 (Note 2)
2	Ace Pillar	Suzhou Super Pillar	Other receivables - related parties	Yes	28,530	27,680	27,680	-	2	-	Operating capital fund	-		-	410,619 (Note 2)	821,237 (Note 2)
3	Cyber South	Suzhou Super Pillar	Other receivables - related parties	Yes	15,692	-	-	1.15%	2	-	Operating capital fund	-		-	626,514 (Note 3)	626,514 (Note 3)
4	Tianjin Jinhao	Tianjin ACE Pillar	Other receivables - related parties	Yes	13,044	-	-	1.80%	2	-	Operating capital fund	-		-	7,018 (Note 3)	7,018 (Note 3)
4	Tianjin Jinhao	Quansheng Information	Other receivables - related parties	Yes	2,614	-	-	1.80%	2	-	Operating capital fund	-		-	7,018 (Note 3)	7,018 (Note 3)
5	Hong Kong ACE Pillar	Tianjin ACE Pillar	Other receivables - related parties	Yes	17,344	-	-	1.80%	2	-	Operating capital fund	-		-	39,722 (Note 3)	39,722 (Note 3)
1	AEWIN	Beijing AEWIN	Other receivables - related parties	Yes	208,489	102,949	102,949	-	1	445,822	Business Interaction	-		-	231,859 (Note 1)	463,718 (Note 1)

(Note 1) The total line of credit provided by AEWIN for other persons and the limit for loans to individual borrowers shall be 40% and 20% of the net values in the financial statement of the Company for the most recent period.

(Note 2) The total line of credit provided by ACE Pillar for other persons and the limit for loans to individual borrowers shall be 40% and 20% of the net values in the financial statement of the Company for the most recent period.

(Note 3) The total line of credit provided by Cyber South, Tianjin Jinhao and Hong Kong ACE Pillar for 100%-owned foreign subsidiaries of ACE Pillar and the limit for loans to individual borrowers shall be 100% of the net values in the financial statement of the company for the most recent period. The total line of credit provided for foreign subsidiaries not 100% owned by ACE Pillar and the limit for loans to individual borrowers shall be 10% and 5% of the net values in the financial statement of the company for the most recent period.

(Note 4) The natures of loans are stated as follows:

1. Arise from business transactions.
2. Having needs in short-term financing.

(Note 5) The aforesaid transactions had been written off when the consolidated financial statements were prepared.

2. Endorsements/guarantees to others:

Unit: In Thousands of New Taiwan Dollars

No.	Company Name of Endorser	Company name of endorsee: Company Name	Company name of endorsee: Relationship (Note 3)	Endorsement limit for a single enterprise	Maximum endorsement guarantee balance for current period	Ending balance of endorsement guarantee	Amount Actually Drawn	Amount of endorsements secured by the property	The ratio of accumulated endorsement amount to the net worth of the latest financial statements	Maximum amount of endorsement	Endorsement of the parent company to a subsidiary	Endorsement of a subsidiary to the parent company	Endorsement for Mainland China
1	AEWIN	Beijing AEWIN	2	231,859 (Note 1)	129,780	65,181	65,181	-	5.62%	579,647 (Note 1)	Y	N	Y
1	Ace Pillar	Tianjin ACE Pillar	2	821,237 (Note 2)	327,500	188,400	56,490	-	9.18%	1,026,547 (Note 2)	Y	N	Y

Note 1: The maximum line of credit provided by AEWIN for other persons and individual enterprise shall be 50% and 20% of the net values in the financial statement of the company for the most recent period.
Note 2: The maximum line of credit provided by Ace Pillar for other persons and individual enterprise shall be 50% and 40% of the net values in the financial statement of the company for the most recent period.
Note 3: Relationship between endorsement guarantor and target of endorsement guarantee: (2) A subsidiary holding more than 50% of ordinary shares.

3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures):

Unit: In Thousands of New Taiwan Dollars/ In Thousands of shares/ In Thousands of units

Name of Held Company	Type and Name of Marketable Securities	Relationship with the issuer of securities	Item	End of Period: Number of Shares/number of Units	End of Period: Carrying Amount	End of Period: Shareholding Ratio	End of Period: Fair value	Highest shareholding ratio during the period: Number of Shares/number of Units	Highest shareholding ratio during the period: Shareholding Ratio	Remark
The Company	Beneficiary certificates: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	26,143	- %	26,143	1,442	- %	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	999	41,259	3.32%	41,259	999	3.32%	-
The Company	Fund: Asia Tech Taiwan Venture Fund	-	Financial assets at fair value through profit or loss - non-current	USD 225	-	-	-	-	-	-
The Company	Bonds: WM 7.25% Perpetual	-	Financial assets at fair value through profit or loss - current	USD 200	-	-	-	-	-	-
AEWIN	Stock: AEWIN KOREA TECHNOLOGIES CO., LTD	Substantial related party	Financial assets at fair value through other comprehensive income - non-current	10	1,288	16.67%	1,288	10	16.67%	-
AEWIN	Stock: Authentrend Technology Inc.	-	Financial assets at fair value through profit or loss - non-current	300	-	1.42%	-	300	1.42%	-

4. The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital:

Unit: In Thousands of New Taiwan Dollars/ In Thousands of shares

Buyer and seller	Type and Name of Marketable Securities	Item	Counter party	Relationship	Buy at beginning of period				Sell at end of period				End of Period(Note)	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Sales price	Book cost	Disposal profit or loss	Number of shares	Amount
The Company	Stock-Brainstorm Corporation	Investment under equity approach	-	Parent company and subsidiary	-	-	233	501,582	-	-	-	-	233	535,021
The Company	Stock -Ace Pillar Co., Ltd.	Investment under equity approach	—	Parent company and subsidiary	37,676	793,722	16,282	507,636	-	-	-	-	53,958	1,095,684

Note: The ending balance includes adjustments such as investment profit (loss) recognized for the period and translation differences.

5. The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital:

Unit: In Thousands of New Taiwan Dollars

Name of company	Name of property	Transaction date or date of occurrence of event	Transaction amount(Note)	Payment status	Counterparty	Relationship	Prior transaction of related counterparty				Basis of reference for price determination	Purpose and use	Other agreed matters
							Owner	Relationship with the issuer	Transfer date	Amount			
Ace Pillar	Land and buildings	110/7/7	262,270	Fully paid	Chung Mao Property Development Co., Ltd.	-	-	-	-	-	Price negotiation according to appraisal report	Office use	None
AEWIN	Land and buildings	110/10/4	470,880	Fully paid	Avanti Commerce Centre Ltd.	-	-	-	-	-	Price negotiation according to appraisal report	Usage in operation	None

Note: Transaction amount includes business tax.

6. The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital:

Company that Disposed Real Estate	Name of property	Date of occurrence of event	Original Acquisition Date	Book value	Transaction amount	Price Collection Status	Disposal profit or loss	Counter-party	Relationship	Purpose of Disposal	Basis of reference for price determination	Other agreed matters
The Company	Land and buildings	2021/11/30	1987/4/1	72,885	550,000	Fully received	469,360 (Note)	Axiomtek Co., Ltd.	N/A	Revitalize company assets and replenish working capital	Price negotiation according to appraisal report	None

Note: Amount after deducting transaction-related fees

7. The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital:

Unit: In Thousands of New Taiwan Dollars

			Transaction Status				**The situation and reason for the difference between the trading terms and the general trading**		**Notes and accounts receivable (payable)**		
Purchasing (selling) company	**Name of counterparty**	**Relationship**	**Purchase/ Sales**	**Amount**	**Ratio of total purchase (sales)**	**Credit period**	**Unit price**	**Credit period**	**Balance**	**Ratio of notes and accounts receivable and payable**	**Remark**
The Company	Qisda	Parent company and subsidiary	Purchases	350,492	10 %	OA60	-	30-90 days to collect	(50,843)	(6) %	-
Qisda	The Company	Parent company and subsidiary	Sales	(350,492)	-	OA60	-	30-90 days to collect	50,843	-	-
DFI AMEICA,LLC.	The Company	Parent company and subsidiary	Purchases	579,172	100 %	60-90 days to collect	-	30-90 days to collect	(69,313)	(99) %	Note 2
The Company	DFI AMEICA, LLC.	Parent company and subsidiary	Sales	(579,172)	(17) %	60-90 days to collect	-	30-90 days to collect	69,313	11 %	Note 2
Diamond Flower Information (NL) B.V	The Company	Parent company and subsidiary	Purchases	335,051	100 %	60-90 days to collect	-	30-90 days to collect	(13,451)	(100) %	Note 2
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	Sales	(335,051)	(10) %	60-90 days to collect	-	30-90 days to collect	13,451	2 %	Note 2
DFI Co., Ltd.	The Company	Parent company and subsidiary	Purchases	216,968	99 %	60-90 days to collect	-	30-90 days to collect	(14,796)	(92) %	Note 2
The Company	DFI Co., Ltd.	Parent company and subsidiary	Sales	(216,968)	(6) %	60-90 days to collect	-	30-90 days to collect	14,796	2 %	Note 2
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	The Company	Parent company and subsidiary	Purchases	146,668	91 %	60-90 days to collect	-	30-90 days to collect	(25,498)	(94) %	Note 2
The Company	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Parent company and subsidiary	Sales	(146,668)	(4) %	60-90 days to collect	-	30-90 days to collect	25,498	4 %	Note 2
The Company	AEWIN	Parent company and subsidiary	Sales	(473,425)	14 %	Payment term of 60 days	At agreed price	Payment term of 60-90 days to collect	112,266	18 %	Note 2
AEWIN	The Company	Parent company and subsidiary	Purchases	473,425	24 %	Payment term of 60 days	At agreed price	Payment term of 60-90 days to collect	(112,266)	43 %	Note 2
AEWIN	Beijing AEWIN	Parent company and subsidiary	Sales	(445,822)	(35) %	150 days after shipment	-	120 days after shipment (Note 1)	398,155	68 %	Note 2
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	445,822	42 %	150 days after shipment	-	120 days after shipment (Note 1)	(398,155)	(64) %	Note 2
Quansheng Information	Tianjin ACE Pillar	Affiliate	Sales	(455,128)	(100) %	T/T 30 days	-		61,680	98 %	Note 2
Tianjin ACE Pillar	Quansheng Information	Affiliate	Purchases	455,128	33 %	T/T 30 days	-		(61,680)	(31) %	Note 2
AEWIN	AEWIN TECH	Parent company and subsidiary	Sales	(148,507)	(12) %	120 days after shipment	-	120 days after shipment (Note 1)	57,270	10 %	Note 2
AEWIN TECH	AEWIN	Parent company and subsidiary	Purchases	148,507	100 %	120 days after shipment	-	120 days after shipment (Note 1)	(57,270)	(100) %	Note 2
The Company	AEWIN	Parent company and subsidiary	Purchases	222,370	7 %	Payment term of 60 days	-	30-90 days to collect	(32,353)	(4) %	Note 2
AEWIN	The Company	Parent company and subsidiary	Sales	- (Note 3)	-	Payment term of 60 days	-	120 days after shipment (Note 1)	32,353	6 %	Note 2

Note 1: 120 days after shipment, subject to extension taking into account market conditions.
Note 2: The aforesaid transactions had been written off when the consolidated financial statements were prepared.
Note 3: Amount of raw materials sold deducted the repurchase part after processing

8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital:

Unit: In Thousands of New Taiwan Dollars

Company from which accounts receivable	Name of counterparty	Relationship	Balance of receivables from related party	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for Loss
					Amount	Treatment		
AEWIN	Beijing AEWIN	Parent company and subsidiary	398,155	1.14	151,918	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	102,949	-	-	Strengthen collection	-	-
Ace Pillar	Tianjin ACE Pillar	Parent company and subsidiary	166,080	-	-	-	-	-

(Note) The aforesaid transactions had been written off when the consolidated financial statements were prepared.

9. Engaged in derivative products transactions: See Note VI (II) for details.

10. Business relationship and important transactions between parent company and subsidiaries:

Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Name of trader	Name of counterparty	Relationship with the trader (Note 2)	Situations of transactions (Note 3)			
				Account	Amount	Transaction terms	Ratio to consolidated total revenue or total assets (Note 4)
0	The Company	DFI AMEICA, LLC.	1	(Sales)	(579,172)	60-90 days to collect	4%
0	The Company	Diamond Flower Information (NL) B.V.	1	(Sales)	(335,051)	60-90 days to collect	3%
0	The Company	DFI Co., Ltd.	1	(Sales)	(216,968)	60-90 days to collect	2%
0	The Company	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	1	(Sales)	(146,668)	60-90 days to collect	1%
1	AEWIN	Beijing AEWIN	3	(Sales)	(445,822)	Note 5	3%
1	AEWIN	AEWIN TECH INC.	3	(Sales)	(148,507)	Note 6	1%
2	Quansheng Information	Tianjin ACE Pillar	3	(Sales)	(445,128)	T/T 30 days	3%
0	The Company	AEWIN	1	(Sales)	(473,425)	Payment term of 60 days	4%
0	The Company	AEWIN	1	Purchases	222,370	Payment term of 60 days	2%
1	AEWIN	Beijing AEWIN	3	Accounts receivable	398,155	Note 5	3%
3	Ace Pillar	Tianjin ACE Pillar	3	Other receivables borrowings	166,080	One year	1%

Note 1. The number is to be filled in the following manner:
1. 0 represents the parent company.
2. The subsidiaries are numbered with Arabic numbers starting with 1.

Note 2. Types of relationships with traders are listed as follows:
3. Parent company to subsidiary
4. Between subsidiary and parent company.
5. Subsidiary to subsidiary

Note 3. The business relationship and important transactions between the parent and subsidiaries only disclose sales of goods and accounts receivable, and corresponding purchase and accounts payable are omitted here.

Note 4. It is the transaction amount divided by the consolidated operating revenue or consolidated total assets.

Note 5. 150 days after shipment, subject to extension taking into account market conditions.

Note 6. 120 days after shipment, subject to extension taking into account market conditions.

Note 7. Business relationship and important transactions between the parent and subsidiaries only disclose the information on those transactions involving more than 1% of the consolidated operating revenue or assets.

(II) Reinvestment and related information:

Below is the information of the reinvestment business (excluding invested companies in Mainland Chinese) from January 1 to September 30, 2021:

Unit: In Thousands of New Taiwan Dollars/ In Thousands of shares

Name of investor company	Name of investee company	Location	Primary business	Original investment amount		Held at the end of the period			Highest shareholding ratio during the period		Net income (loss) of the investee	Investment profit (loss) recognized for the period	Remark (Note 2)
				End of current period	End of last year	Number of shares	Ratio	Carrying Amount	Number of shares	Shareholding Ratio			
The Company	DFI AMERICA, LLC	USA	Sales of industrial computer cards	254,683	254,683	1,209	100.00%	363,409	1,209	100.00%	4,624	4,624	Subsidiary of the company
The Company	Yan Tong	Mauritius	General investment business	187,260	187,260	6,000	100.00%	178,568	6,000	100.00%	7,338	7,338	Subsidiary of the company
The Company	DFI Co., Ltd.	Japan	Sales of industrial computer cards	104,489	104,489	6	100.00%	287,699	6	100.00%	10,481	10,481	Subsidiary of the company
The Company	Diamond Flower Information (NL) B.V.	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100.00%	67,927	12	100.00%	13,955	13,955	Subsidiary of the company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer mainboards and related products	564,191	556,464	30,376	51.38%	596,523	30,376	51.38%	44,617	17,750	Subsidiary of the company
The Company	Ace Pillar	Taiwan		1,301,359	793,722	53,958	48.07%	1,095,684	53,958	48.07%	147,895	53,726	Subsidiary of the company
The Company	Brainstorm	USA	Wholesale and retail of computer and peripheral devices	501,582	-	233	35.09%	535,021	233	35.09%	248,222	35,376	Subsidiary of the company
AEWIN	Wise Way	Aquila	Investment business	46,129	46,129	1,500	100.00%	163,707	1,500	100.00%	76,229	(Note 1)	Subsidiary of the company
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer and peripheral equipment and software	77,791	77,791	2,560	100.00%	(453)	2,560	100.00%	(3,250)	(Note 1)	Subsidiary of the company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100.00%	190,941	1,500	100.00%	76,229	(Note 1)	Subsidiary of the company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100.00%	626,514	4,669	100.00%	56,442	(Note 1)	Subsidiary of the company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Sales and Purchases of transmission mechanical components	5,120	5,120	1,200	100.00%	39,722	1,200	100.00%	(259)	(Note 1)	Subsidiary of the company
Cyber South	Proton	Samoa	Holding Company	527,665	527,665	17,744	100.00%	511,706	17,744	100.00%	44,403	(Note 1)	Subsidiary of the company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100.00%	(598)	150	100.00%	3,661	(Note 1)	Subsidiary of the company

Note 1: The net income of the invested company is already included in the investor company, and not separately presented to avoid confusion.

Note 2: The subsidiaries directly and indirectly controlled by the Company in the table above had been written off when the consolidated financial statements were prepared.

(III) Investment information in mainland China:

1. Name, principal operation and relevant information of invested companies in the Mainland Chinese:

Unit: In Thousands of New Taiwan Dollar/In Thousands of foreign currency

Investee Company In Mainland China	Primary business	Paid-in Capital	Method of Investment	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated investment amount remitted from Taiwan at the end of current period	Net income (loss) of the investee	Shareholding ratio of the direct or indirect investment of the company	Highest shareholding ratio during the period		Investment profit (loss) recognized for the period	Carrying amount of the investment at the end of period	Investment income repatriated by the end of period
					Remitted	Repatriated				Number of shares	Shareholding Ratio			
Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	69,200 (USD2,500)	(Note 1)	-	-	-	-	-	100.00 %	-	100.00%	(1,601) (Note 2)	51,498	33,306
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	13,840 (USD500)	(Note 1)	-	-	-		-	100.00 %	-	100.00%	11,090 (Note 2)	46,514	-
Beijing AEWIN	Wholesale of computer and peripheral equipment and software	46,129 (USD1,500)	(Note 1)	46,129 (USD1,500)	-	-	46,129 (USD1,500)	76,229	100.00 %	-	100.00%	76,229 (Note 2)	190,936	-
Aewin(Shenzhen) Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	13,062 (RMB3,000)	(Note 4)	-	-	-	-	(5,311) (RMB(1,226))	100.00 %	-	100.00%	(5,311) (RMB(1,226)) (Note 2)	(1,829) (RMB(421))	-
Tianjin ACE Pillar	Sales and Purchases of transmission mechanical components	977,021 (USD35,297)	(Note 1)	53,976 (USD1,950)	-	-	53,976 (USD1,950)	56,121	100.00 %	-	100.00%	56,121 (Note 2)	611,067	125,533
Tianjin Jinhao	Manufacturing and processing of machinery transmission products	7,257 (RMB1,670)	(Note 1)	4,429 (USD160)	-	-	4,429 (USD160)	(219)	100.00 %	-	100.00%	(219) (USD(8)) (Note 2)	7,018 (USD254)	-
Quansheng Information	Electronic system integration	8,304 (USD300)	(Note 1)	4,152 (USD150)	-	-	4,152 (USD150)	3,662	100.00 %	-	100.00%	3,662 (USD131) (Note 2)	(622) (USD(22))	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	40,136 (USD1,450)	(Note 1)	- (Note 3)	-	-	- (Note 3)	10,511	100.00 %	-	100.00%	10,511 (USD375) (Note 2)	98,569 (USD3,561)	-
Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	8,304 (USD300)	(Note 1)	- (Note 3)	-	-	- (Note 3)	(711)	100.00 %	-	100.00%	(711) (USD(25)) (Note 2)	2,156 (USD78)	-

Note 1: Reinvest in the companies in the Mainland Chinese through companies established in third regions.
Note 2: It is recognized in line with the financial report prepared by the invested company and audited by the accountant of the parent company in Taiwan.
Note 3: It was reinvested and established by Cyber South.
Note 4: It is a Mainland Chinese-based company reinvested by Beijing AEWIN.
Note 5: Xuchang Ace AI Equipment Co.,Ltd.'s board of directors has resolved to dissolve the company, and the liquidation process is still in process on November 23, 2021.

2. Limit of the investment in Mainland Chinese:

Unit: In Thousands of New Taiwan Dollar/In Thousands of foreign currency

Company Name	The cumulative amount of investment remitted from Taiwan to the Mainland Chinese at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	- (Note 1)	57,713 (Note 3 and Note 4) (USD2,085)	3,302,288
AEWIN	46,129 (USD1,500)	55,360 (USD2,000)	695,676
Ace Pillar	141,694 (USD5,119)	141,694 (USD5,119)	1,231,856

(Note 1) Refers to the actual amount remitted by the Company and the amount approved by the Investment Commission, excluding the remitted amount of subsidiaries and their amount approved by the Investment Commission.

(Note 2) In accordance with the "Principles for Review of Investment or Technical Cooperation in Mainland China", the accumulated amount of investment in mainland China is limited to 60% of the net worth or consolidated net worth, whichever is higher.

(Note 3) The Company's net investment amount after the cancellation of Dongguan Nippon Trading Co., Ltd. approved by the Investment Commission in August 2014.

(Note 4) Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

3. Material transactions with invested companies in the Mainland Chinese:
Please see the statement under the "Information on Significant Transactions" for the direct or indirect material transactions between the consolidated company and the invested companies in the Mainland Chinese for the year ended 2021 (these transactions had been written off when the consolidated financial statements were prepared).

(IV) Information on Major Shareholders:

Unit: Share

Shares / Name of Major Shareholder	Number of Shares Held	Shareholding Ratio
Qisda Co., Ltd.	51,609,986	45.00%
Gordias Investments Limited of British Virgin Islands Merchant	15,734,441	13.71%
Darly2 Venture, lnc.	9,175,109	8.00%
Hyllus Investments Limited of British Virgin Islands Merchant	8,559,818	7.46%

Note: This table displays the information of the shareholders who have delivered a total of more than 5% of the ordinary shares (including treasury stocks) of the Company without physical share registration until the final working day every quarter, as calculated by the central clearing company. The share capital indicated in the financial report of the Company may be different from the actual number of shares delivered without physical registration as a result of different preparation and calculation bases.

XIV. Segment information

(I) General information

The consolidated company has formerly two reporting segments, and it added a "Computer Component" reporting segment after having control of Brainstorm in May 2021. This division is the strategic operating units of the consolidated company. Each strategic operating unit offers different products and services, and they are managed separately for the reason of the different technical and marketing strategies required. The Chief Operating Decision Maker (CODM) of the consolidated company reviews the internal management reports of each strategic operating unit at least quarterly. The consolidated company's operations of each segment are summarized as follows:

1. Board cards and system department: Engaged in R&D, manufacturing and sales of industrial computer cards and motherboards.
2. Industrial automation control department: Engaged in automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems.
3. Computer component: Engaged in sale computer and peripheral devices.

(II) Information on profit or loss, assets, liabilities of the segments qualified to be reported and their basis of measurement and reconciliation

Information and adjustments of the consolidated company's operating departments are as follows:

	2021				
	board cards and system department	**Industrial automation control department**	**Computer component**	**Adjustment and elimination**	**Total**
Revenue from external clients	$ 5,319,947	3,554,798	4,336,531	-	13,211,276
Inter-departmental income	1,776,750	188	-	(1,776,938)	-
Total income	$ 7,096,697	3,554,986	4,336,531	(1,776,938)	13,211,276
Reportable department profit or loss	$ 194,631	177,883	141,546	12,270	526,330

	2020				
	board cards and system department	**Industrial automation control department**	**Computer component**	**Adjustment and elimination**	**Total**
Revenue from external clients	$ 5,603,470	2,746,052	-	-	8,349,522
Inter-departmental income	1,907,555	8,396	-	(1,915,951)	-
Total income	$ 7,511,025	2,754,448	-	(1,915,951)	8,349,522
Reportable department profit or loss	$ 525,900	113,333	-	8,892	648,125

(III) Regional Information

Regional Information of the consolidated company is as below, of which revenue is classified based on the geographic location of clients, while non-current assets are classified based on the geographic location of the asset.

By Region		2021	2020
Revenue from external clients:			
Asia	$	6,283,182	5,485,173
America		5,647,502	1,545,142
Europe		1,220,183	1,275,723
Others		60,409	43,484
	$	13,211,276	8,349,522

By Region		2021.12.31	2020.12.31
Non-current assets:			
Asia	$	3,676,406	2,353,951
America		79,636	26,108
Europe		8,303	7,644
	$	3,764,345	2,387,703

The abovementioned non-current assets do not include financial instruments, deferred tax assets, and pension fund assets.

(IV) Sales to major clients Information

There was no single customer of the consolidated company that accounted for more than 10% of the consolidated net operating revenue for the years ended December 31, 2021 and 2020.

Appendix2. Individual financial statements of the most recent fiscal year and the auditor's report of CPAs

Independent Auditors' Report

The Board of Directions and Shareholders DFI Inc.

Audit Opinion

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

In our opinion which based on our audit results and the other certified public accountants' audit reports (please refer to the paragraph of other matter), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditor's 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. Based on our audit results and other certified public accountants' audit reports, 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 parent company only financial statements for the year ended December 31, 2021. 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, and we do not provide a separate opinion on these matters. Key audit matters that we judge should be communicated in the audit reports are stated as follows:

I. Inventory valuation

For accounting policies related to inventory valuation, please refer to Note IV (VII) of the parent company only financial statements; for uncertainty of accounting estimates and assumptions of inventory valuation, please refer to Note V (I) of the parent company only financial statements; for situation of inventory price loss provision, please refer to Note VI (VI) of the parent company only financial statements.

Key audit matters are stated as follows:

Inventories are subsequently measured by the lower of cost and net realizable value Due to the rapid development of technology, the original material in stock may no longer meet the market demand, or the sales price may fall due to competition, resulting in the cost of inventory may exceed its net realizable value; the assessment of net realizable value involves the subjective judgment of the management, and, therefore, the inventory evaluation is one of the material evaluation matters for us to perform the audit of the parent company only financial statements of the Company.

The audit procedures to process for the above:

Our main audit procedures for the above-mentioned key audit matters include reviewing the inventory aging reports provided by the Company and analyzing situation in inventory age changes; checking the correctness of the inventory aging reports by sampling; evaluating the inventory valuation and confirming that it has been processed in accordance with the established accounting policies of the Company; assessing the reasonableness of the impairment losses on inventories which was set aside by the management previously.

II. Investments in subsidiaries

For accounting policies related to investments in subsidiaries and business combinations, please refer to Note IV (IX) and (XVIII) of the parent company only financial statements; for description of new significant accounts related to acquisition of subsidiaries, please refer to Note VI (VIII) of the parent company only financial statements.

Key audit matters are stated as follows:

For the year ended December 31, 2021, the Company acquired 35.09% of Brainstorm Corporation’s ordinary shares and special shares, and according to the investment agreement between both parties and the Articles of Association of Brainstorm Corporation, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors, and, therefore, it has taken control of this company. Due to the accounting treatment of business combination, the management needs to determine the fair value of identifiable acquired assets and liabilities assumed; the process involves many assumptions and estimates with complexity, so the addition of investments in subsidiaries for this period is one of the material evaluation matters for us to perform the parent company only financial statements of the Company.

The audit procedures to process for the above:

Our main audit procedures for the above-mentioned key audit matters include obtaining the fair value assessment and the purchase price allocation of intangible assets reports entrusted by the management to external experts, and assessing the assets and liabilities identified by management at the acquisition date and the reasonableness of their evaluations; appointing our experts of evaluation to assist in assessing the reasonableness of the evaluation methods and material assumptions used in the evaluation; we also assess the correctness of the accounting of the Company and whether the relevant information about the acquisition has been properly disclosed.

III. Impairment Assessment of Goodwill Arising from Investments in Subsidiaries

For accounting policies related to impairment of non-financial assets, please refer to Note IV (XIII) of the parent company only financial statements; for description of the uncertainty of accounting estimates and assumptions of impairment assessment of goodwill, please refer to Note V (III) of the parent company only financial statements; for description of impairment test of goodwill, please refer to Note VI (VIII) of the parent company only financial statements.

Key audit matters are stated as follows:

The Company's goodwill arising from acquisition of subsidiaries was included in the book value of the investment accounted for using the equity method in the parent company only financial statements, and the goodwill should be tested for impairment annually, or whenever there is an indication of impairment. Due to assessing the recoverable amount of the cash-generating unit to which goodwill belongs involves a number of management assumptions and estimates, the goodwill impairment assessment is one of the important assessment matters for us to perform the audit of the parent company only financial report of the Company.

The audit procedures to process for the above:

Our main audit procedures for the above key audit matters include obtaining a goodwill impairment assessment test form self-assessed by the management; evaluating the basis of estimates and key assumptions used by the management to measure the recoverable amount, including reasonableness of discount rates, expected revenue growth rates, and future cash flow forecast, etc.; processing sensitivity analysis for key assumptions, and checking whether the Company have properly disclosed relevant information on goodwill impairment assessment.

Other Matters

The financial statements of partial investment accounted for using the equity method listed in the Company's parent company only financial statements were not audited by us but by other certified public accountants. Therefore, our opinions expressed in the parent company only financial statements regarding the amounts of that investee company are according to other certified public accountants' audit reports. The recognized amount of investment accounted for using the equity method of that investee company were $363,409 thousand in New Taiwan Dollars (same as below) as of December 31, 2021, accounting for 5.60% of the total assets, and the share of profit or loss of the subsidiary accounted for using the equity method was $4,624 thousand for the year ended December 31, 2021, accounting for 0.66% of the net income before tax.

The financial statements of the Company for the year ended December 31, 2020 were audited by other accountants, which issued an audit report with unqualified opinion plus other matter paragraph on March 22, 2021.

Responsibility of the Management and the Governance Units 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 statement 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 (including Audit Committee) are responsible for overseeing DFI Inc.'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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the parent company only financial statements, such misstatement will be considered material.

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

1.Identify and assess the risks of material misstatement of the 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.

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

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

4.Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the DFI Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause DFI Inc. to cease to continue as a going concern.

5.Evaluate the overall presentation, structure and content of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtained sufficient and appropriate audit proof of the financial information of the investee company accounted for using the equity method so as to express opinions 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 opinion to the Company.

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 the key audit matters of the Company's parent company only financial statements for the year ended December 31, 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Certified Public Accountant:

Assurance Document Number Approved by Securities Regulator	:	(88) Taiwan-Finance-Securities-VI-18311 Financial-Supervisory-Securities-Audit-1060005191

March 3, 2022

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China. The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

DFI Inc.

Balance Sheets

December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

		2021.12.31		2020.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note VI (I))	$ 240,866	4	255,401	5
1110	Financial assets at fair value through profit or loss - current (Notes VI (II))	27,137	-	28,221	1
1136	Financial assets at amortized cost - current (Notes VI (IV) & VIII)	1,500	-	1,500	-
1170	Net of notes receivable and accounts receivable (Notes VI (V) & (XXI))	244,269	4	276,532	6
1180	Trade receivable - related parties (Notes VI (V), (XX) & VII)	382,231	6	468,580	10
1200	Other receivables (Notes VI (V) & VII)	22,692	-	9,926	-
130X	Inventories (Notes VI (VI))	1,104,949	17	446,537	10
1410	Prepayments	30,619	1	18,562	-
1470	Other current assets	591	-	436	-
	Total current assets	2,054,854	32	1,505,695	32
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VI (III))	41,259	1	29,920	1
1550	Investment under equity method (Note VI (VIII)	3,124,831	48	2,196,984	46
1600	Property, plant and equipment (Notes VI (IX) & VII)	1,066,375	16	936,096	20
1755	Right-of-use assets (Notes VI (X) & VII)	123,454	2	2,287	-
1780	Intangible assets (Notes VI (VIII) (XI) & VII))	10,522	-	7,256	-
1840	Deferred tax assets (Notes VI (XVII)	39,170	1	50,433	1
1990	Other non-current assets	23,597	-	5,243	-
	Total non-current assets	4,429,208	68	3,228,219	68
	Total assets	**$ 6,484,062**	**100**	**4,733,914**	**100**

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Balance Sheets (Continued from the previous page)

December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

		2021.12.31		2020.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes VI (XII))	$ 700,000	11	660,000	14
2120	Financial liabilities at fair value through profit or loss-current (Notes VI (II))	65	-	3,825	-
2130	Contract liabilities - current (Note VI (XX))	36,729	1	5,237	-
2170	Trade payables	694,084	11	472,171	10
2180	Trade payables to related parties (Note VII)	89,898	1	143,209	3
2200	Other payables (Note VI (XXI) & VII)	269,196	4	194,696	4
2230	Current income tax liabilities	12,682	-	85,686	2
2250	Provisions - current (Note VI (XV))	46,247	1	56,827	1
2280	Lease liabilities - current (Note VI (XIV) & VII)	14,282	-	2,302	-
2399	Other current liabilities	4,490	-	3,659	-
	Total current liabilities	1,867,673	29	1,627,612	34
	Non-current liabilities:				
2540	Long-term borrowings (Notes VI (XIII))	1,300,000	20	-	-
2570	Deferred tax liabilities (Notes VI (XVII)	104,503	2	91,237	2
2580	Contract liabilities - non-current (Note VI (XIV) & VII)	114,023	2	-	-
2640	Net defined benefit liabilities - non-current (Note VI (XVI))	40,584	1	39,962	1
	Total non-current liabilities	1,559,110	25	131,199	3
	Total liabilities	3,426,783	54	1,758,811	37
	Equity (Note VI (VIII) & (XVIII)):				
3110	Share capital - Ordinary shares	1,144,889	17	1,146,889	24
3200	Capital surplus	655,744	10	679,735	14
3300	Retained earnings	1,371,470	21	1,235,993	26
3400	Other equity	(114,824)	(2)	(74,607)	(1)
3500	Treasury shares	-	-	(12,907)	-
	Total equity	3,057,279	46	2,975,103	63
	Total liabilities and equity	**$ 6,484,062**	**100**	**4,733,914**	**100**

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen President: Chia-Hung, Su Accounting Supervisor: Li-Min, Huang

DFI Inc.

Statements of Comprehensive Income

January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

		2021		2020	
		AMOUNT	%	Amount	%
4000	**Net operating revenue (Notes VI (XX), VII & XIV)**	$ 3,460,880	100	3,777,182	100
5000	**Operating costs (Note VI (VI) (IX) (X) (XI) (XIV)(XV) (XVI) (XXI), VII & XII)**	(2,798,695)	(81)	(2,837,330)	(75)
	Gross Profit	662,185	19	939,852	25
5910	Gain on realized (unrealized) sales	18,792	1	(2,761)	-
	Gross Profit	680,977	20	937,091	25
	Operating expenses (Note VI (V) (IX) (X) (XI) (XIV) (XVI) (XXI), VII & XII):				
6100	Selling and marketing expenses	(187,585)	(5)	(175,055)	(5)
6200	General and administrative expenses	(142,804)	(4)	(111,710)	(3)
6300	Research and development expenses	(268,180)	(8)	(253,242)	(7)
6450	Gain on reversal of expected credit loss	4,483	-	(4,556)	-
6000	**Total operating expenses**	(594,086)	(17)	(544,563)	(15)
	Net operating income	86,891	3	392,528	10
	Non-operating income and expenses (Note VI (VII)(XIV) (XXII) & VII):				
7100	Interest income	744	-	1,915	-
7010	Other income	19,156	-	26,112	1
7020	Other gain and loss	459,837	13	(8,237)	-
7050	Finance costs	(11,499)	-	(3,652)	-
7070	Shares of profit (loss) of subsidiaries accounted for using the equity method	143,637	4	84,632	2
	Total non-operating income and expenses	611,875	17	100,770	3
7900	**Profit before tax**	698,766	20	493,298	13
7950	**Loss: Income tax expense (Note VI (XVII))**	(82,863)	(2)	(88,252)	(2)
8200	**Net profit for the period**	615,903	18	405,046	11
	Other comprehensive income (Note VI (XVII) & (XVIII)):				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	(839)	-	(5,658)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	11,339	-	(4,955)	-
8330	Shares of other comprehensive income of subsidiaries accounted for using the equity method - items not to be reclassified to profit or loss	661	-	497	-
8349	Income tax relating to items that will not be reclassified	168	-	1,131	-
		11,329	-	(8,985)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translating the financial statements of foreign operations	(51,761)	(1)	(13,952)	(1)
8399	Income tax relating to items that may be reclassified	-	-	-	-
		(51,761)	(1)	(13,952)	(1)
	Other comprehensive income (loss) for the period	(40,432)	(1)	(22,937)	(1)
8500	**Total comprehensive income (loss) for the period**	**$ 575,471**	**17**	**382,109**	**10**
	Earnings per share (Unit: In New Taiwan Dollars and Note VI (XIX))				
9750	**Basic earnings per share**	**$**	**5.38**		**3.54**
9850	**Diluted earnings per share**	**$**	**5.33**		**3.51**

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.
Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

			Retained earnings				Other Equity Items				
	Share capital - Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Treasury shares	Total equity
Balance as of January 1, 2020	$ 1,146,889	679,644	725,424	52,616	657,399	1,435,439	(69,158)	14,890	(54,268)	(12,907)	3,194,797
Net profit for the period	-	-	-	-	405,046	405,046	-	-	-	-	405,046
Other comprehensive income (loss) for the period	-	-	-	-	(4,327)	(4,327)	(13,952)	(4,658)	(18,610)	-	(22,937)
Total comprehensive income (loss) for the period	-	-	-	-	400,719	400,719	(13,952)	(4,658)	(18,610)	-	382,109
Profit distribution:											
Legal reserve	-	-	63,094	-	(63,094)	-	-	-	-	-	-
Appropriation of legal reserve	-	-	-	1,652	(1,652)	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(572,444)	(572,444)	-	-	-	-	(572,444)
Changes in ownership of equity in subsidiaries	-	91	-	-	-	-	-	-	-	-	91
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(29,450)	(29,450)	-	-	-	-	(29,450)
Subsidiaries' disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	1,729	1,729	-	(1,729)	(1,729)	-	-
Balance as of December 31, 2020	**1,146,889**	**679,735**	**788,518**	**54,268**	**393,207**	**1,235,993**	**(83,110)**	**8,503**	**(74,607)**	**(12,907)**	**2,975,103**
Net profit for the period	-	-	-	-	615,903	615,903	-	-	-	-	615,903
Other comprehensive income (loss) for the period	-	-	-	-	(215)	(215)	(51,761)	11,544	(40,217)	-	(40,432)
Total comprehensive income (loss) for the period	-	-	-	-	615,688	615,688	(51,761)	11,544	(40,217)	-	575,471
Profit distribution:											
Legal reserve	-	-	37,246	-	(37,246)	-	-	-	-	-	-
Appropriation of legal reserve	-	-	-	20,339	(20,339)	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(320,569)	(320,569)	-	-	-	-	(320,569)
Cash distributed from capital reserve	-	(22,898)	-	-	-	-	-	-	-	-	(22,898)
Cancellation of treasury shares	(2,000)	(1,093)	-	-	(9,814)	(9,814)	-	-	-	12,907	-
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(149,828)	(149,828)	-	-	-	-	(149,828)
Balance as of December 31, 2021	**$ 1,144,889**	**655,744**	**825,764**	**74,607**	**471,099**	**1,371,470**	**(134,871)**	**20,047**	**(114,824)**	**-**	**3,057,279**

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Statements of Cash Flows

January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	2021	2020
Cash flows from operating activities:		
Net profit before tax for the period	$ 698,766	493,298
Adjustment item:		
Adjustments for		
Depreciation expenses	74,567	57,995
Amortization expenses	5,089	6,450
Expected credit (gain on reversal) loss	(4,483)	4,556
Evaluation losses of financial assets measured at fair value through gains and losses	829	(17,988)
Interest expense	11,499	3,652
Interest income	(744)	(1,915)
Dividend income	(999)	(1,260)
Shares of profit of subsidiaries accounted for using the equity method	(143,637)	(84,632)
Loss on disposal of property, factory and equipment	1,652	-
Gain on disposal of non-current assets held for sale	(469,360)	-
Gain (loss) on unrealized (realized) sales	(18,792)	2,761
Unrealized foreign exchange loss	-	15,080
Gain on lease amendment	(4)	-
Total revenue, expense and loss items	(544,383)	(15,301)
Changes in assets/liabilities related to business activities:		
Net changes in assets related to operating activities:		
Decrease (increase) in financial assets measured at fair value through profit or loss	(726)	20,476
Decrease (increase) in notes receivable and accounts receivable	36,746	(29,813)
Decrease in accounts receivable - related parties	86,349	79,600
Decrease (increase) in other receivables	(12,766)	1,528
Decrease (increase) in inventories	(658,412)	114,774
Decrease (increase) in prepayments	(12,057)	8,283
Decrease (increase) in other current assets	(155)	1,618
Total net changes in assets related to operating activities	(561,021)	196,466
Net change in liabilities related to operating activities:		
Decrease in financial liabilities measured at fair value through profit or loss	(3,760)	-
Increase in contract liabilities	31,492	1,744
Increase (decrease) in trade payables	221,913	(145,627)
Decrease in accounts payable - related parties	(53,311)	(101,896)
Increase (decrease) in other receivables	47,976	(47,701)
Decrease(increase) in liability reserve	(10,580)	842
Increase in other current liabilities	831	1,326
Decrease in net defined benefit liabilities	(217)	(1,995)
Total net changes in liabilities related to business activities	234,344	(293,307)
Total net changes in assets and liabilities related to operating activities	(326,677)	(96,841)
Total adjustment items	(871,060)	(112,142)
Cash (used in) generated from operations	(172,294)	381,156
Interest received	744	1,915
Interest paid	(11,238)	(3,489)
Income tax paid	(131,170)	(73,057)
Net cash (used in) generated from operating activities	(313,958)	306,525

(Continued on the next page)

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Statements of Cash Flows (Continued from the previous page)

January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	2021	2020
Cash flows from investing activities:		
Purchase of financial assets at amortized cost	-	(500)
Proceeds from sale of financial assets at fair value through profit or loss	981	5,699
Acquisition of investments accounted for using the equity method	(1,016,944)	(164,563)
Proceeds from disposal of non-current assets held for sale	542,245	-
Purchase of Property, plant and equipment	(239,046)	(19,092)
Proceeds from disposal of property, plant and equipment	1,470	-
Decrease in refundable deposits	243	-
Purchase of intangible assets	(8,355)	(6,033)
Increase in other non-current assets	(18,597)	-
Dividends received	51,597	29,588
Net cash used in investing activities	(686,406)	(154,901)
Cash flows from financing activities:		
Proceeds from short-term borrowings	4,810,000	2,320,000
Repayments of short-term borrowings	(4,770,000)	(1,960,000)
Long-term borrowings	1,750,000	-
Repayments of long-term borrowings	(450,000)	-
Repayment of the principal portion of lease	(10,704)	(2,282)
Cash dividends distributed	(343,467)	(572,444)
Net cash (used in) generated from financing activities	985,829	(214,726)
Decrease in cash and cash equivalents for the current period	(14,535)	(63,102)
Cash and cash equivalents at the beginning of the period	255,401	318,503
Cash and cash equivalents at the end of the period	**$ 240,866**	**255,401**

(Please refer to notes to parent company only financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2021 and 2020

(The amount shall be dominated in thousands of NTD, unless otherwise specified)

I. Company History

On July 14, 1981, DFI Inc. (the “Company”) was established and registered under the approval from the Ministry of Economic Affairs, having the registered address of 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company is principally engaged in the manufacturing and sales of boards and computer components for industrial computers.

II. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements were approved and issued by the Board of Directors on March 3, 2022.

III. Application of New and Amended Standards and Interpretations

(I) Effect of adopted newly issued and revised standards and interpretations endorsed by the Financial Supervisory Commission (hereafter referred to as the “FSC”)

Since January 1, 2021, the Company has adopted below newly amended IFRSs which does not have a material impact on the parent company only financial statements.

- Amendments to IFRS 4 “Extension of Temporary Exemption from Application of IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Changes in Interest Rate Indicators - Phase 2"
- Amendments to IFRS 16, “Rent Concessions Related to COVID-19 After June 30, 2021”

(II) Impact of not adopting IFRS endorsed by the FSC

The Company has evaluated that the aforementioned amendments effective on January 1, 2022, do not have a material impact on the parent company only financial statements.

- Amendment to IAS 16 “Property, plant, and equipment: price before fulfillment of expected usage state”
- Amendment to IAS 37 “Loss-making contract - cost of contract performance”
- Annual Improvement to IFRS Standards 2018-2020
- Amendment to IFRS 3 “Reference to the Conceptual Framework”

(III) New and amended standards and interpretations not acknowledged by the FSC

The standards and interpretations released and amended by the International Accounting Standards Board but not yet endorsed by FSC with potential impact to the Company are as follows:

New issued or amended standards	Main amendments	Effective date of issuance by IASB
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendment was made to improve consistency in the application of these standards to assist companies in determining whether debt or other liabilities with an indefinite maturity date should be classified as current (due or likely to be due within one year) or non-current on the balance sheet. The amendment also clarifies the classification of debt that may be settled by conversion into equity.	January 1, 2023

The Company is in the process of evaluating the impact on its financial position and performance by adopting the standards and interpretations mentioned above, and will disclose relevant impacts when the evaluation is completed.

The Company has evaluated that the below standards released and amended but not yet endorsed by the FSC do not have a material impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendment to IAS 12 "Deferred Income Tax related to Assets and Liabilities Derived from Single Transaction"

IV. Summary of Significant Accounting Policies

The significant accounting policies applied for the parent company only financial statements are as follows. The accounting policies below have been applied consistently to all periods presented in the parent company only financial statements.

(I) Statement of Compliance

The parent company only financial statements have been prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of Preparation

1. Measurement Basis

Except for below material items of the balance sheet, the parent company only financial statements has been prepared on the basis of historical cost:

(1) Financial instruments at fair value through profit or loss (including derivative

financial instruments)；

(2) Financial assets at fair value through other comprehensive income; and

(3) Net defined benefit liabilities are measured by the fair value of present value of defined benefit obligation less pension fund assets.

2. Functional currency and presentation currency

The Company takes the currency of the primary economic environment in which it operates as the functional currency. The parent company only financial statements of the Company are presented in the New Taiwan, Dollars, the functional currency of the Company. The amount of financial information in New Taiwan Dollars shall be dominated in thousands of NTD, unless otherwise specified.

(III) Foreign Currency

1. Foreign currency transaction

Foreign currency transactions shall be converted into the functional currency using the exchange rate on the date of the transaction. Foreign currency monetary items are subsequently converted into functional currency at the exchange rate of the date at the end of each reporting period (hereafter referred to as the “reporting date”). Non-monetary items denominated in foreign currencies measured at fair value are converted into functional currency at the exchange rate on the date when the fair value is determined, and non-monetary items denominated in foreign currencies measured at historical cost are converted at the exchange rate on the transaction date.

Foreign currency translation differences arising from translation are normally recognized in profit or loss, but equity instruments designatedly measured as fair value through other comprehensive income are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are converted to the representation currency of the parent company only financial statements at the exchange rate on the reporting date. All income and expense items are converted to the representation currency of the parent company only financial statements at the current average exchange rate, and the difference is recognized as other comprehensive income.

In the event of a loss of control, joint control, or significant influence due to the disposal of foreign operations, the cumulative amount of exchange difference related to the foreign operations is reclassified into profit or loss. In the case of partial disposal of a subsidiary that includes foreign operations, the cumulative amount of related exchange difference is reallocated to non-controlling interests based on a pro-rata basis. In the case of partial disposal of an associate or joint control that includes foreign operations, the cumulative amount of related exchange difference is reallocated to profit or loss on a pro-rata basis.

If there is no repayment plan and it is not possible to repay in the foreseeable future, foreign currency exchange gain or loss arising from monetary items of receivables or payables of foreign operations are regarded as part of the foreign operations' net investment and recognized as other comprehensive income.

(IV) Standards for Classification of Current and Non-current Assets and Liabilities

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

1. Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
2. Assets primarily held for trading purposes;
3. Assets that are expected to be realized within twelve months from the balance sheet date; or
4. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities primarily held for trading purposes;
3. Liabilities that are to be paid off within twelve months from the balance sheet date; or
4. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(V) Cash and cash equivalents

Cash includes cash on hand, checking deposit, and demand deposit. 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.

(VI) Financial Instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. all other financial assets and financial liabilities shall be recognized when the Company becomes a party of the financial instrument contract. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1. Financial assets

   Financial assets are classified into the following categories: Financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. When purchasing or selling financial assets in accordance with trading practices, the trade date accounting is adopted.

   The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets from the next reporting period.

   (1) Financial assets at amortized cost

   Financial assets which satisfy the following two conditions and not designated to be measured at fair value through profit or loss are measured at amortized cost.

   - It is held within a business model whose objective is to hold assets to collect contractual cash flows.
   - Such financial assets' contractual terms generate cash flows on a specified date basis which are solely payments on the principal amounts outstanding and interest amounts outstanding.

   After initial recognition, such financial assets are measured at amortized cost less impairment losses using the effective interest method. Interest income, foreign currency profit or loss and impairment loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

   (2) Financial assets at fair value through other comprehensive income

   Investment in debt instruments which satisfy the following two conditions and not designated to be measured at fair value through profit or loss are measured at FVTOCI.

   - For a financial asset held in a business model with the purpose of generating contractual cash flows and for sale thereof.
   - Such financial assets' contractual terms generate cash flows on a specified date basis which are solely payments on the principal amounts outstanding and interest amounts outstanding.

   On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

   An investment through debt instrument is subsequently measured at fair value. Interest income using the effective interest method, foreign currency profit or loss, and impairment loss are recognized as profit or loss, and the remaining net gain or loss is recognized as other comprehensive income. As derecognition, other comprehensive income accumulated under equity shall be reclassified to profit or loss.

   An investment through equity instrument is subsequently measured at fair value. Dividend income is recognized in profit or loss, unless it clearly represents a recovery of part of the investment cost, and the remaining net gain or loss is recognized as other comprehensive income. As derecognition, other comprehensive income accumulated under equity shall be reclassified to retained earnings instead of profit or loss. Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

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

All financial assets not classified as amortized cost or measured at fair value through other comprehensive income described as above are measured at fair value through profit and loss, including derivatives. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and their net benefits or losses arising from remeasurement (including any dividends and interest income) are recognized as profit or loss.

(4) Impairment of Financial Assets

The Company recognizes loss allowances for ECL on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivables, other receivables, and guarantee deposits paid, etc.).

The consolidated company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Bank deposits for which credit risk (that is the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

  Allowance for loss of accounts receivable is measured by the amount of expected credit losses during the existence period.

Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date (or within a shorter period, if the period of existence of financial instruments is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Allowance for loss of the financial assets at amortized cost is deducted from the carrying amount of assets.

The total carrying amount of a financial asset is directly written off to the extent that the recovery of financial assets can not be reasonably foreseeable either partially or in full. The Company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The Company expects that the amount written off will not be materially reversed. However, the financial assets that are written off could still be subject to enforcement activities in order to compliance with the Company's procedures for recovery of amounts due.

(5) Derecognition of Financial Assets

The Company only derecognizes such assets if the contractual rights from the cash flow of the financial assets are terminated, if the financial assets have been transferred and almost all the risks and remunerations of the ownership of the assets have been transferred to other enterprises, or if it neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset.

When the Company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, such financial assets will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instruments refer to any contracts containing the Company's residual interest after subtracting all liabilities from assets. Equity instruments issued by the Company shall be recognized at the amount equal to the consideration acquired less the direct costs of issuance.

(3) Treasury shares

When buying back the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sales or re-issuance of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for the offsetting).

(4) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives, or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value. All related net benefits and losses, including any interest expenses, are recognized as profit or loss.

Other financial liabilities are measured at amortized cost by the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or canceled, or has expired. When the terms of financial liabilities are modified and the cash flow of the modified liabilities is significantly different, the original financial liabilities are excluded and the new financial liabilities are recognized at fair value based on the revised terms. When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

(6) Offsetting of financial assets and liabilities

The Company presents financial assets and financial liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

The Company holds derivative financial instruments to avoid exposure to foreign currency risks. Derivative instruments are initially measured at fair value, and transaction costs are recognized as profit or loss. Subsequent measurements are based on fair value, and the resulting benefits or losses are directly recognized as profit or loss. When its fair value is positive, the derivative is recognized as a financial asset; when its fair value is negative, the derivative is recognized as a financial liability.

(VII) Inventories

Inventories are measured at the lower of cost or net realizable value. The inventories is based on the weighted-average method and includes all costs of purchase, costs of production and manufacture or processing, and other costs incurred in bringing them to their existing location and condition. The allocation of fixed production overheads for the purpose of their inclusion in the costs of finished goods and work in progress is based on the higher of the normal capacity or the actual capacity of the production facilities, and the allocation of variable production overheads is based on the actual capacity. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(VIII) Non-current assets held for sale

Non-current assets or disposal group consisting of assets and liabilities are classified as held for sale if its carrying amount will be recovered principally through a sale rather than continuing use. For this to be the case, the non-current asset or disposal group must be available for immediate sale in its present condition, and its sale must be highly probable to complete within one year. Components of the asset or disposal group are remeasured in accordance with the accounting policies of the Company prior to their original classification as non-current assets held for sale. After being classified as non-current assets held for sale, they are measured at the lower of carrying amount and fair value less costs to sell. The impairment loss of any disposal group is allocated to reduce the carrying amount of any goodwill, then to reduce the carrying amounts of the other assets and liabilities pro rata on the basis; however, such loss should not be allocated to the assets out of the scope of IAS 36 Impairment of Assets, and the aforementioned items continue to be measured in accordance with the accounting policies of the Company.

Impairment loss recognized for original classification as held for sale and gains and losses subsequently re-measured are recognized as profit or loss; however, the gain of recovery shall not exceed the accumulated impairment loss that has been recognized.

No more depreciation or amortization for the intangible assets and property, plant and equipment when they are classified as non-current assets held for sale. In addition, the equity method shall bot be adopted once the investment accounted for using equity method is classified as non-current assets held for sale.

(IX) Investments in subsidiaries

In preparation of parent company only financial statements, the Company uses equity method for investments with controlling interests. The carrying amount of an investment in a subsidiary includes the goodwill identified at the time of the initial investment, less any accumulated impairment losses, which are accounted as a reduction in the carrying amount of the investment. Under equity method, the allocation amount of current income and other comprehensive income of parent company only financial statements is the same as the current income and other comprehensive income in the financial statements prepared on a consolidated basis are attributable to the owner of the parent company. Owners' equity in parent company only financial statements is the same as the equity attributable to owners of the parent company in financial statements prepared on a consolidated basis.

If change of ownership in the Company's subsidiaries does not lead to loss of control, the change is considered equity transaction between shareholders.

(X) Property, Plant and Equipment

1. Recognition and measurement

   Property, plant and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

   As the useful life of property, plant and equipment varies, they are deemed as independent items (main components) for treatment.

   The gain or loss arising from the disposal of an item of property, plant and equipment shall be recognized as non-operating income and expenses.

2. Subsequent cost

   Subsequent cost is only capitalized when the future economic benefits are likely to flow into the Company.

3. Depreciation

   Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is recognized in profit or loss within the estimated useful life of each component. Except for land that is not depreciated, the estimated useful life is as below:

Machinery equipment: 3 ~ 10 years; Office and other equipment: 2 ~ 10 years. In addition, buildings and property are depreciated according to the estimated useful life of their major components: Main Building and ancillary Buildings, 20 ~ 60 years; other ancillary electromechanical power equipment and engineering system. 3 ~ 10 years.

The depreciation method, useful life and residual values are reviewed at each reporting date, and the effect of any change in estimates is deferred for adjustment.

(XI) Leases

The Company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease.

1. Lessee

The Company recognizes the right-of-use asset and lease liability upon the inception of the lease. The right-of-use asset is initially measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments paid on or before the inception of the lease and adds the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any lease incentive.

The right-of-use asset is subsequently depreciated on a straight-line basis between the inception of the lease and the end of the end-of-life of the right-of-use asset or the end of the lease period. In addition, the Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are originally measured by the present value of the lease payments that have not been paid at the inception of the lease. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the Company is used. Generally speaking, the Company adopts the incremental borrowing rate as the discount rate.

Lease payments in the measurement of lease liabilities include:

(1) Fixed benefits, including substantial fixed benefits;
(2) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;
(3) The residual value guarantee expected to be paid; and
(4) When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability is subsequently accrued by the effective interest method, and the amount is measured when the following occurs:

(1) Changes in the indicator or rate used to determine lease payments result in changes in future lease payments;
(2) Changes in the residual value guarantee expected to be paid;
(3) Changes in the evaluation of the underlying asset purchase option;
(4) Changes in the estimate of whether to exercise the extension or termination option and the assessment of the lease period;
(5) Modification of lease subject, scope or other terms.

When the lease liability is remeasured due to changes in the aforementioned indicator or rate used to determine lease payments, changes in the residual value guarantee, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the lease and the remeasured amount of the lease liability is recognized in profit or loss.

The Company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

For the short-term lease and the lease of low-value underlying assets leased, the Company chooses not to recognize the right-of-use assets and lease liabilities, but the related lease payments are recognized on a straight-line basis as expenses during the lease period.

2. Lessor

As a lessor, the Company classified leases on lease inception date based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset, and those of transfered shall be classified as finance leases while those of not transfered shall be classified as operating leases. The Company considers relevant specific indicators including whether the lease term is for the major part of the economic life of the underlying asset through assessment.

As a sublease lessor, the Company handles head lease and sublease transactions separately, and it evaluates the classification of sublease transactions based on the right-of-use assets arising from the head lease. If the head lease is a short-term lease and a recognition exemption applies, its sublease transaction should be classified as an operating lease.

For operating leases, the Company recognizes the lease payments received as rental income on a straight-line basis over the lease term.

(XII) Intangible assets

The acquisition of purchased software by the Company is measured at cost less accumulated amortization and accumulated impairment losses. The amortization amount is accrued on a straight-line basis over the estimated useful life of 3 to 5 years, and the amortization charge is recognized in profit or loss.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

(XIII) Impairments of non-financial assets

The Company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If there is any sign of impairment, an estimate is made of its recoverable amount. An impairment test is conducted on goodwill on a yearly basis or when there are indicators of possible impairment.

For the purpose of impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is used as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Impairment loss is recognized immediately in profit or loss, and first reduces the carrying amount of the goodwill of the cash-generating unit, and then reduces the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.

The impairment loss of goodwill will not be reversed. Non-financial assets other than goodwill will only be reversed if they do not exceed the carrying amount (less depreciation or amortization) determined when no impairment loss had been recognized for the asset in the previous year.

(XIV) Provisions

The recognition of provisions represents a present obligation as a result of a past event that makes it probable that the Company will need to outflow economic resources to settle the obligation in the future, and a reliable estimate of it can be made.

Warranty provisions are recognized as the sales for the products, and the provisions are estimated by the weighting of historical warranty information and all possible outcomes by their associated probabilities.

(XV) Revenue recognition

Revenue is measured based on the consideration which is expected to be entitled in exchange for transferring goods or services. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a client, and the description of the Company according to the major revenue items is as follows:

1. Sales of goods

   The Company recognizes revenue when control of the goods has transferred to customers. The control of the goods has transferred when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. 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 contract terms, and the Company has objective evidence that all criteria for acceptance have been satisfied.

   The Company is obliged to refund the defective product due to the sale of the product, and warranty provisions have been recognized for this obligation.

   A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2. Financial components

   The Company does not expect to have the period between the transfer of the promised goods to the customer and payment for the goods or services by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(XVI) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as employee benefits expenses under profit or loss for the periods during which services are rendered by employees.

2. Defined benefit plans

The net obligation under a defined benefit plan is calculated for each benefit plan by the discounted amount of future benefit amounts earned by the employee for service in the current or prior periods, less the fair value of any plan assets. The discount rate is determined by reference to the market yield at the end of the reporting period of government bonds with a maturity date close to the Company's net obligation period, and it is denominated in the same currency as the expected benefit payment. Net obligations for defined benefit plans are actuated annually by a qualified actuary using the projected unit credit method.

When the benefits of the plan are improved, the related expenses shall be immediately recognized as profit or loss due to the increase in benefits relating to the employee's past service.

Remeasurements of the net defined benefit liability (asset) include (1) actuarial gains and losses; (2) the return on plan assets, excluding amounts included in net interest of the net defined benefit liability (asset); and (3) changes in the effect of the asset ceiling, excluding amounts included in net interest of the net defined benefit liability (asset). Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income, and transferred to other equity in the current period.

During reduction or liquidation, the Company recognizes the reduction or liquidation gain or loss of the defined benefit plan. The reduction or liquidation gain or loss includes any change in the fair value of the plan asset and the change in the present value of the defined benefit obligation.

3. Short-Term Employee Benefits

Short-term employee benefit obligations are measured at the undiscounted amount and recognized as expenses when the service has been rendered. Regarding the amount expected to be paid under the short-term cash bonus or dividend plan, a liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(XVII) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable income (loss) for the year calculated using the statutory tax rate on the reporting date, as well as tax adjustments related to prior years. The amount reflects income tax-related uncertainties (if any), and it is based on the statutory tax rate at the reporting date or the tax rate of substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary differences arising from below situation are not recognized as deferred income tax liabilities:

1. Assets or liabilities originally recognized in a transaction that is not a business combination and affects neither accounting profit nor taxable income (loss) at the time of the transaction;
2. The temporary differences arising on investments in subsidiaries, associates and joint venture that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future; and
3. The taxable temporary differences arising from the initial recognition of goodwill.

A deferred tax asset should be recognized for the carry forward of unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

Deferred tax is measured at the tax rate at which the temporary difference is expected to reverse, using the tax rates that have been enacted or substantively enacted at the reporting date, and has reflected tax-related uncertainties, if any.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The deferred tax assets and liabilities are related to one of the taxpayers subject to income tax levied by the same taxation authority as below:
   (1) levied by the same taxing authority; or
   (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(XVIII) Business combinations

The Company adopts acquisition method to deal with the newly acquired subsidiary, and it measures goodwill by the fair value of the transfer consideration on the acquisition date, including the amount attributable to any non-controlling interests of the acquiree, less the net amount of identifiable assets acquired and liabilities assumed (usually the fair value). If the balance after deduction is negative, the Company reassesses whether it has correctly identified all assets acquired and liabilities assumed before recognizing gain on bargain purchase in profit or loss.

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either acquisition-date fair value or the present ownership instruments’ proportionate share in the recognized amounts of the acquiree's net identifiable assets. All other non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

Except for those instruments classified as equity instruments, acquisition-related costs incurred in a business combination should be expensed as incurred.

If the initial accounting for the business combination is incomplete by the end of the reporting period in which the combination occurs, the Company shall recognize in its financial statements provisional amounts for the items for which the accounting is incomplete, and it shall retrospectively adjusts or recognizes additional assets or liabilities during the measurement period to reflect new information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

In a business combination achieved in stages, the Company should remeasure its previously held equity interest in the acquiree at acquisition date fair value and recognize the resulting gain or loss, if any, in profit or loss. the amount of the change in the value of the acquiree's equity that was recognized in other comprehensive income prior to the acquisition date shall be recognized on the same basis as would be required if the Company had disposed; if it is appropriate to reclassify the equity to profit or loss when disposing of it, the amount shall be reclassified to profit or loss.

(XIX) Earnings per Share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares represents employee compensation through the issuance of shares.

(XX) Segment Information

The Company has disclosed information of operating segments in consolidated financial statements. Therefore, related information is not disclosed in the parent company only financial statements.

V. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When preparing the parent company only financial statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the Management shall make judgments, estimates and assumptions, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

The Management has continuously reviewed the estimates and basic assumptions, and changes in accounting estimate are recognized in the period of change and in the future periods affected.

The uncertainties in the following assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year and reflect the impact of COVID-19, as follows:

(I) Inventory valuation

Inventories are measured at the lower of cost or net realizable value. The Company assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note VI (VI) for the inventory valuation.

(II) Acquisition of subsidiaries

The fair value of the identifiable intangible assets (mainly trademark) obtained the Company acquisition of subsidiaries is the provisional amount, and the final valuation of these assets has not been completed yet. The Company will continuously review the final valuation of the aforesaid assets during the measurement period. If the Company obtains the new information related to the facts and events that already exist on the acquisition date within one year after the acquisition date and can thus identify the adjustment to the aforesaid provisional amount or any additional liability reserve existing on the acquisition date, the Company will modify the accounting treatment of the acquisition. For details, please see Note VI (VIII).

(III) Impairment Assessment of Goodwill Arising from Investments in Subsidiaries

The carrying amount of the investment in the subsidiary includes the goodwill identified at the time of the initial investment. The assessment of goodwill impairment process relies on the subjective judgment of the Company, including identification of the cash-generating unit, the allocation of goodwill to relevant cash-generating units, and measurement of the recoverable amount of the relevant cash-generating unit. All changes in economic conditions or changes in company strategies may cause significant changes in the assessment results.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	2021.12.31	2020.12.31
Cash on hand and petty cash	$ 23	268
Demand deposits and check deposits	240,843	255,133
	$ 240,866	**255,401**

(II) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS -

CURRENT

	2021.12.31	2020.12.31
Financial assets mandatorily classified as at fair value through profit or loss:		
Non-hedging derivative instruments:		
Forward foreign exchange contracts	$ 74	226
Foreign exchange Swaps	920	42
Subtotal	994	268
Non-derivative financial assets:		
Fund beneficiary certificates	26,143	27,953
	$ 27,137	28,221

	2021.12.31	2020.12.31
Financial liabilities held for trading:		
Derivative financial instruments:		
Forward foreign exchange contracts	$ 65	-
Foreign exchange Swaps	-	3,825
Subtotal	$ 65	3,825

Please refer to Note 6 (XXII) for the amount recognized in profit or loss measured at fair value. The Company engages in derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities, which are reported as financial assets or liabilities at fair value through profit or loss because hedge accounting is not applied. The details of the outstanding derivative financial instruments as of the reporting date is as follows:

1. Forward foreign exchange contracts

2021.12.31

Currency	Contractual amount (NTD in thousands)	Maturity period
Buy JPY/Sell USD	JPY34,034	2022.01
Buy RMB/Sell USD	RMB6,156	2022.01
Buy Euro/Sell in USD	EUR1,258	2022.01

2020.12.31

Currency	Contractual amount (NTD in thousands)	Maturity period
Buy JPY/Sell USD	JPY246,778	2021.01

2.Foreign exchange swaps

2021.12.31

Currency	Contractual amount (NTD in thousands)	Maturity period
Swap in NTD/swap out USD	USD8,930	2021.01

2020.12.31		
Currency	Contractual amount (NTD in thousands)	Maturity period
Swap in NTD/swap out USD	USD 19,310	2021.01

(III) Financial assets at fair value through other comprehensive income - non-current

	2021.12.31	2020.12.31
Equity instruments measured at fair value through other comprehensive income:		
Stocks of domestic listed (OTC) companies:	$ 41,259	29,920

The Company holds such equity instrument investments for the strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other consolidated profits and losses.

The Company didn't dispose of the aforesaid strategic investments for the years ended December 31, 2021 and 2020, so the income and loss accumulated in such periods were not transferred within the equities in whatever manner.

(IV) Financial Assets at Amortized Cost - current

	2021.12.31	2020.12.31
Pledged certificate of deposit	$ 1,500	1,500

Please refer to Note VIII for details of the aforesaid financial assets used by the Company to provide guarantees.

(V) Notes and accounts receivable and other receivables

	2021.12.31	2020.12.31
Notes receivable	$ -	1
Accounts receivable	244,269	281,014
Accounts receivable from related parties	382,231	468,580
Loss: Allowance for loss	-	(4,483)
	$ 626,500	745,112
Other receivables	$ 16,153	4,738
Other receivables - related parties	6,539	5,188
	$ 22,692	9,926

The Company uses a simplified approach to estimate expected credit losses for all accounts receivable, which is measured using expected credit losses for the duration of the period, and has included forward-looking information. The expected credit losses of the Company's accounts receivable were analyzed as follows:

2021.12.31

	Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$ 244,269	0%	-

	2020.12.31		
	Book-entry amounts of accounts receivable	**Weighted average expected credit loss rate**	**Allowance for expected credit losses for the duration of the period**
Not overdue	$ 276,453	0%	-
1-30 days overdue	77	1.52%	1
61～90 days overdue	8	67.16%	6
Overdue more than 90 days	4,476	100%	4,476
	$ 281,014		**4,483**

The Company has assessed the counterparties of notes receivable, accounts receivable - related parties and other receivables (including related parties) in respect of past default record, current financial position and future economic situation forecast, and concluded that the expected recoverable amounts of these items are equivalent to respective book amounts. Thus, it is unnecessary to recognize the allowance for the losses.

The statement of changes in the allowance for losses of the Company's accounts receivable is listed as follows:

	2021	2020
Beginning Balance	$ 4,483	-
Impairment loss for the period	-	4,556
Reversal of impairment loss for the period	(4,483)	-
Unrecoverable amount written off for current year	-	(73)
Ending balance	**$ -**	**4,483**

(VI) Inventories

	2021.12.31	2020.12.31
Raw materials	$ 890,009	289,841
Work in progress	110,574	46,838
Manufactured goods and commodities	73,239	84,805
Goods in Transit	23,210	5,038
Outsourced processing products	7,917	20,015
	$ 1,104,949	446,537

The inventory-related expenses and losses recognized in the operating cost in the current period are detailed as follow:

	2021	2020
Cost of inventory sold	$ 2,791,432	2,830,799
Inventory price loss	2,422	774
Loss for inventory obsolescence	4,841	5,757
	$ 2,798,695	2,837,330

The aforesaid loss for inventory price loss is recognized when the Company's inventories are written down to the net realizable value at the end of the period.

(VII) Non-current assets held for sale

The Board of Director of the Company adopted the proposal to sell the plant and buildings in Xizhi District on August 6, 2021, and has signed a contract to deal with matters related to the sale at a total sale price of NTD550,000,000 (including tax). These real estate properties, with a book value of NTD72,885,000, have been transferred to non-current assets held for sale. These real estate have completed the transfer procedure on November 2021, and have been recognized as net gain on disposal of NTD469,360,000, which are accounted under other gains and losses.

(VIII) Investment under equity approach

Investments of the Company under equity method at reporting date are listed below:

	2021.12.31	2020.12.31
Subsidiary	$ 3,124,831	2,196,984

1. Subsidiary

   Please refer to the consolidated financial statements for the year ended December 31, 2021.

2. Acquisition of the subsidiary - Brainstorm Corporation (Brainstorm)

   (1) Consideration transferred for acquisition of the subsidiary

   On May 1, 2021 (acquisition date), the Company acquired 35.09% of the equities, including ordinary shares and special shares, in Brainstorm, and according to the investment agreement between both parties and the Articles of Association of Brainstorm, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors of Brainstorm. Therefore, the Company has taken control of Brainstorm and included Brainstorm in the consolidated entities as of the acquisition date. The Company has acquired Brainstorm mainly in order to implement the channel first strategy and accelerate the development in the American market.

(2) Net identifiable assets acquired

The fair values of the identifiable assets and liabilities of Brainstorm acquired on May 1, 2021 (acquisition date) are detailed as follows:

Transfer consideration:		
Cash		$ 501,582
Plus: Non-controlling interests (measured by the proportion of non-controlling interests in net identifiable assets)		641,433
Loss: Fair value of net identifiable assets acquired:		
Cash and cash equivalents	$ 460,381	
Net accounts receivable	191,888	
Inventories	803,582	
Prepayments and other current assets	4,613	
Property, Plant and Equipment	7,026	
Right-of-use assets	51,212	
Intangible assets - Trademark	562,692	
Intangible assets - Computer Software	129	
Refundable deposits	4,573	
Accounts payables	(784,344)	
Other payables	(143,260)	
Current income tax liabilities	(2,055)	
Other current liabilities	(311)	
Lease liabilities (including current and non-current)	(51,212)	
Deferred income tax liabilities	(112,538)	
Long-term borrowings	(4,187)	988,189
Goodwill		$ 154,826

The above-mentioned goodwill and intangible assets identified at the time of investment are included in the investment accounted for using the equity method - the carrying amounts of the subsidiary.

The fair value measurement of the above-mentioned assets and liabilities acquired by the Company is provisional, and it will be continuously reviewed for the aforesaid matters during the measurement period. If the Company obtains the new information related to the facts and events that already exist on the acquisition date within one year after the acquisition date and can thus identify the adjustment to the aforesaid provisional amount or any additional liability reserve existing on the acquisition date, the Company will modify the accounting treatment of the acquisition.

3. Changes in percentage of ownership interests in subsidiaries that do not result in losing control over the subsidiaries

For the years ended December 31, 2021 and 2020, the Company acquired additional equity interests in Ace Pillar and AEWIN at NTD515,360,000 and NTD131,140,000, respectively. As of December 31, 2021 and 2020, the shareholding ratios in Ace Pillar were 48.07% and 33.56%, respectively; the shareholding ratios in AEWIN were 51.38% and 50.84%, respectively.

The changes in the ownership interest of the Company in the subsidiaries have produced the following impact on the owners' equity attributable to the parent company:

	2021	2020
Retained earnings	$ (149,828)	(29,450)

4. Impairment Assessment of Goodwill

If the investment cost of the Company's acquisition of a subsidiary exceeds the share of the identifiable assets of the investee and the net fair value share of liabilities assumed on the acquisition date, it should be listed as goodwill. If the goodwill is impaired in the parent company only financial statements, it should be recorded as a decrease in the carrying amounts of the investment accounted for using the equity method. As of December 31, 2021 and 2020, the goodwill related to business combinations uses the cash-generating unit which are listed as follows:

	2021.12.31	2020.12.31
DFI America, LLC.	$ 177,874	177,874
DFI , Co., Ltd.	9,491	9,491
Ace Pillar	7,655	7,655
Brainstorm	154,826	-
	$ 349,846	195,020

The above cash-generating unit is the smallest group of assets under management's supervision of return on investments for assets with goodwill. According to the results of the goodwill impairment assessment performed by the Company, the recoverable amount as of December 31, 2021 and 2020 were higher than its carrying amount, so no impairment loss was recognized. The recoverable amount of each cash-generating unit is determined based on the value in use, and the related key assumptions are as follows:

The key assumptions used in estimating the value in use are as follows:

	2021.12.31	2020.12.31
DFIAMERICA, LLC.:		
Operating revenue growth rate	10.62%~33.44%	11.53%~65.98%
Discount rate	7.79%	18.23%

	2021.12.31	2020.12.31
DFI Co., Ltd.:		
Operating revenue growth rate	5%~61%	(4)%~5%
Discount rate	6.17%	8.33%

	2021.12.31	2020.12.31
Ace Pillar:		
Operating revenue growth rate	12.5%~25.16%	(3)%~25%
Discount rate	10.5%	14.08%

	2021.12.31	2020.12.31
Brainstorm：		
Operating revenue growth rate	0%~8%	-
Discount rate	7.56%	-

(1) The estimated future cash flows are based on the five-year financial budgets estimated by management based on future operating plans, and cash flows beyond five years are extrapolated using an annual growth rate of 2%.
(2) The discount rate used to determine the value in use is estimated based on the weighted average cost of capital.

(IX) Property, Plant and Equipment

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:							
Balance on January 1, 2021	$ 461,322	489,494	202,214	10,695	29,577	-	1,193,302
Additions	-	6,840	122,329	9,029	119,821	7,290	265,309
Disposal	-	(20)	(4,913)	-	(3,597)	-	(8,530)
Reclassified to assets held for sale	(25,019)	(102,106)	-	-	-	-	(127,125)
Balance on December 31, 2021	$ 436,303	394,208	319,630	19,724	145,801	7,290	1,322,956
Balance on January 1, 2020	$ 461,322	496,067	362,848	16,822	31,350	-	1,368,409
Additions	-	7,708	3,883	375	7,437	-	19,403
Disposal	-	(14,281)	(164,517)	(6,502)	(9,210)	-	(194,510)
Balance on December 31, 2020	$ 461,322	489,494	202,214	10,695	29,577	-	1,193,302
Accumulated depreciation:							
Balance on January 1, 2021	$ -	114,464	118,004	7,486	17,252	-	257,206
Depreciation	-	17,982	30,966	2,670	7,405	-	59,023
Disposal	-	(20)	(3,159)	-	(2,229)	-	(5,408)
Reclassified to assets held for sale for the period	-	(54,240)	-	-	-	-	(54,240)
Balance on December 31, 2021	$ -	78,186	145,811	10,156	22,428	-	256,581
Balance on January 1, 2020	$ -	108,131	254,220	12,181	21,477	-	396,009
Depreciation	-	20,614	28,301	1,807	4,985	-	55,707
Disposal	-	(14,281)	(164,517)	(6,502)	(9,210)	-	(194,510)
Balance on December 31, 2020	$ -	114,464	118,004	7,486	17,252	-	257,206
Book value:							
December 31, 2021	$ 436,303	316,022	173,819	9,568	123,373	7,290	1,066,375
December 31, 2020	$ 461,322	375,030	84,210	3,209	12,325	-	936,096

(X) Right-of-use assets

	Buildings
Cost of right-of-use assets:	
Balance on January 1, 2021	$ 5,718
Additions	137,092
Decrease	(5,718)
Balance on December 31, 2021	**137,092**
Balance on January 1, 2020 (as Balance on December 31, 2020)	**$ 5,718**
Accumulated depreciation of right-of-use assets:	
Balance on January 1, 2021	$ 3,431
Depreciation	15,544
Decrease	(5,337)
Balance on December 31, 2021	**$ 13,638**
Balance on January 1, 2020	$ 1,143
Depreciation	2,288
Balance on December 31, 2020	**$ 3,431**
Book value:	
December 31, 2021	**$ 123,454**
December 31, 2020	**$ 2,287**

(XI) Intangible assets

		Computer Software
Costs:		
Balance on January 1, 2021	$	54,951
Separate Acquisition		8,355
Balance on December 31, 2021	**$**	**63,306**
Balance on January 1, 2020	$	48,502
Separate Acquisition		6,449
Balance on December 31, 2020	**$**	**54,951**
Accumulated amortization:		
Balance on January 1, 2021	$	47,695
Amortization		5,089
Balance on December 31, 2021	**$**	**52,784**
Balance on January 1, 2020	$	41,245
Amortization		6,450
Balance on December 31, 2020	**$**	**47,695**
Book value:		
Balance on December 31, 2021	**$**	**10,522**
Balance on December 31, 2020	**$**	**7,256**

The lists of amortization of intangible assets for the years ended December 31, 2021 and 2020 are accounted under the following items in the statement of comprehensive income:

		2021	2020
Operating costs	$	1,108	770
Operating Expenses		3,981	5,680
	$	**5,089**	**6,450**

(XII) Short-term borrowings

		2021.12.31	2020.12.31
Unsecured bank loans	**$**	**700,000**	**660,000**
Unused lines of credit	**$**	**1,553,600**	**2,407,000**
Interest Rate		**0.62%~0.65%**	**0.74%~0.81%**

(XIII) Long-term borrowings

		2021.12.31
Unsecured bank loans	$	1,300,000
Loss: Part due within one year		-
	$	1,300,000
Unused lines of credit	$	-
Year of maturity		112
Interest Rate		0.94%~0.99%

(XIV) Lease liabilities

The book amount of the lease liabilities of the Company is as follows:

		2021.12.31	2020.12.31
Current	$	14,282	2,302
Non-current	$	114,023	-

Please refer to Note VI (XXIV) Financial Instruments for the maturity analysis of the lease liabilities.

The amounts recognized as profit and loss are as follows:

		2021	2020
Interest expense on lease liabilities	$	1,480	31
Short-term leases expenses and lease expenses of low-value assets	$	6,982	494

The amounts recognized in the cash flow statement are as follows:

		2021	2020
Total cash outflow for leases	$	19,166	2,807

Important lease clauses:

1. Lease of houses and buildings

   The Company leased houses and buildings as office premises, warehouse, and factory buildings with the period of 2 to 9 years. Some leases include the option to extend for the same period when the lease expires.
2. Other lease

   The Company has leased office equipment and other assets with a period of no longer than 1 year. Such leases are short-term leases or leases of low-value assets, and the Company has selected to apply the provision of exemption from recognition and not recognized them as relevant right-of-use assets and lease liabilities.

(XV)Provisions for liabilities - current

	2021	2020
Balance on January 1	$ 56,827	55,985
Provisions increase for the period	10,615	842
Provisions decrease for the period	(21,195)	-
Balance on December 31	$ 46,247	56,827

The warranty provisions for products of the Company is mainly related to the sales of computer boards and systems, and the warranty reserve is estimated based on the historical warranty data of similar products.

(XVI) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of the defined benefit obligations more than the fair value of the plan assets of the Company is as follows:

	2021.12.31	2020.12.31
Present value of defined benefit obligation	$ 90,202	95,307
Fair value of plan assets	(49,618)	(55,345)
Net defined benefit liabilities	$ 40,584	39,962

The defined benefit plans of the Company are contributed to the special account for labor retirement reserves of the Bank of Taiwan. Pension for each employee to which the Labor Standards Act applies are calculated on the basis of the base number of years of service and the average salary for the six months prior to retirement.

(1) Plan assets component

The pension funds are contributed by the Company in accordance with the Labor Standards Act is under the overall management of the Bureau of Labor Fund, the Ministry of Labor (hereinafter referred to as the “Bureau of Labor Fund”). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the minimum income of the fund's annual final settlement and distribution shall not be lower than the income calculated according to the local bank's interest rate of two-year fixed deposit.

As of December 31, 2021 and 2020, the balances of the special account for labor retirement reserves of the Bank of Taiwan of the Company and its domestic subsidiaries amounted to NTD49,618,000 and NTD55,345,000, respectively. The information on the utilization of the assets of the labor pension fund includes the fund's yield rate and the fund's asset allocation. Please refer to the information published on the website of the Bureau of Labor Fund for details.

(2) Changes in present value of defined benefit obligation

	2021	2020
Defined benefit obligation on January 1	$ 95,307	91,646
Service costs and interests for the period	712	1,070
Remeasurement on net defined benefit liability (asset)		
- Effect of changes in demographic assumptions	1,965	60
- Actuarial gain or loss due to experience adjustment	695	2,465
- Actuarial gain or loss due to changes in financial assumptions	(1,113)	4,690
Benefits paid by plan	(7,364)	(4,624)
Defined benefit obligation on December 31	$ 90,202	95,307

(3) Changes in fair value of plan assets

	2021	2020
Fair value of plan assets on January 1	$ 55,345	55,347
Interest income	278	438
Remeasurement on net defined benefit liability (asset)		
- Plan asset return (excluding current interests)	708	1,557
Amount contributed to plan	651	2,627
Benefits paid by plan	(7,364)	(4,624)
Fair value of plan assets on December 31	$ 49,618	55,345

(4) Changes in the effects on asset cap

The Company has no effect on asset cap of the defined benefit plans for the years ended December 31, 2021 and 2020.

(5) Expenses recognized in profit or loss

	2021	2020
Service costs for the current period	$ 235	383
Net interests of net defined benefit liabilities (assets)	199	249
	$ 434	632
Operating costs	$ 434	632

(6) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of the benefit obligation at the reporting date are as follows:

	2021.12.31	2020.12.31
Discount rate	0.625%	0.5%
Future salary increases	2.50%	2.50%

The Company expects to pay NTD3,396,000 to the defined benefit plan within one year after the reporting date for the year ended December 31, 2021. The weighted-average duration of defined benefit plan is 9.9 years.

(7) Sensitivity analysis

Effects on the present value of defined benefit obligation due to changes in the major actuarial assumptions are as follows:

	Effect on defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021		
Discount rate	$ (2,206)	2,289
Future salary increases	2,208	(2,141)
December 31, 2020		
Discount rate	(2,465)	2,560
Future salary increases	2,468	(2,389)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The method of sensitivity analysis and the method of calculation on net defined benefit obligation at the balance sheet date are the same. The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

2. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the personal labor pension account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's pension costs under the defined contribution plan were NTD19,988,000 and NTD20,265,000 for the years ended December 31, 2021 and 2020, respectively.

(XVII) Income taxes

1. Income tax expense

The income tax expenses of the Company are detailed as follows:

	2021	2020
Current income tax expenses		
Current Income	$ 58,531	85,860
Current income tax from adjustment of prior period	(365)	(395)
Current income tax expenses	58,166	85,465
Deferred income tax expenses	24,697	2,787
	$ 82,863	88,252

The amount of income tax expenses (benefits) recognized by the Company in other comprehensive income for the years ended December 31, 2021 and 2020 was as follows:

	2021	2020
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ 168	1,131

The reconciliation of income tax expenses and income before tax was as follows:

	2021	2020
Profit before tax	$ 698,766	493,298
Income tax at the Company's domestic tax rate	$ 139,753	98,660
Domestic investment income accounted for using the equity method	(14,295)	(9,414)
Gains on land transaction exempt from profit-seeking enterprise income tax	(92,777)	-
Income tax from adjustment of prior period	(365)	(395)
Other non-taxable income	(292)	(575)
Land value increment tax	45,800	-
Others	5,039	(24)
	$ 82,863	88,252

2. Deferred tax assets and liabilities

(1) Recognized deferred tax assets and liabilities

The changes in deferred tax assets and liabilities are as follows:

Deferred income tax assets:

	Allowance for inventory loss	Provisions for liabilities - current	Net defined benefit liabilities	Unrealized gross sale profit between associates	Financial assets at fair value through profit or loss	Others	Total
January 1, 2021	$ 12,125	11,365	7,175	10,658	3,530	5,580	50,433
Debit (credit) income statement	499	(2,116)	(44)	(3,758)	(3,530)	(2,482)	(11,431)
Debit (credit) other comprehensive income	-	-	168	-	-	-	168
December 31, 2021	**$ 12,624**	**9,249**	**7,299**	**6,900**	**-**	**3,098**	**39,170**
January 1, 2020	$ 11,943	11,197	6,442	10,106	2,919	3,574	46,181
Debit (credit) income statement	182	168	(398)	552	611	2,006	3,121
Debit (credit) other comprehensive income	-	-	1,131	-	-	-	1,131
December 31, 2020	**$ 12,125**	**11,365**	**7,175**	**10,658**	**3,530**	**5,580**	**50,433**

Deferred income tax liabilities:

	Temporary differences related to investments in subsidiaries	Difference between finance and taxes from fixed asset	Others	Total
January 1, 2021	$ 88,013	3,224	-	91,237
Debit (credit) income statement	14,432	(1,352)	186	13,266
December 31, 2021	**$ 102,445**	**1,872**	**186**	**104,503**
January 1, 2020	$ 80,500	4,620	209	85,329
Debit (credit) income statement	7,513	(1,396)	(209)	5,908
December 31, 2020	**$ 88,013**	**3,224**	**-**	**91,237**

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

(XVIII) Capital and other equities

1. Ordinary shares and treasury shares

As on December 31, 2021 and 2020, the total authorized capital of the Company was NTD1,772,000,000, which was divided into 177,200,000 shares at NTD10 each. The number of issued shares were 114,489,000 shares and 144,689,000 shares respectively. The share capital reserved for the issuance of the exercise of employee share options was 20,000,000 shares.

The numbers of outstanding ordinary shares were all 114,489,000 shares from January 1 to December 31, 2021 and 2020, after the Company bought the treasury stocks of 200,000 shares.

From November 2018 to January 2019, the Company bought back 200,000 ordinary shares of the Company at an average buyback price of NTD64.53 each from the centralized trading market. The Company will transfer the shares bought back this time to others, including employees of the controlled subsidiaries or affiliates of the Company who satisfy certain conditions, once or in multiple transactions within three years after the buyback date. Treasury shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

On November 5, 2021, the Board of Directors of the Company adopted the resolution to implement capital reduction by canceling 200 thousand shares of treasury stock yet to be transferred to employees pursuant to the Securities and Exchange Act. With December 28, 2021 as the base date, the capital reduction involved the cancellation of 200,000 shares amounting to NTD2,000,000, and the amount of paid-in capital after capital reduction was NTD1,144,889,000. The relevant change registration has been completed.

2. Capital surplus

The Company's capital reserve balance is analyzed as follows:

	2021.12.31	2020.12.31
Share premium	$ 625,371	649,362
Recognized changes in percentage of ownership interests in subsidiaries	5,962	5,962
Asset disposal income	808	808
Others	23,603	23,603
	$ 655,744	679,735

Pursuant to the provisions of the Company Act, the capital reserve shall be first used to recover the loss before it is distributed as the realized capital reserve to the shareholders based on their respective shareholding ratios in the form of new shares or cash. If it is cash, then the Board of Directors is authorized to make resolutions and report to the shareholders' meeting. The realized capital reserve as termed in the preceding sentence includes the proceeds from the shares issued at a premium over the face value and the income from the acceptance of donations. Pursuant to the provision of the processing standard for negotiable securities offering and issuance by issuers, the capital reserve shall be accrued out of the capital, and the total amount accrued every year shall be no higher than ten percent of the paid-in capital.

3. Retained earnings and dividends policy

Pursuant to the provision of Articles of Association of the Company, if there is any surplus in the final accounts, it shall first accrue the tax, recover the accumulated loss and then set aside 10% as the legal surplus reserve, except when the legal surplus reserve has reached the paid-in capital of the Company. If there is any surplus after the special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall make the profit distribution plan for the surplus together with the accumulated undistributed profit and submit it to the Shareholders' Meeting for dividend distribution. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if the earnings distribution shall be in the form of cash dividends. Pursuant to the provisions of the Articles of Association of the Company, the profit distribution plan made by the Board of Directors shall consider the general dividend level in the industry, adopt the balanced dividend policy and follow the principle of prudence in distribution, but the cash dividend to the shareholders shall be no lower than 15% of the total dividend to the shareholders, pursuant to the provisions of the Articles of Association of the Company. According to the Articles of Association of the Company on August 20, 2021, if a surplus totaling up to 2% of capital is recorded in the annual final accounts of the Company, the amount of dividends distributed shall be no lower than 10% of the distributable earnings for the year, and the amount of annual cash dividend distributed shall be no lower than 10% of the total amount of cash and stock dividends distributed for the year.

(1) Legal reserve

Pursuant to the provision of the Company Act, when the Company makes no loss, the Company shall distribute the legal surplus reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if which as mentioned in the preceding paragraph shall be in the form of cash.

(2) Special reserve

Pursuant to the regulations issued by the Financial Supervisory Commission, when distributing the profit available for distribution, the Company shall accrue the special surplus reserve in the same amount out of the profit in the current period and the undistributed profit in the previous period against net deductibles incurred in the current year and listed in the shareholders' equity, and for the deductibles of other shareholders' equity accumulated in the previous period, the Company shall not distribute the special surplus reserve in the same amount accrued out of the undistributed profit in the previous period. If other deductibles of shareholders' equity are reversed in future, the Company shall distribute the profit with the reversed part.

4. Profit distribution

The amounts of cash dividends for the distribution of earnings for 2020 and 2019 which were resolved by the Company's Board of Directors on May 6, 2021 and May 6, 2020, respectively, were as follows:

	2020		2019	
	Dividend per share (NTD)	**Amount**	**Dividend per share (NTD)**	**Amount**
Dividends distributed to owners of common stock:				
Cash dividends	$ 2.8	320,569	5.0	572,444

Under the dividend distribution plan for 2020, the Company will distribute a cash dividend at NTD0.2 per share with the capital reserve of NTD22,898,000. The information regarding the profit distribution can be obtained from the open information monitoring website.

The of cash dividends for the distribution of earnings for 2021 which were resolved by the Company's Board of Directors on March 3, 2022 was as follows:

	2021	
	Dividend per share (NTD)	**Amount**
Dividends distributed to owners of common stock:		
Cash dividends distributed to owners of ordinary shares by unappropriated earnings	$ 3.2	366,364

Under the dividend distribution plan for 2021, the Company will distribute a cash dividend at NTD0.4 per share with the capital reserve of NTD45,796,000. The information regarding the profit distribution can be obtained from the open information monitoring website.

5. Other equities (net amount after tax)

		Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2021	$	(83,110)	8,503	(74,607)
Exchange difference from conversion of net assets of foreign operating organizations		(51,761)	-	(51,761)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		-	11,339	11,339
Shares of other comprehensive income of subsidiaries accounted for using the equity method		-	205	205
Balance on December 31, 2021	$	(134,871)	20,047	(114,824)
Balance on January 1, 2020	$	(69,158)	14,890	(54,268)
Exchange difference from conversion of net assets of foreign operating organizations		(13,952)	-	(13,952)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		-	(4,955)	(4,955)
Disposal of financial assets at fair value through other comprehensive income of investee		-	(1,729)	(1,729)
Shares of other comprehensive income of subsidiaries accounted for using the equity method		-	297	297
Balance on December 31, 2020	$	(83,110)	8,503	(74,607)

(XIX) Earnings per Share

1. Basic earnings per share

	2021	2020
Net profit attributable to ordinary shareholders of the Company	$ 615,903	405,046
Weighted average number of outstanding ordinary shares (in thousand shares)	114,489	114,489
Basic earnings per share (NTD)	$ 5.38	3.54

2. Diluted earnings per share

	2021	2020
Net profit attributable to ordinary shareholders of the Company	$ 615,903	405,046
Weighted average number of outstanding ordinary shares (in thousand shares)	114,489	114,489
Impacts of potential ordinary shares with dilution effect (in thousand shares):		
Impact of employee stock compensation	1,003	746
Weighted average number of outstanding ordinary shares (after adjusting the number of dilution potential common shares) (in thousand shares)	115,492	115,235
Diluted earnings per share (NTD)	$ 5.33	3.51

(XX) Revenue from customer contracts

1. Breakdown of income

	2021	2020
Main products and services:		
Industrial computer cards and systems	$ 3,080,959	3,493,378
Others	379,921	283,804
	$ 3,460,880	3,777,182

2. Balance of contracts

	2021.12.31	2020.12.31	2020.1.1
Notes and accounts receivable (including related parties)	$ 626,500	749,595	846,509
Loss: Allowance for loss	-	(4,483)	-
	$ 626,500	745,112	846,509
Contract liabilities	$ 36,729	5,237	3,493

For the disclosure of notes receivable, accounts receivable (including related parties) and their impairments, please see Note VI (V) for details.

The contract liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Company transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities on January 1, 2021 and 2020 were recognized in the income in an amount of NTD4,656,000 and NTD2,828,000 for the years ended ended December 31, 2021 and 2020, respectively.

(XXI) Employees compensation and remunerations of directors

In accordance with the Articles of Association: The Company shall set aside at least 5-20% of the earnings, if any, in the year as remuneration to the employees and no greater than 1% as remuneration to directors. Bur if the Company still has an accumulated loss, it shall reserve the recovery amount in advance. The beneficiaries of the aforesaid employees' compensation, if distributed in stock or in cash, shall include the employees of the controlled companies or affiliates of the Company who meet certain conditions.

The Company has estimated the employees' remunerations at NTD53,437,000 and NTD37,720,000, and estimated the directors' remunerations at NTD5,685,000 and NTD4,013,000 for the years ended December 31, 2021 and 2020. The Company has made these estimates by multiplying the pre-tax profit of respective period before the remunerations of employees and directors are deducted and the distribution ratios of the remunerations of employees and directors, and recognized these remunerations as the operating cost or operating expense in respective period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year.

The above-mentioned employees' compensation and the directors' remuneration are consistent of the Company with the distribution plan resolved by the Board of Directors, and they have been fully distributed in cash. Please refer to the TWSE MOPS website for relevant information.

(XXII) Non-operating income and expenses

1. Interest income

		2021	2020
Interest on bank deposit	$	233	1,052
Interest income from financial assets measured at amortized cost		24	151
Interest income on financial assets measured at fair value through profit or loss		487	712
	$	**744**	**1,915**

2. Other income

		2021	2020
Rental income	$	5,581	5,612
Dividend income		999	1,260
Others		12,576	19,240
	$	**19,156**	**26,112**

3. Other gain and loss

		2021	2020
Loss on disposal of property, plant and equipment		(1,652)	-
Gain on disposal of non-current assets held for sale (Note 6 (VII))		469,360	-
Net loss on foreign exchange		(7,287)	(26,225)
Gain on valuation of financial assets and liabilities		619	17,988
Other expenditures		(1,203)	-
	$	**459,837**	**(8,237)**

4. Finance costs

	2021	2020
Bank interest expenses	$ 10,019	3,621
Financial expenses on lease liabilities	1,480	31
	$ 11,499	**3,652**

(XXIII) Financial Instruments

1. Classification of financial instruments

(1) Financial assets

	2021.12.31	2020.12.31
Financial assets at fair value through profit or loss - current	27,137	28,221
Financial assets at fair value through other comprehensive income - non-current	41,259	29,920
Financial assets at amortized cost:		
Cash and cash equivalents	240,866	255,401
Financial assets at amortized cost - current	1,500	1,500
Notes receivable, accounts receivable, and other receivables (including related parties)	649,192	755,038
Refundable deposits	142	385
Subtotal	891,700	1,012,324
Total	**$ 960,096**	**1,070,465**

(2) Financial liabilities

	2021.12.31	2020.12.31
Financial liabilities at fair value through profit or loss:		
Held-for-trading	$ 65	3,825
Financial liabilities measured by amortized cost:		
Short-term borrowings	700,000	660,000
Notes payables, accounts payables and other payables (including related parties)	1,053,178	810,076
Long-term borrowings	1,300,000	-
Lease liabilities (including current and non-current)	128,305	2,302
Subtotal	3,181,483	1,472,378
Total	**$ 3,181,548**	**1,476,203**

2. Fair Value
   (1) Financial instruments not measured at fair value
   The management of the Company considers that the carrying amounts of the financial assets and financial liabilities measured at the amortized cost in the parent company only financial statements are close to the fair values.
   (2) Financial instruments measured at fair value
   The Company's financial assets/liabilities measured by fair value through profit and loss and the financial assets measured by fair value through other comprehensive profit and loss are measured by fair value on the basis of repeatability. The following table provides relevant analysis of the financial instruments measured by fair value after initial recognition and classifies these assets into levels 1 to 3 based on the observable extent of fair value. Different fair value levels are defined as follows:
   A. Level 1: Open quotation of the same asset or liability in the active market (without adjustment).
   B. Level 2: The input parameter of the asset or liability is directly observable (namely price) or indirectly observable (namely, inferred from price), except for the open quotations included in level 1.
   C. Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

	2021.12.31			
	Fair Value			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	74	-	74
Derivative financial instruments - Foreign exchange swaps	-	920	-	920
Fund beneficiary certificates	26,143	-	-	26,143
	$ 26,143	**994**	**-**	**27,137**
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	**$ 41,259**	**-**	**-**	**41,259**
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	**$ -**	**(65)**	**-**	**(65)**

	2020.12.31			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	226	-	226
Derivative financial instruments - Foreign exchange swaps contract	-	42	-	42
Fund beneficiary certificates	27,953	-	-	27,953
	$ 27,953	268	-	28,221
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 29,920	-	-	29,920
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Foreign exchange swaps	$ -	(3,825)	-	(3,825)

(3) Fair value measurement techniques for financial instruments measured at fair value

a. Non-derivative financial instruments

If there is an open quotation for the financial instrument in the active market, the open quotation in the active market shall be the fair value.

Except for financial instruments with active markets, fair values of the other financial instruments are obtained with valuation techniques or counterparty quotations. Evaluation technique-based fair value may be calculated by referring to the current fair value of other financial instruments with similar substantial conditions and characteristics, or discounted cash flow or other evaluation techniques, including market information application mode available on the reporting date.

Listed (OTC) stocks and fund beneficiary certificates have standard terms and conditions and are traded in active markets, and their fair values are determined in accordance with market quotations.

b. Derivative financial instruments

They are valuated with the valuation model generally accepted by market participants. Forward foreign exchange contracts and foreign exchange swaps contracts are usually valuated in line with the current forward exchange rate.

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended December 31, 2021 and 2020.

(XXIV) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and equity instrument price risk) due to its business activities. This note expresses the Company's policies and procedures for measuring and managing the above risks, and the quantitative disclosures of risk.

The Board of Directors of the Company is responsible to develop and control the risk management policies which are formulated to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the Company's activities.

The financial management department of the Company monitors and manages the financial risks related to the operations of the Company through internal risk reports.

1. Credit risk

Credit risk refers to the risk of financial loss of the Company due to the failure of the counterparty to perform its contractual obligations in financial assets, mainly from cash and cash equivalents, derivatives transactions, accounts receivable from clients, and other receivables. The carrying amount of financial assets of the Company represents the maximum amount of risk exposure.

The transaction counterparties of the Company's cash and cash equivalents and the fund beneficiary certificates held are all financial institutions with good credit, so there should be no significant credit risk.

The policies adopted by the Company are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The Company conduct transactions with enterprises whose ratings is equivalent to or higher than investment level (The information is provided by independent rating agencies. If such information is not available, the Company will use other publicly available financial information and transaction records of each other to rate major clients. The Company continues to monitor credit risk exposure and the credit ratings of counterparties, and it distributes total transaction amounts among clients with qualified credit ratings. It also controls credit risk exposure through credit limit of counterparties reviewed and approved by the unit of risk management every year, and through insurance to reduce possible losses

To mitigate the credit risk, the management of the Company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the Company’s credit risk is significantly reduced.

As of December 31, 2021 and 2020, the credit risk from a single client that comprised more than 10% of the Company's trade receivable were 45% and 59%, respectively. The single client consisted of 3 and 4 entities, respectively. Therefore, the Company is exposed to credit risk concentration.

2. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The Company supports business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash. The management of the Company supervises the use of the bank's financing line and ensures compliance with the terms of the loans contract.

The following table shows the contractual maturity date of financial liabilities, including the impact of estimated interest, based on the earliest date on which the Company can be required to pay, and prepared at the undiscounted cash flow.

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings (variable interest rates)	$ 700,808	700,808	-	-	-
Long-term borrowings (variable interest rates)	1,313,403	12,480	1,300,923	-	-
Notes payables, accounts payables and other payables (including related parties; no interest)	1,053,178	1,053,178	-	-	-
Lease liabilities	134,912	15,654	15,382	43,282	60,594
Subtotal	3,202,301	1,782,120	1,316,305	43,282	60,594
Derivative financial instruments:					
Forward foreign exchange contracts－total amount of delivery					
Outflow	74,478	74,478	-	-	-
Inflow	(74,487)	(74,487)	-	-	-
Foreign exchange Swaps－total amount of delivery					
Outflow	247,265	247,265	-	-	-
Inflow	(248,185)	(248,185)	-	-	-
Subtotal	(929)	(929)	-	-	-
	$ 3,201,372	1,781,191	1,316,305	43,282	60,594
December 31, 2020					
Non-derivative financial liabilities:					
Short-term borrowings (variable interest rates)	$ 660,354	660,354	-	-	-
Notes payables, accounts payables and other payables (including related parties; no interest)	810,076	810,076	-	-	-
Lease liabilities	2,313	2,313	-	-	-
Subtotal	1,472,743	1,472,743	-	-	-
Derivative financial instruments:					
Forward foreign exchange contracts－total amount of delivery					
Outflow	67,613	67,613	-	-	-
Inflow	(67,839)	(67,839)	-	-	-
Foreign exchange Swaps－total amount of delivery					
Outflow	549,836	549,836	-	-	-
Inflow	(546,053)	(546,053)	-	-	-
Subtotal	3,557	3,557	-	-	-
	$ 1,476,300	1,476,300	-	-	-

The Company doesn’t expect the time point of the cash flow under the maturity date analysis will come much earlier or the actual amount will be substantially different.

3. Market Risks

Market risk refers to the risk of the value of revenue or held financial instruments being influenced by market price changes, such as changes in exchange rate, interest rate, and equity instrument price. The objective of market risk management lies in optimizing the investment return by controlling the market risk exposure within the bearable scope.

(1) Exchange Rate Risks

The Company is exposed to exchange rate risk arising from the sale and purchase in the currency other than the functional currency, and the currency of such transaction is USD. The Company manages exposure to exchange rate risks by using forward foreign exchange contracts and foreign exchange Swaps to manage the exchange rate risks in the range allowed by policies.

The exchange rate risks of the Company are mainly derived from USD-denominated receivables and payables of the Company that are still outstanding on the balance sheet date. Listed below are the book values of the monetary assets and liabilities not valuated by the Company in the functional currency on the reporting date as well as the sensitivity analysis of their related foreign currency changes (monetary unit: thousands of NTD):

	2021.12.31				
	Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	$ 26,229	27.6800	726,019	1%	7,260
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	20,529	27.6800	568,243	1%	5,682

	2020.12.31				
Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**	**Foreign Currency**
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	$ 31,415	28.3500	890,615	1%	8,906
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	16,243	28.3500	460,489	1%	4,605

The Company has many monetary items, so the Company has selected to disclose the overall exchange gain or loss information on the monetary items. Please refer to Note 6 (XXII) for details of the Company's foreign exchange gain or loss (realized and unrealized) for the years ended December 31, 2021 and 2020.

(2) Interest Rate Risks

The Company's bank borrowings are on a floating rate basis. The measures taken by the Company in response to changes in the interest rate risk are mainly to assess the interest rate of bank borrowings on a regular basis, and to maintain good relations with financial institutions in order to obtain lower financing costs; meanwhile, it cooperates to strengthen the management of working capital to reduce the dependence on bank borrowings and the risk of interest rate changes.

The interest rate risk exposure of financial liabilities of the Company is described in the liquidity risk management of this Notes. The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The rate of change used internally in reporting interest rates to the management from the Company is the 1% increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If the interest rate of the Company's bank borrowings increases/decreases by 1%, the net profit before tax of the Company for the years ended December 31, 2021 and 2020 will decrease/increase by NTD20,000,000 and NTD6,600,000, respectively, with all other variables remaining constant, estimated based on the bank borrowings balance of the Company as of December 31, 2021 and 2020.

(3) Other market risks

The shares of domestic listed (OTC) companies held by the Company are subject to the risk of changes in the market price of equity securities. The Company manages and monitors investment performance on a fair value basis.

Sensitivity analysis on the shares price risk of the abovementioned listed (OTC) company is based on changes in fair value at the reporting date. If the price of equity instruments increased/decreased by 1%, other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by NTD413,000 and NTD299,000, respectively.

(XXV) Capital management

The Company carries out capitalization management to ensure that it can continue to operate under the premise of optimizing the balance of debt and equity, so as to maximize the return on shareholders' equity. The Company's overall strategy will not be changed in 3 years.

The Company's capital structure consists of the Company's net debt (which is borrowings less cash and cash equivalents) and equity (which are share capital, capital surplus, retained earnings, and other equity items). The Company is not subject to other external capital requirements.

The Company's key management annually reviews the Company's capital structure, and the content of the review includes costs of various capital and related risks. According to the key management's suggestions, the Company will balance the overall capital structure through the payment of dividends, issuance of new shares, and buy-back of shares.

The method of capital management has not been changed by the Company for the years ended December 31, 2021 and 2020.

(XXVI) Investing and financing activities not in cash transaction

1. Please refer to Note VI (X) for the right-of-use assets acquired by the Company through lease.
2. The liabilities from financing activities are reconciled in the following table:

			Non-cash change		
	2021.1.1	**Cash Flows**	**Increase in lease liabilities**	**Decrease in lease liabilities**	**2021.12.31**
Short-term borrowings	$ 660,000	40,000	-	-	700,000
Long-term borrowings	-	1,300,000	-	-	1,300,000
Lease liabilities	2,302	(10,704)	137,092	(385)	128,305
Total liabilities from financing activities	$ 662,302	1,329,296	137,092	(385)	2,128,305

			Non-cash change		
	2020.1.1	**Cash Flows**	**Increase in lease liabilities**	**Decrease in lease liabilities**	**2020.12.31**
Short-term borrowings	$ 300,000	360,000	-	-	660,000
Lease liabilities	4,584	(2,282)	-	-	2,302
Total liabilities from financing activities	$ 304,584	357,718	-	-	662,302

VII. Related Party Transactions

(I) Parent company and ultimate controller

Qisda Corporation is the parent company of the Company and the ultimate controller of the Group to which it belongs, and it holds 55.1% of the Company's outstanding ordinary shares. Qisda has prepared consolidated financial statements for public use.

(II) Name and relation of related party

The parent company and subsidiaries of the Company and other related parties having transactions with the Company during the period covered by the parent company only financial statements is as follows:

Name of related party	Relationship with the consolidated company
Qisda Corporation (Qisda)	Parent company of the Company
DFI America, LLC (DFIUSA)	Subsidiary of the company
DFI Co., Ltd.	Subsidiary of the company
Yan Tong Technology Ltd.	Subsidiary of the company
Diamond Flower Information (NL) B.V.	Subsidiary of the company
Brainstorm Corporation (Brainstorm)	Subsidiary of the company
Yan Tong Infotech (Dongguan) Co., Ltd.	Subsidiary of the company
Yan Ying Hao Trading (ShenZhen) Co., Ltd.	Subsidiary of the company

AEWIN Technologies Co., Ltd. (AEWIN)	Subsidiary of the company
Ace Pillar Enterprise Co., Ltd.	Subsidiary of the company
Tianjin Ace Pillar Co., Ltd.	Subsidiary of the company
Partner Technology Co., Ltd.	Direct/indirect subsidiary of Qisda
Alpha Networks Inc.	Direct/indirect subsidiary of Qisda
BenQ Materials Corporation	Direct/indirect subsidiary of Qisda
BenQ Asia Pacific Corporation	Direct/indirect subsidiary of Qisda
BenQ ESCO Corporation	Direct/indirect subsidiary of Qisda
BenQ Healthcare Corporation (former BenQ Hearing Solution Corporation)	Direct/indirect subsidiary of Qisda
BenQ Corporation	Direct/indirect subsidiary of Qisda
Simula Technology Inc.	Direct/indirect subsidiary of Qisda
Golden Spirit Co, Ltd.	Direct/indirect subsidiary of Qisda
Dsta Image Co., Ltd.	Direct/indirect subsidiary of Qisda
SYSAGE Technology Co., Ltd.	Direct/indirect subsidiary of Qisda
AdvancedTEK International Corp.	Direct/indirect subsidiary of Qisda
Global Intelligence Network Co., Ltd.	Direct/indirect subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Direct/indirect subsidiary of Qisda
Qisda (Suzhou) Co., Ltd.	Direct/indirect subsidiary of Qisda
AU Optronics Corporation (AUO)	Related enterprise of Qisda/Corporate director valuing Qisda under equity approach (Note 1)
AFPD Pte., Ltd	Direct/indirect subsidiary of AUO
AUO Digitech Taiwan Inc.	Direct/indirect subsidiary of AUO
Darwin Precisions (Xiamen) Corporation	Direct/indirect subsidiary of AUO
Darwin Precisions Corporation	Direct/indirect subsidiary of AUO
Darfon Electronics Corporation (Darfon)	Related enterprise of Qisda
Unictron Technologies Corporation	Direct/indirect subsidiary of Darfon
San Jose Technology, Inc.	Direct/indirect subsidiary of Darfon (Note 2)

Note 1: AUO was previously a related enterprise of Qisda. However, AUO is no longer a related enterprise of Qisda starting May 12, 2021, and AUO has valued Qisda under the equity approach as of January 2021.

Note 2: It was written off and dissolved on March 30, 2021.

(III) Material transactions with related party

1. Net operating revenue

The material sales amount of the Company to the related parties is as follows:

	2021	2020
Parent company	$ 44,780	107,938
Subsidiary - DFIUSA	579,172	635,083

Subsidiaries - AEWIN	473,425	167,251
Other subsidiaries	708,274	883,264
Other related parties	148,099	207,329
	$ 1,953,750	2,000,865

Sales of the Company to related parties involve customary products made to order based on the customer demand, so the price is determined by both parties through negotiation. The credit term for related parties is 60-90 days after shipment, and 30-90 days for non-related parties.

2. Purchases

The purchase amount of the Company from the related parties is as follows:

	2021	2020
Parent company	$ 350,492	751,208
Subsidiary	228,304	14,553
Other related parties	17,822	35,586
	$ 596,618	801,347

The purchases from related parties by the Company are customized products tailored to the requirements of the order, and, therefore, the selling price is mutually agreed. The credit term provided by related parties is 60-90 days after shipment, and 30-90 days for non-related parties.

3. Leases

The Company has leased plants and offices from the parent company and signed the lease contracts based on the rent prices in the adjacent areas. The total amounts of increase in right-of-use assets in 2021 was NTD135,488,000.

The Company has recognized an interest expense of NTD1,461,000 for the year ended December 31, 2021. Relevant balance of lease liabilities was NTD126,965,000 as of December 31, 2021.

4. Property transactions

Category of related party	Item	2021	2020
Parent company	Property, plant and equipment	$ -	5,469
Other related parties	Property, plant and equipment	6,114	210
Parent company	Intangible assets	1,789	-
		$ 7,903	5,679

5. operating costs, expenses, and other income

The operating costs and operating expenses incurred by the Company for services provided by related parties, such as product processing and management services, as well as other income from other transactions are detailed as follows:

Item	Category of related party	2021	2020
Operating costs	Parent company	$ 9,276	8,266
	Subsidiary	15	-
	Other related parties	3,279	219
Operating Expenses	Parent company	3,569	1,069
	Subsidiary	26	30
	Other related parties	4,482	2,644
Other income	Subsidiary	-	4,136
	Other related parties	5,581	5,612

6. Receivables from related parties

Details of the receivables from related parties of the Company are as follows:

Item	Category of related party	2021.12.31	2020.12.31
Accounts receivable from related parties	Parent company	$ 100,233	87,076
	Subsidiaries:		
	DFI-USA	69,313	150,084
	AEWIN	112,266	104,914
	Others	57,644	91,678
	Other related parties	42,775	34,828
		382,231	468,580
Other receivables	Subsidiaries:		
	AEWIN	4,812	3,802
	Others	1,229	895
	Other related parties	498	491
		6,539	5,188
		$ 388,770	473,768

The Company provides some of the raw materials to the parent company for manufacturing, while the completed semi-finished products are sold back to the Company for processing and assembly. To prevent repeated calculation of the purchases and sales above, the Company did not recognize the amount of raw materials provided to the parent company as operating income. Furthermore, the accounts receivable and payable arising from the sale of raw materials and the purchase of semi-finished products above were not collected and paid on a net basis; therefore, they were not expressed as mutual offset.

7. Accounts payable to related parties

Details of the payables from related parties of the Company are as follows:

Item	Category of related party	2021.12.31	2020.12.31
Accounts payables	Parent company	$ 50,843	100,567
	Subsidiary	33,429	38,829
	Other related parties	5,626	4,313
		89,898	143,709
Other payables	Parent company	2,894	290
	Other related parties	2,630	6
		5,524	296
Lease liabilities - current	Parent company	13,482	-
Lease liabilities - non-current	Parent company	113,483	-
		126,965	-
		$ 222,387	144,005

(IV) Remuneration to main management

	2021	2020
Short-Term Employee Benefits	$ 42,057	36,520

VIII. Pledged Assets

The details of the book-entry values of the asset pledged as collateral provided by the Company are detailed as follows:

Asset name	Subject matter of pledge guarantee	2021.12.31	2020.12.31
Pledged certificate of deposits	Performance bond for release before tax to customs house	$ 1,500	1,500

The aforesaid bank deposits are presented under the financial assets measured at amortized cost.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

The employee benefits, depreciation and amortization expenses are summarized by function as follows:

Function	2021			2020		
Nature	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	188,288	339,992	528,280	168,337	315,240	483,577
Labor and health insurance expenses	16,077	26,840	42,917	15,471	26,222	41,693
Pension expense	5,848	14,574	20,422	6,113	14,784	20,897
Directors' remuneration	-	10,515	10,515	-	15,430	15,430
Other employee benefit expenses	9,521	12,084	21,605	8,558	12,262	20,820
Depreciation expenses	47,024	27,543	74,567	32,338	25,657	57,995
Amortization expenses	1,108	3,981	5,089	770	5,680	6,450

Additional information on the number of employees and expenses for employee benefits is as follows:

	2021	2020
Number of employees	604	651
Number of directors who do not serve as employees	6	6
Average employee benefit expenses	$ 1,025	879
Average employee salary expenses	$ 883	750
Adjustment of average employee salary expenses	17.73%	- %
Remuneration for Supervisor	$ -	-

Information on the Company's policy of salary and remuneration (including Directors, managers, and employees) is as follows:

The remuneration of Directors of the Company includes remuneration and compensation of Directors. The remuneration is in compliance with the Company's Articles of Incorporation providing that no more than 1% of the profit shall be allocated for the remunerations of the Directors if there is profit. Compensation shall be considered by the Human Resources Department in consideration of the competitive environment and operational risks, and the proposals shall be evaluated according to the Company's management regulations and bonus plans, and submitted to the Board of Directors for resolution. The compensation of the Company's managers and employees consists of two parts: fixed salaries and variable incentives. The fixed salary is the basic salary of the employees, and the variable incentives are linked to the Company's operation performance and the achievement of strategic goals. Incentives shall be evaluated by the Human Resources Department according to the Company's salary and incentives management regulations and bonus plans, and submitted to the Board of Directors for resolution.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions:

Listed below are the material transactions the Company shall disclose again in line with the accounting standard for the year ended December 31, 2021:

1. Loans to others:

Unit: In Thousands of New Taiwan Dollars

No.	Financing Company	Loan recipient	Transaction item	Related Party	Maximum balance in current period	Ending balance	Amount of actual use	Interest Rate	Nature for Financing (Note 4)	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Loss	Collateral		Financing Limits for Each Borrowing Company	Total Financing Limits
													Name	Value		
1	AEWIN	Beijing AEWIN	Other receivables -related parties	Yes	85,590	-	-	-	2	-	Operating capital fund	-		-	231,859 (Note 1)	463,718 (Note 1)
2	Ace Pillar	Tianjin ACE Pillar	Other receivables -related parties	Yes	250,560	249,120	166,080	0%~4.35%	2	-	Operating capital fund	-		-	410,619 (Note 2)	821,237 (Note 2)
2	Ace Pillar	Suzhou Super Pillar	Other receivables -related parties	Yes	28,530	27,680	27,680	-	2	-	Operating capital fund	-		-	410,619 (Note 2)	821,237 (Note 2)
3	CyberSouth	Suzhou Super Pillar	Other receivables -related parties	Yes	15,692	-	-	1.15%	2	-	Operating capital fund	-		-	626,514 (Note 3)	626,514 (Note 3)
4	Tianjin Jinhao	Tianjin ACE Pillar	Other receivables -related parties	Yes	13,044	-	-	1.80%	2	-	Operating capital fund	-		-	7,018 (Note 3)	7,018 (Note 3)
4	Tianjin Jinhao	Quansheng Information	Other receivables -related parties	Yes	2,641	-	-	1.80%	2	-	Operating capital fund	-		-	7,018 (Note 3)	7,018 (Note 3)
5	Hong Kong ACE Pillar	Tianjin ACE Pillar	Other receivables -related parties	Yes	17,344	-	-	1.80%	2	-	Operating capital fund	-		-	39,722 (Note 3)	39,722 (Note 3)
1	AEWIN	Beijing AEWIN	Other receivables -related parties	Yes	208,489	102,949	102,949	-	1	445,822	Business Interaction	-		-	231,859 (Note 1)	463,718 (Note 1)

(Note 1) The total line of credit provided by AEWIN for other persons and the limit for loans to individual borrowers shall be 40% and 20% of the net values in the financial statement of the Company for the most recent period.

(Note 2) The total line of credit provided by ACE Pillar for other persons and the limit for loans to individual borrowers shall be 40% and 20% of the net values in the financial statement of the Company for the most recent period.

(Note 3) The total line of credit provided by Cyber South, Tianjin Jinhao and Hong Kong ACE Pillar for 100%-owned foreign subsidiaries of ACE Pillar and the limit for loans to individual borrowers shall be 100% of the net values in the financial statement of the company for the most recent period. The total line of credit provided for foreign subsidiaries not 100% owned by ACE Pillar and the limit for loans to individual borrowers shall be 10% and 5% of the net values in the financial statement of the company for the most recent period.

(Note 4) The natures of loans are stated as follows:
1. Arise from business transactions.
2. Having needs in short-term financing.

2. Endorsements/guarantees to others:

Unit: In Thousands of New Taiwan Dollars

No.	Company Name of Endorser	Company name of endorsee: Company Name	Company name of endorsee: Relationship (Note 3)	Endorsement limit for a single enterprise	Maximum endorsement guarantee balance for current period	Ending balance of endorsement guarantee	Amount Actually Drawn	Amount of endorsement secured by the property	The ratio of accumulated endorsement amount to the net worth of the latest financial statements	Maximum amount of endorsement	Endorsement of the parent company to a subsidiary	Endorsement of a subsidiary to the parent company	Endorsement for Mainland China
1	AEWIN	Beijing AEWIN	2	231,859 (Note 1)	129,780	65,181	65,181	-	5.62%	579,647 (Note 1)	Y	N	Y
1	Ace Pillar	Tianjin ACE Pillar	2	821,237 (Note 2)	327,500	188,400	56,490	-	9.18%	1,026,547 (Note 2)	Y	N	Y

Note 1: The maximum line of credit provided by AEWIN for other persons and individual enterprise shall be 50% and 20% of the net values in the financial statement of the company for the most recent period.
Note 2: The maximum line of credit provided by Ace Pillar for other persons and individual enterprise shall be 50% and 40% of the net values in the financial statement of the company for the most recent period.
Note 3: Relationship between endorsement guarantor and target of endorsement guarantee: (2) A subsidiary holding more than 50% of ordinary shares.

3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures):

Unit: In Thousands of New Taiwan Dollars/ In Thousands of shares/ In Thousands of units

Name of Held Company	Type and Name of Marketable Securities	Relationship with the issuer of securities	Item	End of Period: Number of Shares/ number of Units	End of Period: Carrying Amount	End of Period: Shareholding ratio	End of Period: Fair value	Remark
The Company	Beneficiary certificates: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	26,143	- %	26,143	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	999	41,259	3.32 %	41,259	-
The Company	Fund: Asia Tech Taiwan Venture Fund	-	Financial assets at fair value through profit or loss - non-current	USD 225	-	-	-	-
The Company	Bonds: WM 7.25% Perpetual	-	Financial assets at fair value through profit or loss - current	USD 200	-	-	-	-
AEWIN	Stock: AEWIN KOREA TECHNOLOGIES CO., LTD	Substantial related party	Financial assets at fair value through other comprehensive income - non-current	10	1,288	16.67 %	1,288	-
AEWIN	Stock: Authentrend Technology Inc.	-	Financial assets at fair value through profit or loss - non-current	300	-	1.42 %	-	-

4. The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital:

Unit: In Thousands of New Taiwan Dollars/ In Thousands of shares

Buyer and seller	Type and Name of Marketable Securities	Item	Counterparty	Relationship	Beginning: Number of shares	Beginning: Amount	Buy: Number of shares	Buy: Amount	Sell at end of period: Number of shares	Sell at end of period: Sales price	Sell at end of period: Book cost	Sell at end of period: Disposal profit or loss	End of Period(Note): Number of shares	End of Period(Note): Amount
The Company	Stock-Brainstorm Corporation	Investment under equity approach	-	Parent company and subsidiary	-	-	233	501,582	-	-	-	-	233	535,021
The Company	Stock -Ace Pillar Co., Ltd.	Investment under equity approach	-	Parent company and subsidiary	37,676	793,722	16,282	507,636	-	-	-	-	53,958	1,095,684

Note: Note:

5. The amount of property acquired reached NTD 300 million or 20% and above of the paid-

in capital:

Unit: In Thousands of New Taiwan Dollars

Name of company	Name of property	Transaction date or date of occurrence of event	Transaction amount (Note)	Payment status	Counterparty	Relationship	Prior transaction of related counterparty				Basis of reference for price determination	Purpose and use	Other agreed matters
							Owner	Relationship with the issuer	Transfer date	Amount			
Ace Pillar	Land and buildings	2021/7/7	262,270	Fully paid	Chung Mao Property Development Co., Ltd.	-	-	-	-	-	Price negotiation according to appraisal report	Office use	None
AEWIN	Land and buildings	2021/10/4	470,880	Fully paid	Avanti Commerce Centre Ltd.	-	-	-	-	-	Price negotiation according to appraisal report	Usage in operation	None

Note: Transaction amount includes business tax.

6. The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital:

Company that Disposed Real Estate	Name of property	Date of occurrence of event	Original Acquisition Date	Book value	Transaction amount	Price Collection Status	Disposal profit or loss	Counterparty	Relationship	Purpose of Disposal	Basis of reference for price determination	Other agreed matters
The Company	Land and buildings	2021/11/30	1987/4/1	72,885	550,000	Fully received	469,360 (Note)	Axiomtek Co., Ltd.	N/A	Revitalize company assets and replenish working capital	Price negotiation according to appraisal report	None

Note: Amount deducted by transaction-related fees

7. The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital:

Unit: In Thousands of New Taiwan Dollars

			Transaction Status				The situation and reason for the difference between the trading terms and the general trading		Notes and accounts receivable (payable)		
Purchasing (selling) company	Name of counterparty	Relationship	Purchase /Sales	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio of notes and accounts receivable and payable	Remark
The Company	Qisda	Parent company and subsidiary	Purchases	350,492	10 %	OA60	-	30-90 days to collect	(50,843)	(6) %	-
Qisda	The Company	Parent company and subsidiary	Sales	(350,492)	-	OA60	-	30-90 days to collect	50,843	-	-
DFI AMEICA, LLC.	The Company	Parent company and subsidiary	Purchases	579,172	100 %	60-90 days to collect	-	30-90 days to collect	(69,313)	(99) %	-
The Company	DFI AMEICA, LLC.	Parent company and subsidiary	Sales	(579,172)	(17) %	60-90 days to collect	-	30-90 days to collect	69,313	11 %	-
Diamond Flower Information (NL)B.V	The Company	Parent company and subsidiary	Purchases	335,051	100 %	60-90 days to collect	-	30-90 days to collect	(13,451)	(100) %	-
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	Sales	(335,051)	(10) %	60-90 days to collect	-	30-90 days to collect	13,451	2 %	-
DFI Co., Ltd.	The Company	Parent company and subsidiary	Purchases	216,968	99 %	60-90 days to collect	-	30-90 days to collect	(14,796)	(92) %	-
The Company	DFI Co., Ltd.	Parent company and subsidiary	Sales	(216,968)	(6) %	60-90 days to collect	-	30-90 days to collect	14,796	2 %	-
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	The Company	Parent company and subsidiary	Purchases	146,668	91 %	60-90 days to collect	-	30-90 days to collect	(25,498)	(94) %	-
The Company	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Parent company and subsidiary	Sales	(146,668)	(4) %	60-90 days to collect	-	30-90 days to collect	25,498	4 %	-
The Company	AEWIN	Parent company and subsidiary	Sales	(473,425)	14 %	Payment term of 60 days	At agreed price	Payment term of 60-90 days to collect	112,266	18 %	-
AEWIN	The Company	Parent company and subsidiary	Purchases	473,425	24 %	Payment term of 60 days	At agreed price	Payment term of 60-90 days to collect	(112,266)	43 %	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	Sales	(445,822)	(35) %	150 days after shipment	-	120 days after shipment (Note 1)	398,155	68 %	-
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	445,822	42 %	150 days after shipment	-	120 days after shipment (Note 1)	(398,155)	(64) %	-
Quansheng Information	Tianjin ACE Pillar	Affiliate	Sales	(455,128)	(100) %	T/T 30 days	-		61,680	98 %	-
Tianjin ACE Pillar	Quansheng Information	Affiliate	Purchases	455,128	33 %	T/T 30 days	-		(61,680)	(31) %	-
AEWIN	AEWINTECH	Parent company and subsidiary	Sales	(148,507)	(12) %	120 days after shipment	-	120 days after shipment (Note 1)	57,270	10 %	-
AEWINTECH	AEWIN	Parent company and subsidiary	Purchases	148,507	100 %	120 days after shipment	-	120 days after shipment (Note 1)	(57,270)	(100) %	-
The Company	AEWIN	Parent company and subsidiary	Purchases	222,370	7 %	Payment term of 60 days	-	30-90 days to collect	(32,353)	(4) %	-
AEWIN	The Company	Parent company and subsidiary	Sales	- (Note 2)	-	Payment term of 60 days	-	120 days after shipment (Note 1)	32,353	6 %	-

Note 1: 120 days after shipment, subject to extension taking into account market conditions.
Note 2: Amount of raw materials sold deducted the repurchase part after add-on

8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital:

Unit: In Thousands of New Taiwan Dollars

Company from which accounts receivable	Name of counterparty	Relationship	Balance of receivables from related party	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for Loss
					Amount	Treatment		
AEWIN	Beijing AEWIN	Parent company and subsidiary	398,155	1.14	151,918	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	102,949	-	-	Strengthen collection	-	-
Ace Pillar	Tianjin ACE Pillar	Parent company and subsidiary	166,080	-	-	-	-	-

9. Engaged in derivative products transactions: See Note VI (II) for details.

(II) Reinvestment and related information:

Below is the information of the reinvestment business (excluding invested companies in mainland China) for the year ended December 31, 2021:

Unit: In Thousands of New Taiwan Dollars/ In Thousands of shares

Name of investor company	Name of investee company	Location	Primary business	Original investment amount		Held at the end of the period			Net income (loss) of the investee	Investment profit (loss) recognized for the period	Remark (Note 2)
				End of current period	End of last year	Number of shares	Ratio	Carrying Amount			
The Company	DFI AMERICA, LLC.	USA	Sales of industrial computer cards	254,683	254,683	1,209	100.00%	363,409	4,624	4,624	Subsidiary of the company
The Company	Yan Tong	Mauritius	General investment business	187,260	187,260	6,000	100.00%	178,568	7,338	7,338	Subsidiary of the company
The Company	DFI Co., Ltd.	Japan	Sales of industrial computer cards	104,489	104,489	6	100.00%	287,699	10,481	10,481	Subsidiary of the company
The Company	Diamond Flower Information (NL) B.V.	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100.00%	67,927	13,955	13,955	Subsidiary of the company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer mainboards and related products	564,191	556,464	30,376	51.38%	596,523	44,617	17,750	Subsidiary of the company
The Company	Ace Pillar	Taiwan	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	1,301,359	793,722	53,958	48.07%	1,095,684	147,895	53,726	Subsidiary of the company
The Company	Brainstorm	USA	Wholesale and retail of computer and peripheral devices	501,582	-	233	35.09%	535,021	248,222	35,376	Subsidiary of the company
AEWIN	Wise Way	Aquila	Investment business	46,129	46,129	1,500	100.00%	163,707	76,229	(Note 1)	Subsidiary of the company
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer and peripheral equipment and software	77,791	77,791	2,560	100.00%	(453)	(3,250)	(Note 1)	Subsidiary of the company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100.00%	190,941	76,229	(Note 1)	Subsidiary of the company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100.00%	626,514	56,442	(Note 1)	Subsidiary of the company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Sales and Purchases of transmission mechanical components	5,120	5,120	1,200	100.00%	39,722	(259)	(Note 1)	Subsidiary of the company
Cyber South	Proton	Samoa	Holding Company	527,665	527,665	17,744	100.00%	511,706	44,403	(Note 1)	Subsidiary of the company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100.00%	(598)	3,661	(Note 1)	Subsidiary of the company

Note 1: The net income of the invested company is already included in the investor company, and not separately presented to avoid confusion.

(III) Investment information in mainland China:

1. Name, principal operation and relevant information of invested companies in the Mainland Chinese:

Unit: In Thousands of New Taiwan Dollar/In Thousands of foreign currency

Investee Company In Mainland China	Primary business	Paid-in Capital	Method of Investment	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated investment amount remitted from Taiwan at the end of current period	Net income (loss) of the investee	Shareholding ratio of the direct or indirect investment of the company	Investment profit (loss) recognized for the period	Carrying amount of the investment at the end of period	Investment income repatriated by the end of period
					Remitted	Repatriated						
Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	69,200 (USD2,500)	(Note 1)	-	-	-	-	-	- %	(1,601) (Note 2)	51,498	33,306
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	13,840 (USD500)	(Note 1)	-	-	-		-	100.00 %	11,090 (Note 2)	46,514	-
Beijing AEWIN	Wholesale of computer and peripheral equipment and software	46,129 (USD1500)	(Note 1)	46,129 (USD1,500)	-	-	46,129 (USD1,500)	76,229	100.00 %	76,229 (Note 2)	190,936	-
Aewin(Shenzhen)Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	13,062 (RMB3,000)	(Note 4)	-	-	-	-	(5,311) (RMB(1,226))	100.00 %	(5,311) (RMB(1,226)) (Note 2)	(1,829) (RMB(421))	-
Tianjin ACE Pillar	Sales and Purchases of transmission mechanical components	977,021 (USD35,297)	(Note 1)	53,976 (USD1,950)	-	-	53,976 (USD1,950)	56,121	100.00 %	56,121 (Note 2)	611,067	125,533
Tianjin Jinhao	Manufacturing and processing of machinery transmission products	7,257 (RMB1,670)	(Note 1)	4,429 (USD160)	-	-	4,429 (USD160)	(219)	100.00 %	(219) (USD(8)) (Note 2)	7,018 (USD254)	-
Quansheng Information	Electronic system integration	8,304 (USD300)	(Note 1)	4,152 (USD150)	-	-	4,152 (USD150)	3,662	100.00 %	3,662 (USD131) (Note 2)	(622) (USD(22))	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	40,136 (USD1,450)	(Note 1)	- (Note 3)	-	-	- (Note 3)	10,511	100.00 %	10,511 (USD375) (Note 2)	98,569 (USD3,561)	-
Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	8,304 (USD300)	(Note 1)	- (Note 3)	-	-	- (Note 3)	(711)	100.00 %	(711) (USD(25)) (Note 2)	2,156 (USD78)	-

Note 1: Reinvest in the companies in the Mainland Chinese through companies established in third regions.
Note 2: It is recognized in line with the financial report prepared by the invested company and audited by the accountant of the parent company in Taiwan.
Note 3: It was reinvested and established by Cyber South.
Note 4: It is a Mainland Chinese-based company reinvested by Beijing AEWIN.
Note 5: Xuchang Ace AI Equipment Co.,Ltd.'s board of directors has resolved to dissolve the company, and the liquidation process is still in process on November 23, 2021.

2. Limit of the investment in Mainland Chinese:

Unit: In Thousands of New Taiwan Dollar/In Thousands of foreign currency

Company Name	The cumulative amount of investment remitted from Taiwan to the Mainland Chinese at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	(Note 1)	57,713(Note 3 and Note 4) (USD2,085)	3,302,288
AEWIN	46,129 (USD1,500)	55,360 (USD2,000)	695,976
Ace Pillar	141,694 (USD5,119)	141,694 (USD5,119)	1,231,856

(Note 1) Refers to the actual amount remitted by the Company and the amount approved by the Investment Commission, excluding the remitted amount of subsidiaries and their amount approved by the Investment Commission.

(Note 2) in accordance with the "Principles for Review of Investment or Technical Cooperation in Mainland China", the accumulated amount of investment in mainland China is limited to 60％ of the net worth or consolidated net worth, whichever is higher.

(Note 3) The Company's net investment amount after the cancellation of Dongguan Nippon Trading Co., Ltd. approved by the Investment Commission in August 2014.

(Note 4) Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

3. Material transactions with invested companies in the Mainland Chinese:

Please see the statement under the “Information on Significant Transactions” for the direct or indirect material transactions between the Company and the invested companies in the Mainland Chinese for the year ended December 31, 2021.

(IV)Information on Major Shareholders:

Unit: Share

Shares Name of Major Shareholder	Number of Shares Held	Shareholding Ratio
Qisda Co., Ltd.	51,609,986	45.00%
Gordias Investments Limited of British Virgin Islands Merchant	15,734,441	13.71%
Darly2 Venture, lnc.	9,175,109	8.00%
Hyllus Investments Limited of British Virgin Islands Merchant	8,559,818	7.46%

Note: This table displays the information of the shareholders who have delivered a total of more than 5% of the ordinary shares (including treasury stocks) of the Company without physical share registration until the final working day every quarter, as calculated by the central clearing company. The share capital indicated in the financial report of the Company may be different from the actual number of shares delivered without physical registration as a result of different preparation and calculation bases.

XIV. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2021.

DFI Inc.
Statement of Cash and Cash Equivalents
December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	
Petty cash and cash on hand		$	23
Demand deposits and check deposits			122,319
Foreign currency deposits (note)	USD: 4,277,000		118,375
	JPY: 2,000		1
	EUR: 3,000		95
	RMB: 12,000		53
		$	**240,866**

Note: Foreign currency deposits are converted at the spot exchange rate on December 31, 2021.
USD: NTD = 1: 27.68
EUR: NTD = 1: 31.444
JPY: NTD = 1: 0.2404
RMB: NTD = 1: 4.3454

DFI Inc.

Statement of Notes Receivable and Accounts Payable

December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Client Name	Amount
Client A	$ 46,237
Client B	26,012
Client C	21,382
Client D	20,692
Client E	17,120
Client F	16,764
Others(Note)	96,062
	244,269
Loss: Allowance for loss	-
	$ 244,269

Note: All below 5% of this account.

DFI Inc.

Statement of Other Receivables

December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Remark
Tax refunds of business tax receivable		$ 15,375	
Other receivables from related parties		6,539	
Others (all below 5%)		778	
		$ 22,692	

Note: All below 5% of this account.

Statement of Inventories

Item	Amount: Book value	Amount: Net realizable value	Remark
Raw materials	$ 890,009	1,725,915	Net realizable value
Work in progress	110,574	138,932	Net realizable value
Manufactured goods and commodities	73,239	88,934	Net realizable value
Goods in Transit	23,210	23,210	Net realizable value
Outsourced processing products	7,917	7,917	Net realizable value
	$ 1,104,949	1,984,908	

DFI Inc.

Statement of Prepayments and Other Current Assets

December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Input tax	$ 19,256
Prepaid expenses	10,514
Others(Note)	1,440
	$ 31,210

Note: All below 5% of this account.

DFI Inc.

Statements of Changes in Financial Assets At Fair Value Through Other Comprehensive Income - Non-Current

January 1 to December 31, 2021 **Unit: In Thousands of New Taiwan Dollars**

	Beginning		Increase		Decrease		Unrealized gain (loss) on financial assets at fair value through other comprehensive income	End of Period		Collateral or Pledge	Remark
Name	Number of Shares (in Thousand Shares)	Fair Value	Number of Shares (in Thousand Shares)	Amount	Number of Shares (in Thousand Shares)	Amount		Number of Shares (in Thousand Shares)	Fair Value		
Shares of OTC company - Aplex Technology Inc.	999	$ 29,920	-	-	-	-	11,339	999	41,259	-	

DFI Inc.

Statement of Changes in Investments Accounted for Using Equity Method

January 1 to December 31, 2021

Unit: In Thousands of New Taiwan Dollars

	Beginning Balance		Increase		Decrease for the period (Note 2)			Ending balance			Market value or net equity		
Name of investee business	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Equity method adjustment (Note 1)	Number of shares	Shareholding Ratio	Amount	Unit price (NT$)	Total	Collateral or Pledge
Diamond Flower Information (NL) B.V.	12,001	$ 69,147	-	-	-	-	6,315	12,001	100%	75,462	6,288.00	75,462	None
DFI America, LLC.	1,209,000	377,682	-	-	-	-	(170)	1,209,000	100%	377,512	165.13	199,638	None
DFI Co., Ltd.	6,200	318,628	-	-	-	-	(28,976)	6,200	100%	289,652	45,187.26	280,161	None
Yan Tong Technology Ltd.	6,000,000	173,358	-	-	-	-	8,215	6,000,000	100%	181,573	30.26	181,573	None
AEWIN	30,061,000	597,165	315,000	7,726	-	(18,224)	17,271	30,376,000	51.38%	603,938	30.50	926,468	None
Ace Pillar	37,676,000	714,293	16,282,069	507,636	-	(32,374)	(93,385)	53,958,069	48%	1,096,170	31.05	1,675,398	None
Brainstorm	-	-	233,000	501,582	-	-	33,439	233,000	35.09%	535,021	-	380,195	None
Loss: Deferred profit between associates		(53,289)		-		18,792	-			(34,497)			
		$ 2,196,984		1,016,944		(31,806)	(57,291)			3,124,831			

Note 1: Equity method adjusted as below:

Shares of profit (loss) of subsidiaries accounted for using the equity method	$ 143,637
Adjustment from exchange differences on translating the financial statements of foreign operations	(51,761)
Adjustment from unrealized gain (loss) on financial assets at fair value through other comprehensive income	205
Adjustment from remeasurements from defined benefit plans	456
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	(149,828)
	$ (57,291)

Note 2: The decrease for the period is due to the cash dividends obtained from the investee.

DFI Inc.

Statement of Other Non-Current Assets

December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Prepayments for equipment	$ 19,456
Others(Note)	4,141
	$ 23,597

Note: All below 5% of this account.

Statement of Short-term Borrowings

Category of borrowings	Description	Ending balance	Contract period	Financing facilities	Collaterals or guarantees (Promissory note)
Credit loans	Taipei Fubon Bank	$ 500,000	December 3, 2021-April 1, 2022	553,600	None
Credit loans	E.Sun Bank	200,000	December 10, 2021-January 1, 2022	300,000	None
		$ 700,000			

Note 1: The annual interest rate of the short-term borrowings listed above is 0.62% to 0.65%.

DFI Inc.

Statement of Accounts Payable

December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Name of vendor	Amount
Company A	$ 134,905
Company B	49,568
Company C	45,509
Others(Note)	464,102
	$ 694,084

Note: Accounts payable to individual manufacturers is below 5% of this account.

Statement of Other Payable

Item	Amount
Salaries and bonuses payable	$ 97,590
Employee compensation payable	53,437
Equipment payment payable	28,530
Others(Note)	89,639
	$ 269,196

Note: All below 5% of this account.

DFI Inc.

Statement of Other Current Liabilities

December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Received on behalf of others	$ 4,490

Statement of Lease Liabilities

December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Item	Lease Term	Discount rate	Ending balance
Buildings	2021.01~2031.03	1.1%~1.43%	$ 128,305
Current:			
Related party - Qisda			$ 13,482
Non-related party			$ 800
Non-current:			
Related party - Qisda			$ 113,483
Non-related party			$ 540

DFI Inc.

Statement of Long-term Borrowings

December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Creditor	Summary	Borrowings amount	Contract period	Collaterals or pledge
Taishin Bank		$ 500,000	2021.12~2022.01	None
KGI Bank		300,000	2021.12~2022.01	None
Yuanta Bank		500,000	2021.12~2022.01	None
Total		1,300,000		

Note: The annual interest rate of the long-term borrowings listed above is 0.94% to 0.99%.

DFI Inc.

Statement of Operating Cost

January 1 to December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Raw materials:	
In stock, beginning	$ 344,272
Plus: Materials purchased for the period, net	3,084,319
Less: Raw materials	964,028
Inventory obsolescence	1,423
Loss on inventories count	6,845
Raw materials sold	216,093
Raw materials used and others	9,243
Raw materials consumed for the period	2,230,959
Director labor	104,393
Manufacturing overhead	247,020
Manufacturing cost	2,582,372
Work-in-process, beginning	46,838
Outsourced processing, beginning	20,015
Outsourced processing costs	2,206
Less: Work-in-process, ending	110,574
Outsourced processing, ending	7,917
Obsolescence of work-in-process	77
Work-in-process cost	2,532,863
Finished goods, beginning	95,708
Plus: Purchases for the period, net	61,572
Less: Finished goods, ending	85,149
Obsolescence of finished goods	3,340
Semi-finished goods sold	24,497
Used by segments and others	21,247
Finished goods costs	2,555,910
Loss on inventory obsolescence and count	11,685
Raw materials sold and semi-finished goods costs	240,590
Inventory price loss	2,422
Revenue of scrap sold and reversal of warranty costs	(11,912)
Operating costs	**$ 2,798,695**

DFI Inc.

Statement of Selling and Marketing Expenses

January 1 to December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Salary	$ 116,980
Commission	16,774
Insurance expenses	12,648
Shipping expenses	12,493
Other expenses (Note)	28,690
	$ 187,585

Note: All below 5% of this account.

Statement of Management Expenses

Item	Amount
Salary	$ 69,680
Depreciation	13,699
Other expenses (Note)	59,425
	$ 142,804

Note: All below 5% of this account.

DFI Inc.

Statements of Research and Development Expenses

January 1 to December 31, 2021

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Salary	$ 178,421
Insurance expenses	14,575
Other expenses (Note)	75,184
	$ 268,180

Note: All below 5% of this account.

Please refer to Note 6 (II) of the parent company only financial statements for "Statement of Financial Assets Measured at Fair Value Through Profit or Loss - Current."

Please refer to Note 6 (IV) of the parent company only financial statements for "Statement of Financial Assets Measured at Amortized Cost - Current."

Please refer to Note 7 of the parent company only financial statements for "Accounts Receivable from Related Parties."

Please refer to Note 6 (IX) of the parent company only financial statements for information on "Statement of Changes in Property, Plant and Equipment."

Please refer to Note 6 (IX) of the parent company only financial statements for information on "Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment."

Please refer to Note 6 (X) of the parent company only financial statements for information on "Statement of Changes in Right-of-Use Assets."

Please refer to Note 6 (XI) of the parent company only financial statements for information on "Statement of Changes in Intangible Assets."

Please refer to Note 6 (XX) of the parent company only financial statements for information on "Statement of Contract Liabilities."

Please refer to Note 6 (XVII) of the parent company only financial statements for information on "Statement of Deferred Income Tax Assets."

Please refer to Note 7 of the parent company only financial statements for information on "Statement of Accounts Payables - Related Parties."

Please refer to Note 7 of the parent company only financial statements for information on "Statement of Other Payable - Related Parties."

Please refer to Note 6 (XV) of the parent company only financial statements for information on "Statement of Provisions."

Please refer to Note 6 (XVII) of the parent company only financial statements for information on "Statement of Deferred Income Tax Liabilities."

Please refer to Note 6 (XVI) of the parent company only financial statements for information on "Statement of Net Defined Benefit Liabilities."

Please refer to Note 6 (XX) of the parent company only financial statements for information on "Statement of Operating Revenue."

Please refer to Note 6 (XXII) of the parent company only financial statements for information on "Statement of Interest Income, Other Income, Other Gain and Loss And Financial Costs of Non-Operating Income and Expenses."