

Stock Code: 6259



BULL WILL CO., LTD

2021 Annual Report

Reference of the Annual Report, see website:

<https://mops.twse.com.tw>

<http://www.bullwill.com.tw>

May

25,

2022

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1. Spokesperson

Name: Wei-Chang Lo

Job Title: Chief Financial Officer

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Acting Spokesperson

Name: Li-Ju Hung

Job Title: Audit Supervisor

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2. Address and Telephone Number of Head Office

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Add: 1F., No. 95, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100

Tel: (02) 3393-0898

Web: <http://www.emega.com.tw>

4. Name, Firm Name, Address, Web Site and Telephone Number of the Cpa of the Most Recent Annual Financial Report

Names of CPA: Andrea Kuo, Jessie Young

CPA Firm: Moore Stephens DaHua (Taiwan) CPAs

Add: No. 36-9, Fuxing South Road, Sec. 1, Taipei 104

Tel: (02) 2321-7666

Web: <http://www.msdahua.com/>

5. Name of trading place where overseas marketable securities are listed for trading and how to obtain information about the overseas marketable securities: None

6. Company's Website: <http://www.bullwill.com.tw>

BULL WILL CO LTD

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Chapter 1. Report to Shareholders

In 2021, under the efforts of all colleagues, Bull Will was facing many challenges in the market environment, and continued to enhance competitiveness. In the magnetic components related application field, in addition to the business side of the active promotion and development, the cost control aspect of the company was also synchronous and was committed to improve the efficiency of the factory and reduced material loss. In 2021, the gross profit grew substantially. In addition, to expand its business scope, the company acquired the electronic distributor Trustbond Technology Corp in 2021 to contribute to the performance and profits of Bull Will and improve the overall performance. The operating results of 2021 are as follows:

The Company's revenue for 2021 was NT\$ 185,778 thousand, an increase of NT\$ 46,204 thousand, or 33.10%, compared to the revenue of NT\$ 139,574 thousand in 2020. For the consolidated revenue, the revenue in 2021 was NT\$ 371,182 thousand, an increase of NT\$ 183,678 thousand, or 97.96%, compared with the revenue in 2020 of NT\$ 187,504 thousand. The gross operating profit in 2021 was 51.47% higher than that in 2020. In 2021, the net profit after tax was NT\$ 532 thousand, which is NT\$ 7,689 thousand less than the net profit after tax of NT\$ 8,221 thousand in 2020, which is a decrease of about 93.53%. The main reason for the decrease in profit is that there is no non-operating income in 2021, such as receiving NT\$ 13,409 thousand of dividends from the investment in Thailand in 2020.

1. 2021 Annual Business Results

(1) Business Plan Implementation Results

*Individual Financial Report

Unit: NTD 1,000

| Account | 2021 Amount | 2020 Amount | % Increase or Decrease |
|---|-------------|-------------|------------------------|
| Operating Income | 185,778 | 139,574 | 33.10 |
| Operating cost | (164,244) | (106,203) | 54.65 |
| Realized (Unrealized) Gain from Sales | (18) | (1) | 1,700.00 |
| Operating Gross Profit | 21,516 | 33,370 | (35.52) |
| Operating Expenses | (42,370) | (43,211) | (1.95) |
| Operating Loss | (20,854) | (9,841) | 111.91 |
| Non-Operating Income Net (Loss) Income | 21,754 | 18,055 | 20.49 |
| Net Profit (Loss) Before Tax | 900 | 8,214 | (89.04) |
| Current Net Profit (Loss) | 532 | 8,221 | (93.53) |
| Other Comprehensive Income (After-Tax Net Amount) | (1,843) | (1,450) | (27.10) |
| Current Total Comprehensive Profit and Loss | (1,311) | 6,771 | (119.36) |

*Consolidated Financial Statements

Unit: NTD 1,000

| Account | 2021 Amount | 2020 Amount | % Increase or Decrease |
|---|-------------|-------------|------------------------|
| Operating Income | 371,182 | 187,504 | 97.96 |
| Operating cost | (299,953) | (140,479) | 113.52 |
| Operating Gross Profit | 71,229 | 47,025 | 51.47 |
| Operating Expenses | (67,773) | (57,421) | 18.03 |
| Operating Profit (Loss) | 3,456 | (10,396) | 133.24 |
| Non-Operating Income Net (Loss) Income | 4 | 18,510 | 99.98 |
| Net Profit (Loss) Before Tax | 3,460 | 8,114 | (57.36) |
| Profit and Loss of Suspended Operations | - | 154 | (100.00) |

| | | | |
|--|---------|---------|----------|
| Current Net Profit (Loss) | 2,092 | 8,221 | (74.55) |
| Other Comprehensive Income (After-Tax Net Amount) | (1,843) | (1,450) | (27.10) |
| Current Total Comprehensive Profit and Loss | 249 | 6,771 | (96.32) |
| Net Profit (Loss) Attributable to: Owners of the Parent Company | 532 | 8,221 | (93.53) |
| Net Profit (Loss) Attributable to: Non-Controlling Interests | 1,560 | -- | -- |
| Total Comprehensive Income Attributable to: Owners of the Parent Company | (1,311) | 6,771 | (119.36) |
| Total Comprehensive Income Attributable to: Non-Controlling Interests | 1,560 | -- | -- |

1. The consolidated operating revenue for 2021 was NT\$ 371,182 thousand, an increase of NT\$ 183,678 thousand from the consolidated operating revenue of NT\$ 187,504 thousand in 2020, mainly due to the incorporation of Trustbond's performance, which resulted in the Company's revenue increasing by 97.96% compared to last year.
2. In 2021, the consolidated operating profit was NT\$ 3,456 thousand, compared with the consolidated operating loss of NT\$ 10,396 thousand in 2020. The increase in operating profit was mainly due to the incorporation of Trustbond's performance and cost reduction, resulting in the overall profit increase.
3. In 2021, the net consolidated non-business income and expenditure was NT\$ 4 thousand, a decrease of NT\$ 18,506 thousand compared with the net consolidated non-business income and expenditure of NT\$ 18,510 thousand in 2020, mainly due to the dividend income of NT\$ 13,409 thousand from the investment in Thailand in 2020, the income of NT\$ 2,003 thousand from the court execution of customer's creditor's rights and the income of NT\$ 1,902 thousand from the sale of waste products, etc., but there was no such situation in 2021.

(2) Budget implementation: The Company does not need to announce the financial forecast in 2021.

(3) Financial income and profitability analysis

* Individual Financial Report

| Year | | | Financial Analysis | |
|---------------------|--|-----------------------|--------------------|----------|
| Analysis Items | | | 2021 | 2020 |
| Financial Structure | Debt to Assets Ratio (%) | | 28.29 | 30.91 |
| | Ratio of Long-term Capital to Fixed Assets (%) | | 12,330.74 | 9,689.89 |
| Profitability | Rate of Return on Assets (%) | | 0.28 | 2.59 |
| | Rate of Return on Shareholder Equity (%) | | 0.23 | 3.90 |
| | Proportion of Ratio of Paid-In Capital (%) | Operating Profit | (12.94) | (6.35) |
| | | Net Profit Before Tax | 0.56 | 5.30 |
| | Net Profit Margin (%) | | 0.29 | 5.89 |
| | After-Tax Earnings Per Share (\$) | | 0.03 | 0.53 |

*Consolidated Financial Statements

| Analysis Items | | Financial Analysis | |
|---------------------|--|-----------------------|----------|
| | | 2021 | 2020 |
| Financial Structure | Debt to Assets Ratio (%) | 33.10 | 25.98 |
| | Ratio of Long-term Capital to Fixed Assets (%) | 8,877.38 | 7,505.40 |
| Profitability | Rate of Return on Assets (%) | 0.71 | 3.02 |
| | Rate of Return on Shareholder Equity (%) | 0.84 | 3.90 |
| | Proportion of Ratio of Paid-In Capital (%) | Operating Profit | (6.70) |
| | | Net Profit Before Tax | 5.33 |
| | Net Profit Margin (%) | | 4.38 |
| | After-Tax Earnings Per Share (\$) | | 0.53 |

(4) Research and Development Status

Bull Will R&D unit continues to integrate the Company's engineering and technical resources, provide customized product design services as the goal, and continue to develop high reliability and high-performance PFC Chokes.

2. Summary of 2022 Business Plan

(1) Business guidelines

1. The Company has actively searched for strategic partners: To expand the business scope, the Company, guided by experts from the industry and securities underwriters, actively seeks alliance with companies in the same industry or different industries to enlarge the Company's business scope.
2. Considering the current financial status, the Company actively explores customers with millions-dollars sales potentials and develops non-Taiwanese clienteles to reduce business risk while boosting the added value and profits.
3. According to market trends and customer requirements, the Company has set up a factory in Guangdong to control the delivery date, quality, cost, and other performance targets. The Company also works on developing the production and self-manufacturing capacity of its self-designed products.
4. The Company spurs business growth according to the following logos symbolizing the Company's four key competitive advantages:
 - Comprehensive and complete product series for all domains of applications: Our products range from as small as SMD power inductors to as big as reactors providing tens of kilowatts and covering a wide range of frequency.
 - Fast research and development services: The research and development laboratory in Taiwan assists customers in developing new generation products, while the factories in mainland China produce samples and implement mass production.
 - Good employee stability at the production base: A high percentage of employees at the production base are local residents with a low turnover rate.
 - High cost-performance ratio-based product design: The Company rigorously controls the quality of the raw materials, establishes a strategic collaboration with core

vendors, and ensures that the R&D engineers are familiar with the performance indicators of various magnetic materials so they can choose the most suitable materials at the best prices.

(2) Expected sales quantity and the references:

1. Currently, the Company's primary products are electromagnetic wave suppression components and power-type magnetic components. These products are basic components that continuously provide stable revenue and gross margin with the growth of market and a stable customer base. This year, the Company will continue working on developing high-power, high-performance reactors made of composite materials, high-reliability power inductors for automobiles, and low-cost, high-performance PHD products.
2. To adapt to system vendors' and customers' moving of their factories to China and to develop the huge market there, the Company has set up production and sales and marking units in Boluo County in Huizhou, Guangdong to have easy access to the customers there for service and business development.
3. Based on the Company's competitive advantages, the current sales target is set based on the average monthly turnover and gross margin. with the implementation of a lean organization and reduction of unnecessary expenditures, the 2022 gross profit is expected to be higher than that of 2021's.

(3) Impact of market competition, the legal environment, and the overall business environment

The Company has been facing challenges of market competition and impacts of laws and regulations as well as the overall business environment ever since its foundation. Operating performance is indeed affected by external competitions and factors such as increasing labor cost in China, increasing raw material price, new laws and regulations imposed by authorities-in-charge of securities, domestic and international environmental protection regulations, and the dynamic and rapidly changing global business environment. To cope with these changes, the Company not only complies with new laws and regulations imposed by authorities-in-charge of securities and ensures its manufacturing environment, suppliers, and products are in compliance with domestic and international environmental protection regulations, we also strive to enforce cost control, improve the manufacturing process to increase efficiency, expand our capacity to lower th production cost, and closely monitor our customers' demands to better plan our purchase of raw materials, with the aim to increase the Company's overall competitiveness.

(4) Important production and sales policies and future company development strategies:

1. Maintaining the gross profit ratio is basically the primary consideration, and therefore, achieving comprehensive services and recognizing and introducing new machines are concrete measures for the operating department.
2. In terms of business development, the goal this year is continuous growth and better serving each customer.
3. In terms of cost saving, integration of the factories will help reduce costs and enhance efficiency. As a result, gross margin is expected to continuously increase.
4. For setting the operating target, it is based on the current average monthly turnover and gross profit ratio, enhance self-owned PHD product production and sales, escalate the operating target each quarter, put good effort in developing the business, and increase operating personnel's performance ratio and planning.

The management team and all the employees of the Company have a deep understanding of the ardent expectations of shareholders and the public on the company, and continue to actively implement the plan to increase revenue and reduce expenditure, and streamline the management and sales expenses; mainland factories will be integrated to save money and improve efficiency. In the future, the Company will work actively on enhancing operating efficiency, developing the Company's patented PHD products, adjusting product combination, and elevating the revenue and profits. In addition, the Company will also conduct more product research to increase BULL WILL's core competitiveness. Aside from improving product quality and production efficiency, the Company will look for strategic investors for shareholding to take advantage of their expertise and experiences for BULL WILL's technology development, production capacity expansion, brand distribution expansion while boosting the marginal effect of vertical or horizontal integration and increasing the Company's value and profitability. The Company believes that the employees' effort and collaboration will create the optimal value for its customers, shareholders, and employees.

Chairman of the Board:

CHANG CHIEH MIN

Manager:

LEE TAI HSIANG

Accounting Supervisor:

LO WEI CHANG

Chapter 2. Company Profile

1. Founding date: December 20th, 1993

2. Company History

- 1993 1. The founding of Bull Will Co., Ltd. in Taipei City with an initial capital of NT\$6,000,000. 2. The main business was general import and export.
- 1995 Distributor of electronic component products of North-West Electrical (NWE) Co., Ltd. and TAI-TECH Advanced Electronics Co., Ltd.
- 1996 Act as agent and distributor of electronic components products from JTS Corporation.
- 1995 Set up office in Dongguan, China.
Agency and seller of Niigata Seimitsu's electronic component products.
Authorized by Baoyong electric co., Ltd. to purchase for the IPO in Taiwan, and to act as agent and distributor of the company's electronic components products.
Cash increase of NT\$ 9 million, paid-in capital increase of NT\$ 15 million.
- 1998 Agency and seller of Fuji Electric Co., Ltd.'s electronic component products.
Authorized by Electric Research Industry CO LTD to purchase for the IPO in Taiwan.
Cash increase of NT\$ 15 million, paid-in capital increase of NT\$ 30 million.
- 1999 Agency and seller of Toho Zinc Co., Ltd., International L. L. Co., Ltd., and TOYO KAGAKU Inc.'s electronic component products.
- 2000 Authorized by NIIGATA SEIMITSU CO., LTD., KOWA KASEI Co., Ltd, and Toho Zinc Co., Ltd. to purchase for the IPO in Taiwan.
Authorized to sell electronic components products from Daxin Sankei CO LTD.
Raised nominal capital to NT\$100,000,000 and increased paid-in capital by cash to NT\$60,000,000 for expansion with an aim of sustainable development.
Purchased new office building on Ruiguang Road in Neihu as the company headquarter.
- 2001 Set up anechoic chamber.
Established R&D center.
Capital increased by retained earnings of NT\$20,070,000 and capital increased by cash of NT\$18,000,000, a total of capital increase of NT\$38,070,000, reaching a paid-in capital of NT\$98,070,000 after increase. An application was filed with SFI for a supplementary public listing and was granted in early July.
Set up Bull Will Co., Ltd. in Samoa.
- 2002 Invested in Bull Will Shanghai International Co. Ltd (China).
Capital increased by retained earnings of NT\$328,110,000, capital increased by capital surplus of NT\$98,700,000, and capital increased by cash of NT\$68,649,000, reaching a total paid-in capital of NT\$209,337,000 after increase.
Launched ERP online.

Established the wireless communications division and the optoelectronic communications division.

Added two independent directors and one independent supervisor in compliance with law.

- 2003
 - Re-invested to establish Ten Billion International (Stock) Company.
 - Re-invested in Lighthouse Technology Co., Ltd.
 - Listed on emerging market in September.
 - New business of distributing Magicstor micro drives.
 - Business addition: act as agent and distributor of MStar LCD control IC.
 - Business addition: act as agent of PARTSNIC TV TUNER.
 - New business of distributing Enterasys networking equipment
 - Capital increased by retained earnings of NT\$23,889,050, reaching a total paid-in capital of NT\$233,226,050 after increase.
 - Re-invested in G-Plus.
 - Issued employee stock options of 2,000,000 shares.
- 2004
 - New business of distributing Gamma semiconductor-related products
 - Re-invested in setting up Japan Bull Will Corporation
 - The first domestic issuance of unsecured convertible bonds of a total value of NT\$280,000,000 in July.
 - Capital increased by retained earnings of NT\$29,907,820, and the first domestic convertible bonds converted to common shares of NT\$1,198,330, reaching a total paid-in capital of NT\$264,332,200 after increase.
- 2005
 - Reinvested in setting up FLEXium Interconnect, Inc.
 - New business of distributing Hauppauge TV tuner in Japan and Taiwan.
 - Issued employee stock options of 1,847,000 shares.
- 2006
 - Dissolved Ten Billion International (Stock) Company.
 - Dissolution of FLEXium Interconnect, Inc.
 - Invested in JiaPeng Electronics CO LTD; expanded to the electronic toy market.
 - Sold 82% of shares of Japan Bull Will Corporation.
 - Set up Bull Will International Co., Ltd.
 - Set up Huizhou Jun Chao Electronic Co., Ltd.
- 2007
 - Completed the 2006 private equity capital increase of 15,000 shares with 100% subscription.
 - Treasury stock of 2,369,000 shares transferred to employees.
 - Completed private offering and capital increased by cash in June, issued 12,500,000 new shares in August.
 - Issued employee stock options of 5,396,000 shares.
- 2008
 - Sold 8th floor offices in the company building.
 - Applied for capital reduction to cover the loss of NT\$ 111,226,190.
- 2009
 - Completed private offering and capital increased by cash in July and October.
 - Issued 15,700,000 new shares.

Liquidated BULL WILL Co., Ltd. And BULL WILL (Shanghai) International Trade Co., Ltd.

Employees exercised stock options in Q4. Issued 1,553,000 new shares.

- 2010

Completed private offering and capital increased by cash in June, issued 5,400,000 new shares.
Employees exercised stock options. Issued 1,931,000 new shares.
Set up Dongguan Zhao Kang Electronic Co., Ltd.
Set up Huizhou Bullwill Electronic Co., Ltd.
- 2011

Issued employee stock options of 6,900,000 shares.
Set up R&D Office.
Set up BULL WILL (Hubei) Electronics Co., Ltd.
Set up Huizhou Bai Qin Electronics Co., Ltd.
Employees exercised stock options. Issued 855,500 new shares.
Set up Remuneration Committee.
- 2012

Acquired 55% of shares of Baixin Hetai Investment Co., Ltd. and set up Huizhou Baixin Hetai Electronics Co., Ltd., of which Detai Electronics Co., Ltd. in Changde, Hunan is in holding.
TipTop ERP system roll-out.
Reduced capital to make up for losses of NT\$218,110,000.
Dissolution of BULL WILL (Hubei) Electronics Co., Ltd.
- 2013

Invested in Dongguan Peibo Electronic Co., Ltd.
- 2014

Employees exercised stock options. Issued 2,574,500 new shares.
Disposal of the 66.25% shares of Dongguan Zhao Kang Electronic Co., Ltd.
Disposal of the 55% of shares of Baixin Hetai Investment Co., Ltd. and Detai Electronics Co., Ltd. in Changde, Hunan in its holding.
The second domestic issuance of secured convertible bonds of a total value of NT\$250,000,000 and capital increased by cash of NT\$50,000,000.
The second domestic secured convertible bonds converted to common shares, resulting in the issuance of a total of 9,859,020 new shares.
Capital increased by cash and issuance of 5,000,000 new shares.
- 2015

Employees exercised stock options. Issued 464,500 new shares.
Issued employee stock options of 6,550,000 shares.
The second domestic secured convertible bonds converted to common shares, resulting in the issuance of a total of 6,919,433 new shares.
Set up overseas joint venture subsidiary VISCO and invested in SIGCUS USA INC.
Disposed of Silpak Investment Co. Ltd. 23.75% equity.
- 2016

Liquidation and closure of Huizhou Bai Qin Electronics Co., Ltd.
- 2017

Completed private offering and capital increased by cash. Issued 38,400,000 new shares.

- 2018 Invested in BULL WILL TRADING (S) PTE. LTD. 48.95%.
- 2019 Issued employee stock options of 9,000,000 shares.
Disposed of the group to reinvest in the company's equity of Visco International Co., Ltd.
- 2020 Disposed of BULL WILL TRADING (S) PTE. LTD. 18.95%.
Applied for capital reduction to cover the loss of NT\$ 958,292,240.
- 2021 Employees exercised stock options. Issued 2,104,000 new shares.
Develop new business to acquire 100% equity of Trustbond Technology Corp by installments in cash.
- 2022 Employees exercised stock options. Issued 906,000 new shares.
(January to March)

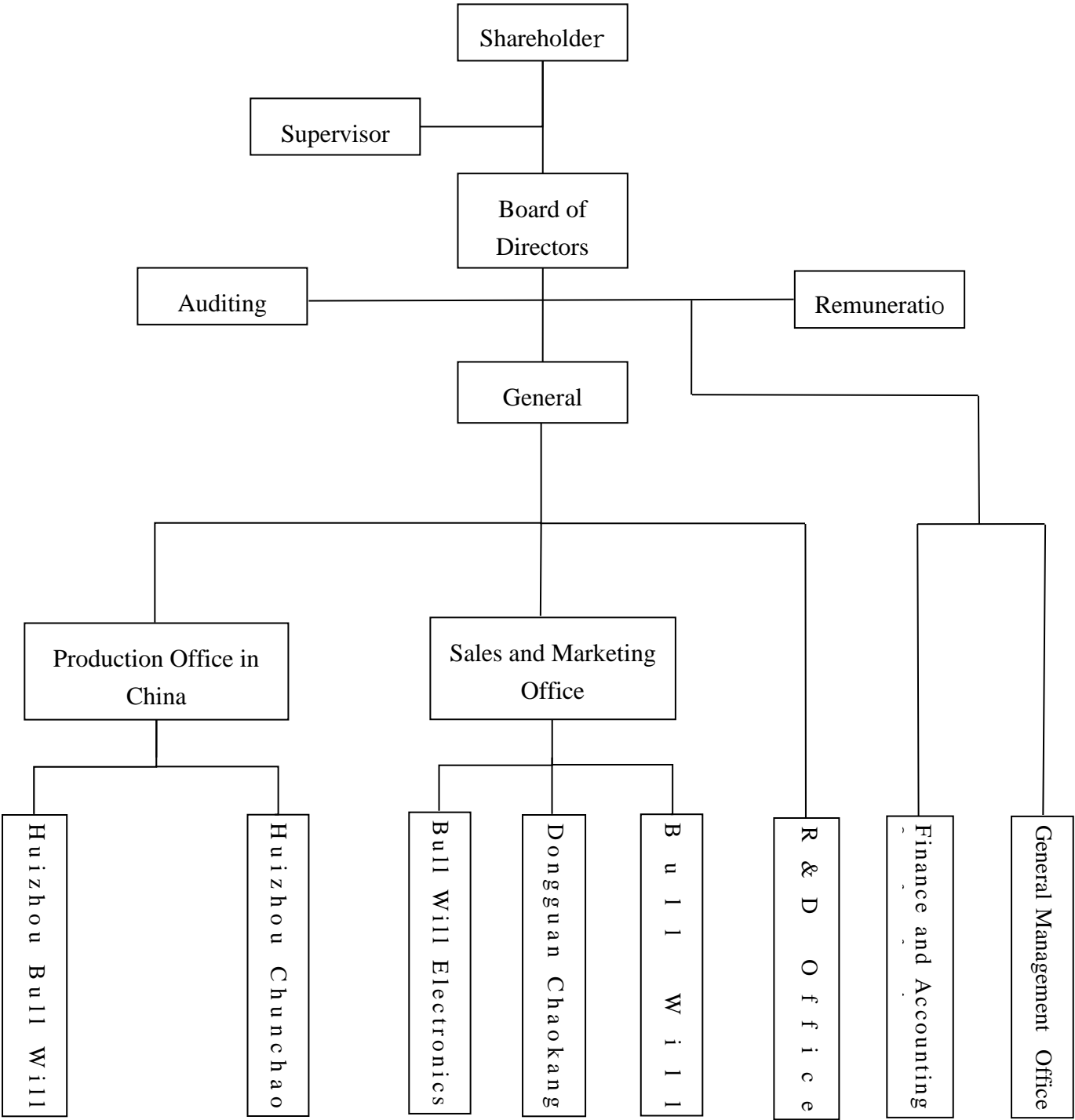
Chapter 3. Corporate Governance Report

1. Organization System

(1) Organizational Structure of the Company

Bull Will Group

Organizational Structure Chart



(2) Businesses of Major Departments:

| Name | Main Duties |
|---|---|
| Remuneration Committee | Periodically evaluate and review the remuneration of the directors, supervisors, and managers. Establish and periodically revise compensation policies, system, standards, and structure. Periodically review and revise procedures for Remuneration Committee. |
| Chairperson's Office | Group business development, business planning, and overseeing policy implementation. |
| General Manager | Overseeing company affairs and establishing policies. |
| Auditing Office | Setting up, revising, and reviewing the internal audit system. Audit company operations. Examine and evaluate the integrity and effectiveness of the internal audit system. |
| Production Office in China | Coordinate the Group's production policies and supply chain management in China and monitor the implementation. |
| Sales and Marketing Office | Coordinate the development of standardized electronic components and custom-made magnetic components. |
| Finance and Accounting Office | Coordinate the management and implementation of finance, accounting, and stock related affairs. |
| General Management Office | Coordinate the management and implementation of human resource, management, and information related affairs. |
| R&D Office | Coordinate the management and implementation of product technical support, independent R&D related affairs. |
| Bull Will Electronics | Other distribution business development and planning. |
| Dongguan Zhao Kang Electronic Co., Ltd. | Other distribution business development and planning. |
| Huizhou Jun Chao Electronic Co., Ltd. | Production and processing. |
| Huizhou Bull Will Electronics | Responsible for production and processing and business development and planning. |

2. Information on the Directors, Supervisors, General Managers, Deputy General Managers, Associate Managers, and Heads of Departments and Branches

(1) Information of Directors and Supervisors

Information of Directors and Supervisors (1)

April 26th, 2022; Unit: Shares

| Job Title | Nationality or Domicile | Name | Gender Age | Elected (Appointed) Date | Term of Office | First Appointment Date | When Elected Shares Held | | Currently Shares Held | | Current Shares Held by Spouses and Minor Children | | Shares Held in the Name of Other Persons | | Background and Experience | Currently Serving Posts in the Company and Other Companies | Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors | | | Note (Note 2) |
|-----------|-------------------------|---|------------|--------------------------|----------------|------------------------|--------------------------|-------------------------|-----------------------|-------------------------|---|-------------------------|--|-------------------------|---------------------------|--|---|------|--------------|---------------|
| | | | | | | | Shares | Shareholding Percentage | Shares | Shareholding Percentage | Shares | Shareholding Percentage | Shares | Shareholding Percentage | | | Job Title | Name | Relationship | |
| Director | Singapore | Representative Entrusted in Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD: | | June 27, 2019 | 3 years | 96.06 | 17,340,177 | 15.57% | 2,666,474 | 14.40% | 0 | 0.00% | 0 | 0.00% | -- | -- | None | None | None | None |

| | | | | | | | | | | | | | | | | | | | | |
|----------|---------------|--------------------|------------------------|---------------|---------|--------|---|-------|---------|-------|---|-------|---|-------|--|--|------------------|------------------|------------------|------|
| | | CHANG CHIEH MIN | Male 61-70 years old | June 27, 2019 | 3 years | 106.11 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Graduated from Law Department of National Taiwan University; Chief of Department of Credit Management, PROTON Electronic Industrial Co., Ltd.; Assistant Manager, Wealth Management Department, Standard Chartered | Chairperson of the Board | N o n e | N o n e | N o n e | None |
| | | Si-hui Wu (Note 1) | Female 21-30 years old | 110.10.05 | 3 years | 110.10 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Executive Director and Vice President, Business Development and Marketing, Serial System | Executive Director and Vice President, Business Development and Marketing, Serial System | N o n e | N o n e | N o n e | None |
| | | GOH SUE TENG | Male 41-50 years old | June 27, 2019 | 3 years | 99.08 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | BEng Nanyang Technological University, Singapore; Vice President of Serial System Investment Co., Ltd.; Director of Serial Microelectronics Limited and its subsidiaries; Director of Serial Multimedia Co. Ltd. | Executive Director and Operating Director of Serial System | N o n e | N o n e | N o n e | None |
| Director | Taiwan R.O.C. | Chin-Tai Cho | Male 71-80 years old | June 18, 2020 | 3 years | 109.06 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Master, Chinese Literature, Huafan University; Chairman of the Board, Xiangde Industry CO LTD; General Manager, Jinchen Enterprise CO LTD | Honorary President, National Jinhua Trade Tendon Health Association | N o n e | N o n e | N o n e | None |
| Director | Taiwan R.O.C. | Lo Wei-chang | Male 41-50 years old | June 27, 2019 | 3 years | 102.06 | 0 | 0.00% | 150,000 | 0.81% | 0 | 0.00% | 0 | 0.00% | Graduated from Accounting Department, Soochow University; KPMG Taiwan | CFO of the Company | N o n e | N o n e | N o n e | None |

| | | | | | | | | | | | | | | | | | | | | |
|----------------------|---------------|-----------------|----------------------|---------------|---------|--------|-----------|-------|---------|-------|----|-------|---|-------|--|--|------------------|------------------|------------------|------|
| Independent Director | Taiwan R.O.C. | CHAN HUO LIEN | Male 71-80 years old | June 27, 2019 | 3 years | 103.06 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Taichung Municipal Taichung First Senior High School; Deputy General Manager of Fu Burg Industrial Co., Ltd.; Chairperson of Yong-Yi Machinery; General Manager of TCT Construction; Managing Director of Davinci Furniture; Sales Manager of Kimberly-Clark Taiwan. | Consultant, Novena Holdings | N o n e | N o n e | N o n e | None |
| Independent Director | Taiwan R.O.C. | Li Hsi-yan | Male 61-70 years old | June 27, 2019 | 3 years | 107.06 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | SANNO UNIVERSITY, Japan; General Manager, Chia-Ho Metal Industrial Co., Ltd.; President, Junior Chamber International TAIPEI (1994); Founding president, Formosa Lions Club; Director, the Manufactures United General Association Of Industrial Park of R.O.C | General Manager, Chia-Ho Metal Industrial Co., Ltd.; Representative, Jiaqing Stainless Steel Industry Co. Ltd. | N o n e | N o n e | N o n e | None |
| Supervisor | Singapore | Huang Ko-kun | Male 51-60 years old | June 27, 2019 | 3 years | 96.06 | 1,926,686 | 1.73% | 268,353 | 1.45% | 0 | 0.00% | 0 | 0.00% | CFO of Serial System Ltd.; BAcct., Nanyang Technology University | Group Secretary, Serial System Ltd. | N o n e | N o n e | N o n e | None |
| Supervisor | Taiwan R.O.C. | Chien Chih-lang | Male 71-80 years old | June 27, 2019 | 3 years | 95.06 | 136,244 | 0.12% | 19,720 | 0.11% | 41 | 0.00% | 0 | 0.00% | Chairperson of Tong-Ying Constructions; Director of China Century Venture Capital | Chairman of the Board, Changhua Investment Development Co., Ltd. | N o n e | N o n e | N o n e | |

The above table shows data as of the date of book closure; the shareholding ratio is calculated based on 18,517,206.
Note 1: New appointment on October 5, 2021; note 2: refers to the situation that the chairman of the board and the general manager are the same person, spouses, or relatives.

| Name of Judicial Person Shareholders | Substantial Shareholders of Judicial Shareholders |
|--|---|
| Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD | 1. GOH BAK HENG 40.43% 2. GOI SENG HUI 16.31% 3. RAFFLES NOMINEES(PTE) LIMITED 4.26% 4. HO YUNG 2.72% 5. GOH TIONG YONG 2.32% 6. DBS NOMINEES PTE LTD 2.22% 7. UNITED OVERSEAS BANK NOMINEES PL 1.38% 8. CHIN YEOW HON 1.22% 9. KIM SANG YEOL 1.09% 10. YU JIE 0.96% |

Information of Directors and Supervisors (2)

1. Disclosure of professional qualifications of directors and supervisors and independence information of independent directors:

| Conditions Name | Professional Qualifications and Experience (Note 1) | Affairs Regarding Article 30 of the Company Act | Status of Independence (Note 2) | Number of Concurrent Independent Directors of Other Publicly Issued Companies |
|--|---|---|---------------------------------|---|
| Legal Representative of Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD: CHANG CHIEH MIN | 1. Experience in commercial and banking business. 2. Deputy Chief of Department of Credit Management, PROTON Electronic Industrial Co., Ltd.; Assistant Manager, Wealth Management Department, Standard Chartered, Chairman of the Board of the Company. | None | -- | None |
| Legal Representative of Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD: Si-hui Wu (Note 3) | 1. Experience in commercial business. 2. Executive Director and Vice President, Business Development and Marketing, Serial System. | None | -- | None |
| Legal Representative of Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD: GOH SUE TENG | 1. Experience in commercial business. 2. Executive Director and Operating Director of Serial System. | None | -- | None |

| | | | | |
|---------------|--|------|---|------|
| Chin-Tai Cho | 1. Experience in commercial business. 2. Chairman of the Board, Xiangde Industry CO LTD; General Manager, Jinchen Enterprise CO LTD; Honorary President, National Jinhua Trade Tendon Health Association. | None | -- | None |
| Lo Wei-chang | 1. Experience in finance and accounting business. 2. Leader group, KPMG Taiwan, CFO of the Company. | None | -- | None |
| Chan Huo-lien | 1. Experience in commercial business. 2. Deputy General Manager of Fu Burg Industrial Co., Ltd.; Chairperson of Yong-Yi Machinery; General Manager of TCT Construction; Managing Director of Davinci Furniture; Sales Manager of Kimberly-Clark Taiwan., Consultant, Novena Holdings. | None | Is an independent director, conforming to the conditions of independence, including but not limited to himself/herself, his/her spouse, second degree of kinship and other relatives are not directors, supervisors or employees of the Company or its affiliated enterprises; not holding shares of the company; not acting as a director, supervisor or employee of a company having a particular relationship with the Company; not the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the recent 2 years. | None |

| | | | | |
|-----------------|---|------|---|------|
| Li Hsi-yan | 1. Experience in commercial business. 2. General Manager of Chia-Ho Metal Industrial Co., Ltd.; President of Junior Chamber International Taiwan, 1994; Founding president, Taipei Formosa Lions Club; Director of The Manufactures United General Association Of Industrial Park Of R.O.C; Representative of Chia-Ching Stainless Steel Co., Ltd. | None | Is an independent director, conforming to the conditions of independence, including but not limited to himself/herself, his/her spouse, second degree of kinship and other relatives are not directors, supervisors or employees of the Company or its affiliated enterprises; not holding shares of the company; not acting as a director, supervisor or employee of a company having a particular relationship with the Company; not the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the recent 2 years. | None |
| Huang Ko-kun | 1. Experience in finance and accounting and have passed the accounting examination to obtain a certificate. 2. CFO of Serial System Ltd.; Group Secretary, Serial System Ltd. | None | -- | None |
| Chien Chih-lang | 1. Experience in commercial business. 2. Chairperson of Tong-Ying Constructions; Director of China Century Venture Capital; Chairman of the Board, Changhua Investment Development Co., Ltd. | None | -- | None |

Note 1: Professional qualifications and experience: State the professional qualifications and experience of the individual directors and supervisors or, if they are members of the Audit Committee and have expertise in accounting or finance, their accounting or financial background and work experience, and whether or not they are not subject to Article 30 of the Company Act.

Note 2: The independent director shall state the circumstances conforming to his/her independence, including but

not limited to whether he/she, his/her spouse or his/her second degree of kinship are directors, supervisors or employees of the Company or its related enterprises; the number and proportion of shares held by oneself, spouse or second degree of kinship (or in the name of others); whether to serve as a director, supervisor or employee of a company that has a special relationship with the Company (refer to the provisions of Article 3, Item 1, Subparagraphs 5~8 of the measures for setting up independent directors of publicly owned corporation); the amount of remuneration obtained in the last 2 years for providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises.

Note 3: Newly-appointed on October 5, 2021.

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the board of directors: State the policy, goal and achievement of diversity of the board of directors. The diversity policy includes, but is not limited to, the selection criteria for directors, the professional qualifications and experience of the board of directors, the composition or proportion of gender, age, nationality and culture, etc., and the specific objectives of the company and their achievement are stated as follows:

The current directors of the Company consist of seven directors, of whom two are independent directors and five are non-independent directors, including one female director. The directors all have relevant industry, business and extensive accounting, finance and other majors. The directors have an understanding of the company and its industries and can effectively supervise the operation of the company. The directors can develop different expertise in various fields.

| Diversified Core Projects Directors | Basic Composition | | | | | Industry Experience | | Professional Competence | | |
|--|-------------------|--------|-----------------|---|---|------------------------|----------|-------------------------|------------|-----|
| | Nationality | Gender | Age | Concurrent Employee of the Company | Term of Office of an Independent Director | Banking | Business | Finance | Accounting | Law |
| CHANG CHIEH MIN (Note 1) | Republic of China | Male | 61-70 years old | V | | V | V | | | V |
| Si-hui Wu (Note 1) | Singapore | Female | 21-30 years old | | | | V | | | |
| GOH SUE TENG (Note 1) | Singapore | Male | 41-50 years old | | | | V | | | |
| Chin-Tai Cho | Republic of China | Male | 71-80 years old | | | | V | | | |
| LO WEI CHANG | Republic of China | Male | 41-50 years old | V | | | V | V | V | |
| CHAN HUO LIEN | Republic of China | Male | 71-80 years old | | 9 | | V | | | |
| LEE SHI YANG | Republic of China | Male | 61-70 years old | | 3 | | V | | | |

Note 1: Legal (Judicial) Person Representative for Serial System Ltd.

(2) Independence of the board of directors: State the number and proportion of independent directors, explain the independence of the board of directors, and provide reasons whether there are no Items 3 and 4 of Article 26-3 of the Securities and Exchange Act, including the circumstances where there is a spouse or second degree of kinship between directors, supervisors or directors and supervisors as follows:

The board of directors of the Company guides the strategy of the company, supervises the management level and is responsible to the company and shareholders. The board of directors shall exercise its powers and functions in accordance with laws, Articles of Association and resolutions of the shareholders' meeting in respect of all operations and arrangements concerning the corporate governance system. The board of directors of the Company emphasizes the function of independent operation and transparency. Directors and independent directors are independent individuals and exercise their powers independently. The two independent directors also observe the relevant laws and regulations, review the control of the company's existing or potential risks, and supervise the effective implementation of the company's internal control, the appointment of certified accountants, the independence and the preparation of financial statements, nor was there any violation of Article 30 of the Company Act or Article 26 of the Securities and Exchange Act (Items 3 and 4) to protect the rights and interests of shareholders and maintain their independence.

The Company established a board of directors' performance evaluation system in 2020 and performs internal self-evaluation of the board of directors and self-evaluation of board members once a year, the evaluation items include:

- a. Degree of participation in the company's operation.
- b. Enhance the quality of decision-making of the Board of Directors.
- c. Composition and structure of the Board of Directors.
- d. Election and continuous development of Directors.
- e. Internal controls.

Self-assessment of the members of the board of directors, including:

- a. The grasp of the Company's goals and missions;
- b. Recognition of Directors' duties;
- c. Degree of participation in the company's operation.
- d. Management of internal relationship and communication;
- e. Professional and continuing education of Directors.
- f. Internal controls.

The above results will be disclosed in the Company's annual report and official website after being submitted to the board of directors.

(2) Basic Information and Shareholding Status on the General Managers, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches

April 26, 2022

| Title | Nationality | Name | Gender | Elected (Appointed) Date | Shares Held | | Spouses and Minor Children Shares Held | | Shares Held in the Name of Other Persons | | Background and Experience | Currently Serving Posts in Other Companies | Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors | | | Note (Note 1) |
|--|-------------------|----------------|--------|--------------------------|-------------|-------------------------|--|-------------------------|--|-------------------------|---|--|---|------|--------------|---------------|
| | | | | | Shares | Shareholding Percentage | Shares | Shareholding Percentage | Shares | Shareholding Percentage | | | Title | Name | Relationship | |
| General Manager | Taiwan R.O.C. | Li, Tai-hsiang | Male | 2015.12.27 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Graduated from Department of Applied Physics, Chung Yuan Christian University; Vice President of SHUTTLE Inc.; Factory Director of Lite-On Technology Co., Ltd. | None | None | None | None | None |
| Deputy Manager of Department of Finance and Accounting | Republic of China | LO WEI CHANG | Male | 2011.06.01 | 150,000 | 0.81% | 0 | 0.00% | 0 | 0.00% | Graduated from Accounting Department, Soochow University; KPMG Taiwan | None | None | None | None | None |

Note: The above table is the data of closing date.

Note 1: Refers to the situation that the chairman of the board and the general manager are the same person, spouses, or relatives.

(3) If the Chairman of the Board and the general manager or their equivalent (the top manager) are the same person, spouse or first-degree relative, the reasons, reasonableness, necessity, and corresponding measures shall be explained: None.

3. Remuneration of Directors, Supervisors, General Manager and Deputy General Managers

(1) Remuneration of Directors, Supervisors, General Manager and Deputy General Managers

(1) Remuneration of Directors (including Independent Directors)

December 31, 2021 Unit: NT\$1,000

| Job Title | Name | Remuneration of Directors | | | | | | | | Percentage of Total Net Profit After Tax of A, B, C, and D | | Remuneration Paid to Part-Time Employees | | | | | | | | Percentage of Total Net Profit After Tax of A, B, C, D, E, F, and G | | Receive Reinvestment From Outside the Subsidiary Business or Parent Company Remuneration |
|---|--------------|---------------------------|---|--------------|---|-----------------------|---|-------------------------|---|--|--|--|--|--------------------------|---|---------------------------|--------------|--|--------------|---|---|--|
| | | Remuneration (A) | | Pensions (B) | | Director Compensation | | Business Allowances (D) | | | | Salary, Bonus and Special Expenses (E) | | Pensions (B) (F)(Note 4) | | Employee Compensation (G) | | | | | | |
| | | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | The Company | Companies in the Consolidated Financial Statements | The Company | Companies in the Consolidated Financial Statements | The Company | All the Companies in the Financial Report | The Company | | Companies in the Consolidated Financial Statements | | The Company | All the Companies in the Financial Report | |
| Cash amount | Stock Amount | | | | | | | | | | | | | | | Cash amount | Stock Amount | Stock Amount | Stock Amount | | | |
| Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD Representative | | 0 | 0 | 0 | 0 | 9 | 9 | 0 | 0 | 1.69% | 1.69% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1.69% | 1.69% | None |
| Chairman of the | CHANG CHIEH | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 35 | 6.57% | 6.57% | 1,387 | 1,387 | 0 | 0 | 3 | 0 | 3 | 0 | 267.35% | 267.35% | None |

| | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------|------------------------|-----|-----|----|----|----|----|----|----|--------|--------|-------|-------|----|----|----|----|----|----|---------|---------|------|
| Board (Note 1) | MIN | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Director (Note 1 and Note 2) | WU MU HSING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | None |
| Director (Note 1 and Note 3) | Si-hui Wu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | None |
| Director (Note 1) | GOH SUE TENG | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | None |
| Director | Chin- Tai Cho | 150 | 150 | 0 | 0 | 3 | 3 | 35 | 35 | 35.27% | 35.27% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35.27% | 35.27% | None |
| Director | LO WEI CHAN G | 150 | 150 | 0 | 0 | 3 | 3 | 35 | 35 | 35.27% | 35.27% | 2,284 | 2,284 | 97 | 97 | 5 | 0 | 5 | 0 | 482.93% | 482.93% | None |
| Independent Director | CHAN HUO LIEN | 150 | 150 | 0 | 0 | 3 | 3 | 30 | 30 | 34.33% | 34.33% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 34.33% | 34.33% | None |
| Independent Director | LEE SHI YANG | 150 | 150 | 0 | 0 | 3 | 3 | 40 | 40 | 36.21% | 36.21% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36.21% | 36.21% | None |

1. Please state the remuneration payment policy, system, standard and structure of independent directors, and the correlation between the remuneration amount and the responsibility, risk, investment time and other factors; according to the Articles of Association of the Company, if the company makes profits in the year, the board of directors shall decide to allocate no more than 5% as the remuneration for the director, and the remuneration shall be based on the annual individual attendance rate and performance evaluation results of the directors.

2. Remuneration received by directors of the company for services rendered in the most recent year (e.g., as consultants to the parent company/to all companies listed in the financial reports/to reinvestments other than employees) other than as disclosed in the table above: None.

Note 1: the legal representative of Serial System LTD.

Note 2: Resigned on October 5, 2021.

Note 3: Newly-appointed on October 5, 2021.

Note 4: The amount of the provision for the expensed retirement pension.

(2) Remuneration to Directors

December 31, 2021 Unit: NT\$1,000

| Title | Name | Remuneration of Supervisor | | | | | | Percentage of net profit after tax of A, B, and C | | Receive Reinvestment From Outside the Subsidiary Or the Parent Company's Remuneration |
|------------|-----------------|----------------------------|---|------------------|---|-------------------------|---|---|---|---|
| | | Remuneration (A) | | Compensation (B) | | Business Allowances (C) | | | | |
| | | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | |
| Supervisor | WUI HECK KOON | 100 | 100 | 3 | 3 | 0 | 0 | 19.32% | 19.32% | None |
| Supervisor | CHIEN CHIH LANG | 100 | 100 | 3 | 3 | 20 | 20 | 23.08% | 23.08% | None |

(3) Remuneration of General Manager and Deputy General Manager

December 31, 2021 Unit: NT\$1,000

| Title | Name | Salary (A) | | Pensions (B) (Note) | | Bonuses and Special Expenses (C) | | Employee Compensation Amount (D) | | | | Percentage of Net Profit After Tax of A, B, C, and D (%) | | Receive Reinvestment From Outside the Subsidiary Or the Parent Company's Remuneration |
|-----------------|----------------|-------------|---|---------------------|---|----------------------------------|---|----------------------------------|--------------|---|--------------|--|---|---|
| | | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | The Company | | All the Companies in the Financial Report | | The Company | All the Companies in the Financial Report | |
| | | | | | | | | Cash amount | Stock Amount | Cash amount | Stock Amount | | | |
| General Manager | Lee Tai Hsiang | 1,661 | 1,661 | 80 | 80 | 0 | 0 | 4 | 0 | 4 | 0 | 327.39% | 327.39% | None |

Note: the amount of the provision for the expensed retirement pension.

(4) Remuneration of the Top Five Emoluments to the Directors

December 31, 2021 Unit: NT\$1,000

| Title | Name | Salary (A) | | Pensions (B) (Note) | | Bonuses and Special Expenses (C) | | Employee Compensation Amount (D) | | | | Percentage of Net Profit After Tax of A, B, C, and D (%) | | Receive Reinvestment From Outside the Subsidiary Or the Parent Company's Remuneration |
|---|-----------------|-------------|---|---------------------|---|----------------------------------|---|----------------------------------|--------------|---|--------------|--|---|---|
| | | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | The Company | All the Companies in the Financial Report | The Company | | All the Companies in the Financial Report | | The Company | All the Companies in the Financial Report | |
| | | | | | | | | Cash amount | Stock Amount | Cash amount | Stock Amount | | | |
| Chairman of the Board | CHANG CHIEH MIN | 1,387 | 1,387 | 0 | 0 | 0 | 0 | 3 | 0 | 3 | 0 | 260.79% | 260.79 | None |
| General Manager | Lee Tai Hsiang | 1,661 | 1,661 | 80 | 80 | 0 | 0 | 4 | 0 | 4 | 0 | 327.39% | 327.39% | None |
| Assistant Manager of General Management Office (Note 1) | CHOU YING CHUN | 1,254 | 1,254 | 73 | 73 | -- | -- | 0 | 0 | -- | -- | 248.97 | 248.97 | None |
| Assistant Manager, Accounting Department | LO WEI CHANG | 2,284 | 2,284 | 97 | 97 | 0 | 0 | 5 | 0 | 5 | 0 | 447.65% | 447.65% | None |

Note: the amount of the provision for the expensed retirement pension; Note 1: Terminated on March 29, 2022.

(5) Name and Status of the Managers Who Apportioned Employee Remuneration

| December 31, 2021 | | | | Unit: NT\$1,000 | | |
|-------------------|---|-----------------|--------------|-----------------|--------------|--|
| | Title | Name | Stock Amount | Cash amount | Total amount | Percentage of Net Profit After Tax (%) |
| Manager | Chairman of the Board | CHANG CHIEH MIN | 0 | 12 | 12 | 2.25% |
| | General Manager | Lee Tai Hsiang | | | | |
| | Assistant Manager of General Management Office (Note 1) | CHOU YING CHUN | | | | |
| | Assistant Manager of Department of Finance and Accounting | LO WEI CHANG | | | | |

Note 1: Terminated on March 29, 2022.

(2) Respectively compare the Company and all the companies in the consolidated statements in most recent biennium who have paid the company directors, supervisors, general manager, and deputy general manager of the total remuneration of individuals, or individual financial reports of after-tax profit ratio analysis, and indicating the payment of remuneration policy, standard and combination, establish compensation procedures, operating performance and future risk of relevance.

1. Analysis of the total amount of remuneration paid by the Company to the Directors, Supervisors, General Manager, and Deputy General Managers of the company as a percentage of net profit after tax as below.

| Title | 2021 Percentage of individual Net Profit After Tax (%) | | 2020 Percentage of Annual Total Remuneration to After-tax Net Income of Individuals (%) | |
|--|--|--|---|--|
| | The Company | Companies in the Consolidated financial statements | The Company | Companies in the Consolidated financial statements |
| Directors | 857.78 | 857.78 | 55.05 | 55.05 |
| Supervisor | 42.40 | 42.40 | 3.40 | 3.40 |
| General Manager and Deputy General Manager | 327.39 | 327.39 | 20.65 | 20.65 |

2. Policies, standards and combination for the payment of remuneration, and the relevance of procedures for determining remuneration to business performance and future risks:

Explanation: The remuneration of directors and executive expenses of the company shall be fixed remuneration and shall be paid in accordance with the management rules formulated by the company, while the remuneration of directors shall be paid in accordance with the policies stipulated in the Articles of Association of the company. If the company has profit in the year (profit refers to the profit before tax deducting the remuneration of assigned employees and directors), the company shall allocate not more than 5% of the remuneration of employees and directors separately. Since the year 2021 is a surplus year, the board of directors resolved to pay the remuneration to directors and supervisors for the year 2021, which was evaluated by the Remuneration Committee for reasonableness, and the amounts declared were in accordance with the company's Articles of Association and related regulations, and the remuneration to directors and supervisors was based on the annual individual attendance rate of directors and performance evaluation results. It's reasonable.

4. Operations of Corporate Governance

(1) Operations of the Board of Directors

Term of Director: From 27 June 2019 to 26 June 2022.

The Board of Directors has held 7 meetings (A) in 2021.

The attendance of Directors is as follows:

| Title | Name | Number of attendances in person (B) | Number of proxy attendance | Ratio of attendance in person (B/A) | Note |
|--|-----------------|-------------------------------------|----------------------------|-------------------------------------|---------------------|
| Legal Person Representative of the Chairman of the Board | CHANG CHIEH MIN | 7 | 0 | 100.00% | (Note 1) |
| Legal Person Representative of the Director | WU MU HSING | 6 | 0 | --% | (Note 1 and Note 2) |
| Legal Person Representative of the Director | Si-hui Wu | 1 | | 100.00% | (Note 1 and Note 3) |
| Legal Person Representative of the Director | GOH SUE TENG | 6 | 0 | 85.71% | (Note 1) |
| Director | Chin-Tai Cho | 7 | 0 | 100.00% | -- |
| Director | LO WEI CHANG | 8 | 0 | 100.00% | -- |
| Independent Director | CHAN HUO LIEN | 5 | 0 | 71.43% | -- |
| Independent Director | LEE SHI YANG | 7 | 0 | 100.00% | -- |
| Supervisors | WUI HECK KOON | 7 | 0 | 100.00% | -- |
| Supervisors | CHIEN CHIH LANG | 4 | 0 | 57.14% | -- |

Other items that shall be recorded:

1. The matters listed in Article 14-3 of the Securities and Exchange Act and other matters decided by the board of directors with the objection or reservation of the independent director and the record or written statement, shall specify the date of the board meeting, the date of the meeting and the content of the proposal. All opinions of the independent directors and the company's treatment of the opinions of the independent directors: please refer to important resolutions of the shareholders' meeting and the board meeting, pp. 36-39.

2. Directors abstain from voting as a result of voting proposals, and the name of the Directors, the content of the proposal, reasons for recusal due to conflict of interests and the results of voting counts shall be stated:

(1) March 31, 2021, the 13th Board Meeting of the 11th Term

- Content of Bill: Redemption of preferred stock of Streck Corporation Company Limited.
- Interest Avoidance Directors: CHANG CHIEH MIN (Director); GOH BAK HENG (Director).
- Reasons for interest avoidance and voting participation: considering that the director of that company has an interest in the matter, the withdrawal of the director's interest shall be handled only in accordance with Article 15 of the "Rules of Procedures for Board of Directors' Meeting" of the Company. with the exception of the interested directors who did not participate in the discussion and vote due to the withdrawal of interests or not present in person, the acting chairman consulted the other directors present and passed the resolution without objection.

(2) May 31, 2021, the 14th Board Meeting of the 11th Term

- Content of Bill: The Company intends to loan funds and reinvest BULL WILL TRADING (S) PTE. LTD.
- Interest Avoidance Directors: GOH BAK HENG (Director).
- Reasons for interest avoidance and voting participation: considering that the director of that company has an interest in the matter, the withdrawal of the director's interest shall be handled only in accordance with Article 15 of the "Rules of Procedures for Board of Directors' Meeting" of the Company. with the exception of the interested directors who did not participate in the discussion and vote due to the withdrawal of interests or not present in person, the acting chairman consulted the other directors present and passed the resolution without objection.

(3) June 11, 2021, the 16th Board Meeting of the 11th Term

- Content of Bill: Processing of the Company's 2007, 2009 and 2017 private offering of common share supplemental public offering and application for listing.
- Interest Avoidance Directors: CHANG CHIEH MIN (Chairman of the Board); GOH BAK HENG (Director); GOH SUE TENG (Director).
- Reasons for interest avoidance and voting participation: considering that the director of that company has an interest in the matter, the withdrawal of the director's interest shall be handled only in accordance with Article 15 of the "Rules of Procedures for Board of

Directors' Meeting" of the Company. with the exception of the interested directors who did not participate in the discussion and vote due to the withdrawal of interests or not present in person, the acting chairman consulted the other directors present and passed the resolution without objection.

(4) September 17, 2021, the 18th Board Meeting of the 11th Term

- Content of Bill: The Company intends to loan funds to SERIAL SYSTEM LTD.
- Interest Avoidance Directors: CHANG CHIEH MIN (Chairman of the Board); GOH BAK HENG (Director); GOH SUE TENG (Director).
- Reasons for interest avoidance and voting participation: considering that the director of that company has an interest in the matter, the withdrawal of the director's interest shall be handled only in accordance with Article 15 of the "Rules of Procedures for Board of Directors' Meeting" of the Company. with the exception of the interested directors who did not participate in the discussion and vote due to the withdrawal of interests or not present in person, the acting chairman consulted the other directors present and passed the resolution without objection.

(5) May 12, 2022, the 22nd Board Meeting of the 11th Term

- Content of Bill: The Company intends to loan funds and reinvest BULL WILL TRADING (S) PTE. LTD.
- Interest Avoidance Directors: Si-hui Wu (Director); GOH SUE TENG (Director).
- Reasons for interest avoidance and voting participation: considering that the director of that company has an interest in the matter, the withdrawal of the director's interest shall be handled only in accordance with Article 15 of the "Rules of Procedures for Board of Directors' Meeting" of the Company. with the exception of the interested directors who did not participate in the discussion and vote due to the withdrawal of interests or not present in person, the acting chairman consulted the other directors present and passed the resolution without objection.

3. Self-valuation of the board of directors of the Company: Please refer to page 23.

4. Objectives of strengthening board functions in the current and most recent years (e.g., setting up Audit Committee, improving information transparency, etc.) and performance evaluation:

1. Objectives of strengthening the functions of the board of directors:

- 1.1. In order to implement corporate governance and improve the remuneration system for company directors, supervisors and managers, the Remuneration Committee was established on December 5, 2011.
- 1.2. The operation of the board of directors is in accordance with the "Rules of Procedure for Board of Directors Meetings", and the Company's board of directors is convened in accordance with the rules, and the implementation is in good condition.
- 1.3. Further training for directors and supervisors: in addition to the provision of the relevant regulations of the directors and supervisors, the further training for directors and supervisors is also provided to maintain professional competence.

2. Implementation status evaluation:

In order to enhance the transparency of information, information related to major operations of the Company is disclosed on the Market Observation Post System immediately after the decision of the board of directors, so as to protect the shareholders' rights and interests.

Note 1: The legal representative of Serial System LTD.

Note 2: Resigned on October 5, 2021.

Note 3: Newly-appointed on October 5, 2021.

Implementation of Board Evaluation

| Evaluation Period (Note 1) | Evaluation Life (Note 2) | Evaluation Scope (Note 3) | Evaluation Method (Note 4) | Evaluation Content (Note 5) |
|---|--------------------------------------|--|--|---|
| According to the performance evaluation method of the board of directors of the Company, the internal board of directors' performance evaluation shall be conducted once a year, and the annual performance evaluation shall be conducted at the end of each year, and the evaluation result shall be completed before the end of the first quarter of the next year. Performance | January 1, 2021 to December 31, 2021 | Performance evaluation of the board of directors, individual directors, and functional committees. | The financial accounting department will collect and analyze the internal questionnaire and submit it to the board of directors. | <p>(1) Board performance evaluation: including the degree of involvement in the operation of the company, improving the quality of board decision-making, board composition and structure, director selection and continuing education, internal control.</p> <p>After aggregated statistical analysis, the grade is excellent. In addition to the smooth operation of the board of directors, the members of the board of directors have an understanding of the company and the industry they belong to and can supervise the operation of the company. The directors have different expertise in various fields and can make certain contributions to the development and operation of the company.</p> <p>(2) Performance evaluation of individual directors: including mastery of company goals and tasks, cognition of directors' responsibilities, participation in company operations, internal relationship management and communication, professional and continuing education of directors, internal control.</p> <p>After aggregated statistical analysis, the grade is excellent. Each director is competent in his/her duties and makes effective contributions to the company according to his/her expertise. The only areas that could be further strengthened are directors' further education and communication with certified public accountants.</p> <p>(3) Performance evaluation of the Remuneration Committee: including the degree of participation in the operation of the</p> |

| | | | | |
|--|--|--|--|---|
| evaluations are performed every three years by an external professional independent body or by a team of external experts. | | | | <p>company, the cognition of the functions of the functional committee, the improvement of the decision-making quality of the functional committee, the composition and selection of the members of the functional committee, internal control.</p> <p>After aggregated statistical analysis, the grade is excellent. The smooth operation of the committee members and the other members have sufficient expertise to make effective contributions to the company.</p> |
|--|--|--|--|---|

Note 1: Fill in the performance period of the board review, e.g., once a year.

Note 2: Fill in the period covered by the board evaluation, e.g., the performance evaluation of the board on January 1, 2021 to December 31, 2021.

Note 3: The scope of evaluation includes the performance evaluation of the board of directors, individual directors and functional committees.

Note 4: The methods of evaluation include internal board evaluation, board member evaluation, peer evaluation, appointment of external professional organizations, experts or other appropriate methods for performance evaluation.

Note 5: the contents of the evaluation shall include at least the following items according to the scope of the evaluation:

- (1) Board performance evaluation: at least including the degree of involvement in the operation of the company, the quality of board decision-making, board composition and structure, director selection and continuing education, internal control, etc.
- (2) Performance evaluation of individual directors: at least including mastery of company goals and tasks, cognition of directors' responsibilities, participation in company operations, internal relationship management and communication, professional and continuing education of directors, internal control, etc.
- (3) Performance evaluation of functional committees: participation in the operation of the company, cognition of functional committees' responsibilities, decision-making quality of functional committees, composition and selection of members of functional committees, internal control, etc.

(2) The Operation of the Audit Committee or the Involvement of the Supervisors in the Operation of the Board of Directors:

1. The Company expects to establish its Audit Committee in 2022.

2. The involvement of the supervisors in the operation of the board of directors:

Term of Supervisor: From 27 June 2019 to 26 June 2022.

The Board of Directors has held 7 meetings (A) in 2021, and the attendance of the supervisors is as follows:

| Title | Name | Number of Actual Attendance (B) | Rate of Actual Attendance (%) (B/A) | Note |
|-------------|-----------------|---------------------------------|-------------------------------------|------|
| Supervisors | WUI HECK KOON | 7 | 100.00% | -- |
| Supervisors | CHIEN CHIH LANG | 4 | 57.14% | -- |

Other items that shall be recorded:

I. Composition and duties of the Supervisors:

(1) Communication between the Supervisors and shareholders and employees: Supervisors believe, when necessary, they shall communicate directly with employees and shareholders.

(2) Communication between the Supervisors and audit supervisors and auditing accountants:

1. The audit supervisor shall regularly deliver the audit report to or notify the supervisors in accordance with the regulations, and the supervisors shall have no objection.

2. The audit supervisor shall attend the board meeting and make a report. The supervisors who attend the meeting shall communicate and discuss with each other if they have any comments. The communication is in good condition. The auditor will immediately report to the verification supervisor in the event of any material irregularities or the risk of material damage to the company. The communication status in 2021 is as follows:

| Meeting Date | Communication Status | Supervisor's Comments |
|--------------------|---------------------------------|-----------------------|
| March 31, 2021 | Internal Audit Business Reports | No Objection |
| May 13, 2021 | Internal Audit Business Reports | No Objection |
| August 12, 2021 | Internal Audit Business Reports | No Objection |
| September 17, 2021 | Internal Audit Business Reports | No Objection |
| November 11, 2021 | Internal Audit Business Reports | No Objection |

3. Supervisors and audit supervisors communicate with accountants face to face or by telephone from time to time.

II. If the Supervisors attend the Board meeting and express an opinion, it shall state the date, session number, content of the proposal, result of the resolution of the Board of Directors and the company's handling of the supervisor's statement: No such situation.

(3) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|--|------------------|----|--|--|
| | Yes | No | Summary and Explanation | |
| 1. Does the company establish and disclose a code of practice of corporate governance in accordance with the "Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies?" | | √ | The Company does not have a code of practice of corporate governance in place, but the related functioning is in accordance with "Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies." | No material departure. |
| 2. Equity Structure and Shareholders' Equity of the Company | | | | No material departure. |
| (1) Does the Company have internal procedures in place to handle shareholders' suggestions, questions, disputes, and lawsuits, and implement these procedures accordingly? | √ | | (1) The Company has a spokesperson, deputy spokesperson, and stock agency to handle shareholder related issues. Where legal procedures are involved, the Company's general counsel will be asked to assist. | |
| (2) Does the Company have a list of its major shareholders and a list of actual controllers of the major shareholders? | √ | | (2) The stock agency and stock affair personnel in the Company handle all related issues. The Company monitors closely the shareholding of Directors, Managers, and major shareholders holding 10% or above of the Company's shares, and declare major shareholding. | |
| (3) Does the Company establish and implement risk management and firewall mechanisms with related companies? | √ | | (3) The Company has formulated the relevant internal control system, and according to the provisions of the implementation. | |
| (4) Does the Company have internal rules that prohibit insiders from trading securities using market information that is not publicly available? | √ | | (4) The Company has established "Procedures for the Prevention of Insider Trading" to prevent insider trading. | |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|---|-------------------------------------|----|--|--|
| | Yes | No | Summary and Explanation | |
| <p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board of Directors formulate diversity policies, specific management objectives and implement them?</p> <p>(2) Besides the Remuneration Committee and Audit Committee, does the company voluntarily set up other functional committees?</p> <p>(3) Does the company have a performance evaluation method for the board of directors and its evaluation method, and the annual performance evaluation is conducted regularly?</p> <p>(4) Does the company regularly assess the independence of its auditing CPAs?</p> | <p>V</p> <p>V</p> <p>V</p> <p>V</p> | | <p>(1) Each Director has different expertise in different domains that is helpful to the development and operations of the Company.</p> <p>(2) In addition to setting up a Remuneration Committee in accordance with law, and the Audit Committee to be set up in 2011, the governance and operation of the Company is delegated to the responsible departments. The Company will consider the necessity of setting up other functional committees according to actual needs.</p> <p>(3) The 2021 performance evaluation has been completed and submitted to the Board of Directors in the first quarter of 2022. This year's election will be used by the Board of Directors as a reference for the reappointment of individual directors, salary and compensation and Audit Committee nominations.</p> <p>(4) The Board of Directors completed its assessment of the independence of the CPAs in the first quarter of 2022, please refer to page 41.</p> | No material departure. |
| 4. Does the TWSE & TPEX listed companies have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to | V | | In order to implement corporate governance, promote the board of directors' due functions and protect shareholders' rights and interests, the board of directors has adopted a resolution on March 28, 2019 to appoint LO WEI CHANG, associate manager of the financial accounting office, as the director of corporate governance, responsible for the top | No material departure. |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|---|------------------|----|--|--|
| | Yes | No | Summary and Explanation | |
| perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board and shareholders' meeting related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)? | | | director of corporate governance related matters. | |
| 5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), and set up a special area for stakeholders on the company website, and properly respond to the important issues of corporate social responsibility concerned by stakeholders? | V | | <p>(1) The Company has a spokesperson and deputy spokesperson, whose contact information is available in the Market Observatory Post System. In addition, finance and stock related information is announced on the company website to establish communication channels with stakeholders with respect for their legal rights.</p> <p>(2) The Company has dedicated contact persons for suppliers who check and monitor transactions of the suppliers as well as serve as communication channels with the suppliers.</p> <p>(3) The Company has a special area for stakeholders on the company website to respond to the important issues of corporate social responsibility the stakeholders are concerned about?</p> | No material departure. |
| 6. Does the company appoint a professional stock agency to handle the affairs of the Board of Shareholders? | V | | The Company appoints the professional stock agency - Mega Securities Co., Ltd. Transfer Agency Department to handle the Company's stock affairs and formulates the "Stock Affairs Management Measures" to regulate the relevant affairs. | No material departure. |
| 7. Information Disclosure | | | | |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|--|----------------------------|----|---|--|
| | Yes | No | Summary and Explanation | |
| <p>(1) Does the company have a website that discloses financial and corporate governance information?</p> <p>(2) Does the company adopt other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing a spokesperson system, and placing judicial person briefings on the company website)?</p> <p>(3) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial reports and the monthly operating conditions well in advance of the required deadline?</p> | <p>V</p> <p>V</p> <p>V</p> | | <p>(1) All information of the Company shall be transparent, except that the company's website (www.bullwill.com.tw) has been set up with information related to the company's financial business, and has been linked to the Market Observation Post System.</p> <p>(2) The Company has appointed departments to be responsible for the collection and disclosure of company information, and has spokesperson in place and reported their information in accordance with the regulations.</p> <p>(3) The company shall announce and file its annual financial report within three months after the end of accounting year.</p> | <p>No material departure.</p> <p>(3) The Company shall announce and report its annual financial report in accordance with regulations.</p> |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|--|------------------|----|---|--|
| | Yes | No | Summary and Explanation | |
| 8. Does the Company have other important information to understand the current status of corporate governance implementation (including but not limited to, employee rights, employee care, investor relations, supplier relations, further education of Directors and Supervisors, implementation of risk management policies, and risk measurement standards, implementation of customer policies, whether the Company purchases liability insurance for Directors and Supervisors, etc.)? | V | | <p>(1) Employee rights and interests: the Company has always treated employees in good faith and protected their legitimate rights and interests according to the Labor Standards Act.</p> <p>(2) Employee care: through the company's welfare system and education and training system, the company has established a good relationship of mutual trust with employees, such as subsidizing employees' club activities, providing recreation, health care and medical treatment, etc. For example, subsidizing employee club activities, provide cultural and recreational entertainment, and health care subsidies.</p> <p>(3) Investor relationship: the Company has a stock office dedicated to handling shareholder proposals.</p> <p>(4) Supplier relationship: the Company has always maintained a good relationship with its suppliers.</p> <p>(5) Rights of stakeholders: stakeholders may communicate with the company and make suggestions to safeguard their legitimate rights and interests.</p> <p>(6) The status of directors and supervisors' further training: the directors and supervisors of the company have all attended the refresher courses from time to time.</p> <p>(7) Implementation of risk management policies and risk measurement standards: the Company formulates various internal regulations and</p> | No material departure. |

| Evaluation Items | Operation Status | | | The Reason of Difference Between It and the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies |
|--|------------------|----|---|--|
| | Yes | No | Summary and Explanation | |
| | | | <p>carries out various risk management and evaluation.</p> <p>(8) Customer policy implementation: the Company maintains a stable and good relationship with customers to create corporate profits.</p> <p>(9) Where the company has purchased liability insurance for directors and supervisors: The Company has completed the renewal and announcement of the directors' liability insurance for 2022, and has reported the important contents of the insurance to the board of directors and declared the insurance status at the Market Observation Post System.</p> | |
| <p>9. Please explain the improvement measures implemented in response to the Corporate Governance Evaluation System results of the most recent year published by the Corporate Governance Center of Taiwan Stock Exchange; and propose improvement measures for under-performing aspects. (Those not listed in the company evaluation need not fill in): None.</p> | | | | |

(4) If the company has a remuneration committee, it should disclose its composition and operation:

The Remuneration Committee is responsible for assisting the board to implement and evaluate the company's overall compensation and benefits policies, as well as managers' compensation.

(1) Information on the Members of the Remuneration Committee

April 26, 2022

| <div>Conditions</div> <div>Category of Identity (Note 1) Name</div> | | Professional Qualifications and Experience (Note 2) | Each Affair Regarding Article 30 of the Company Act | Status of Independence (Note 3) | Number of Members Who Are Also Members of the Remuneration Committee of Other Public Corporations |
|---|------------------|---|---|---|---|
| Independent Director (Convenor) | CHAN HUO LIEN | 1. Experience in commercial business. 2. Deputy General Manager of Fu Burg Industrial Co., Ltd.; director of Yong-Yi Machinery; General Manager of TCT Construction; Managing Director of Davinci Furniture; Sales Manager of Kimberly-Clark Taiwan., Consultant, Novena Holdings. | None | Is an independent director, conforming to the conditions of independence, including but not limited to himself/herself, his/her spouse, second degree of kinship and other relatives are not directors, supervisors or employees of the Company or its affiliated enterprises; not holding shares of the company; not acting as a director, supervisor or employee of a company having a particular relationship with the Company; not the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the recent 2 years. | None |

| | | | | | |
|----------------------|--------------|---|------|---|------|
| Independent Director | LEE SHI YANG | 1. Experience in commercial business. 2. General Manager of Chia-Ho Metal Industrial Co., Ltd.; President of Junior Chamber International Taiwan, 1994; Founding president, Taipei Formosa Lions Club; Director of The Manufactures United General Association Of Industrial Park Of R.O.C; Representative of Chia-Ching Stainless Steel Co., Ltd. | None | Is an independent director, conforming to the conditions of independence, including but not limited to himself/herself, his/her spouse, second degree of kinship and other relatives are not directors, supervisors or employees of the Company or its affiliated enterprises; not holding shares of the company; not acting as a director, supervisor or employee of a company having a particular relationship with the Company; not the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the recent 2 years. | None |
| Others | Chu Li Teh | 1. Experience in business and accounting business. 2. Person in Charge, Metal & Taiwan Supreme Metal Packaging Co., Ltd. | None | Is an independent director, conforming to the conditions of independence, including but not limited to himself/herself, his/her spouse, second degree of kinship and other relatives are not directors, supervisors or employees of the Company or its affiliated enterprises; not holding shares of the company; not acting as a director, supervisor or employee of a company having a particular relationship with the Company; not the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the recent 2 years. | None |

Note 1: Please specify length of service, professional qualifications, experience, and independence of each member of the Remuneration Committee. For independent directors, please refer to information on directors and supervisors (1) in Table 1 on page OO. Please state that you are independent director or other (if you are convenor, please add note).

Note 2: Professional qualifications and experience: state the professional qualifications and experience of individual members of the Remuneration Committee.

Note 3: Conforming to independence: State whether the members of the Remuneration Committee are independent, including but not limited to whether oneself, spouse or second degree of kinship are directors, supervisors or employees of the Company or its related enterprises. The number and proportion of shares held by oneself, spouse or second degree of kinship (or in the name of others). Whether to serve as a director, supervisor or employee of a company having a specific relationship with the company (refer to article 6, Item 1, Subparagraphs 5-8 of the rules governing the establishment and exercise of functions and powers of the Remuneration Committee of a company listed on the stock market or traded on the business place of a securities firm). The amount of remuneration obtained in the last 2 years for providing business, legal, financial, accounting, and other services to the company or its affiliated enterprises.

(2) Information about the Operation of the Compensation Committee

1. The Company has a total of 3 members of the remuneration committee.
2. Term of Committee: From 27 June 2019 to 26 June 2022.

The remuneration committee has held two meetings in 2021 (A). The qualifications and attendance of members are as follows:

| Title | Name | Number of attendances in person (B) | Number of proxy attendance | Rate of attendance in person (%) (B/A) | Note |
|----------------------|---------------|-------------------------------------|----------------------------|--|------|
| Chairperson | CHAN HUO LIEN | 2 | 0 | 100.00% | -- |
| Independent Director | LEE SHI YANG | 2 | 0 | 100.00% | -- |
| Committee Member | Chu Li Teh | 2 | 0 | 100.00% | -- |

Other items that shall be recorded:

1. If the board of directors does not accept or amend the recommendation of the remuneration committee, it shall state the date, stage, content of the proposal, result of the resolution of the board of directors, and the company's treatment of the opinion of the remuneration committee (if the remuneration approved by the board of directors is superior to the recommendation of the remuneration committee, the circumstances and reasons for the discrepancy shall be stated): No such situation.
2. In the case of any objection or reservation made by a member to a decision of the remuneration committee, the date, date, contents of the proposal, all member opinions and the handling of member opinions shall be clearly stated: No such situation.

(3) The content of the remuneration committee's proposals, summary results of important resolutions and the company's handling of the remuneration committee's opinions in the last year:

| Meeting Date | Bill Content | Resolution Results | The company's handling of the remuneration committee's suggestions. |
|--|--|---|---|
| 4th of the 4th Term March 31, 2021 | Remuneration for directors and supervisors and the allocation of remuneration for employees in 2020. | Adopted by all the members present without objection. | The board meeting is approved by all the directors present without objection. |
| 5th of the 4th Term November 11. 2021 | The report of company manager salary structure, payment amount and performance bonus, | Adopted by all the members present without objection. | The board meeting is approved by all the directors present without objection. |

(5) Promoting Sustainable Development Implementation and the Reason of Departure from the Corporate Sustainable Development Best Practice Principles for TWSE & TPEX Listed Companies

| Evaluation Items | Operation Status | | | The Reason of Departure from the Corporate Sustainable Development Best Practice Principles for TWSE & TPEX Listed Companies |
|--|------------------|----|--|---|
| | Yes | No | Summary and Explanation | |
| 1. Does the company set up a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle the senior management, and the board of directors supervision? | | V | The Company has not set up a corporate social responsibility full-time (part-time) unit, but its relevant operations are carried out in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE & TPEX Listed Companies". | The Company will set up full-time (part-time) corporate social responsibility units according to the actual needs and legal requirements. |
| 2. Does the company carry out risk assessment on environmental, social and corporate governance issues related to the operation of the company in accordance with the principle of materiality and formulate relevant risk management policies or strategies? | V | | In accordance with the Corporate Social Responsibility Best Practice Principles for TWSE & TPEX Listed Companies, the Company implements corporate governance, promotes the development of a sustainable environment and maintains social welfare, and carries out risk assessment based on the significance of the issues. The Company's "Prevention of Insider Trading Management Procedures", "Code of Ethical Corporate Management", "Operating Procedures of Ethical Corporate Management and Behavioral Guidelines", "Standards of Ethical Conduct for Directors and Supervisors", and "Standards of Ethical Conduct for Supervisors and Senior Professionals" are formulated for the implementation of risk management policies, and the contents are formulated in accordance with relevant government regulations. | No material departure. |

| Evaluation Items | Operation Status | | | The Reason of Departure from the Corporate Sustainable Development Best Practice Principles for TWSE & TPEX Listed Companies |
|--|----------------------------------|----|---|--|
| | Yes | No | Summary and Explanation | |
| 3. Environmental Issues (1) Does the company establish an appropriate environmental management system based on its industry characteristics? (2) Does the company commit to improving energy efficiency and use recycled materials with low impact on the environment? (3) Does the company assess the current and future potential risks and opportunities of climate change and take relevant measures? (4) Has the company made statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation, greenhouse gas reduction, water use reduction or other waste management? | V V V V | | (1) The Company occasionally collects and assess data on the impact of our operation on the environment, implement energy-saving and carbon reduction measures, review sustainability objectives, to make our contributions to environmental protection. (2) The Company has designated personnel for overall resource planning to increase the efficiency of resource usage. Wastes are collected centrally and recycled for further usage. In the spirit of environmental protection, the annual reports and shareholders' meeting handbooks are printed on recycled paper. (3) The potential risks faced by the Company are mainly from the market environment and business aspects: if the cost of raw materials increases, resources are scarce and labor costs increase, there is no significant impact or loss on the operation of the company due to the influence of the weather. (4) According to the influence of business activities, the company develops energy conservation and carbon reduction strategies, promotes various energy conservation measures, and reduces the impact of business operations on the natural environment. For example, in addition to actively carrying out garbage classification and recycling, and promoting | No material departure. |

| Evaluation Items | Operation Status | | | The Reason of Departure from the Corporate Sustainable Development Best Practice Principles for TWSE & TPEX Listed Companies |
|--|--|----|--|--|
| | Yes | No | Summary and Explanation | |
| | | | energy conservation and carbon reduction, investment in energy conservation and carbon reduction equipment expenditure, etc, and encourage colleagues to take part in the mass rapid transit system, and implement the work of energy conservation and carbon reduction. | |
| <p>4. Social Issues</p> <p>(1) Does the company establish management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p> <p>(2) Does the company establish and implement reasonable employee benefits measures (including remuneration, leave and other benefits) and properly reflect the performance or results of its operations in employee remuneration?</p> <p>(3) Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?</p> <p>(4) Does the company establish effective career development programs for employees?</p> <p>(5) Does the company comply with applicable laws, regulations and international standards, and</p> | <p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p> | | <p>(1) The Company, in accordance with the Labor Standards Act and other relevant labor laws and regulations, has formulated internal management rules to protect the basic human rights of all staff, customers and stakeholders.</p> <p>(2) The Company shall follow the Labor Standards Act and other relevant labor laws and regulations, and formulate working rules to protect the legitimate rights and interests of staff.</p> <p>(3) The Company reviews fire protection measures regularly, provides employee health check benefits, conduct occasional health and safety training, in order to create and safe and healthy work environment for employees.</p> <p>(4) The Company actively assists employees to improve their work knowledge and capability, and also regularly arranges educational training for employees to acquire promotion skills.</p> <p>(5) The Company follows laws and international codes of conduct, does not cheat or does</p> | No material departure. |

| Evaluation Items | Operation Status | | | The Reason of Departure from the Corporate Sustainable Development Best Practice Principles for TWSE & TPEX Listed Companies |
|--|------------------|----|---|--|
| | Yes | No | Summary and Explanation | |
| <p>have a consumer protection policy and complaint procedure for the health and safety of customers, customer privacy, marketing and labeling of its products and services?</p> <p>(6) Does the company have a supplier management policy that requires suppliers to comply with the relevant specifications and their implementation on issues such as environmental protection, occupational safety and health, or labor rights?</p> | V | | <p>anything that would break the trust of customers or damage their rights. If the customer has any doubts or concern about the product, the Company will do everything in its power to follow up and resolve the issue.</p> <p>(6) The Company will evaluate the green policy for all purchasing targets and will comply with the company's honesty policy. Any violation of the policy will result in immediate termination of the transaction, so as to jointly promote the company's corporate social responsibility with the supplier.</p> | |
| <p>5. Does the company prepare sustainability reports and other reports that disclose non-financial information of the company in accordance with international reporting standards or guidelines? Has the preceding report been confirmed or endorsed by a third party?</p> | | V | <p>The Company has not yet prepared a corporate social responsibility report.</p> | <p>The Company will set up corporate social responsibility units according to actual needs and statutory requirements.</p> |
| <p>6. If the company has its own code of ethical sustainability in accordance with the "Sustainability Best Practice Principles for TWSE & TPEX Listed Companies", please state the difference between its operation and the code: The Company does not have its own Principle of Corporate Social Responsibility in place, but the related functioning is in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE & TPEX Listed Companies."</p> | | | | |

| Evaluation Items | Operation Status | | | The Reason of Departure from the Corporate Sustainable Development Best Practice Principles for TWSE & TPEX Listed Companies |
|---|------------------|----|-------------------------|--|
| | Yes | No | Summary and Explanation | |
| 7. Other important information to help promoting sustainable development implementations: | | | | |
| <div>1. Environmental protection: the phenomenon of global warming is vivid, and everyone is responsible for the earth's emergency. In addition to actively implementing garbage classification and recycling, the Company also promotes energy conservation and carbon reduction, and invests in equipment expenditure for energy conservation and carbon reduction, etc., and encourages colleagues to take part in the mass rapid transit system, and implements the work of energy conservation and carbon reduction. In addition, the Company's products in accordance with the European Union environmental protection directive (RoHS) progress has reached 100%, in full compliance with the provisions. In addition, the Company’s products are 100% in compliance with the EU directive of RoHS (Restriction of Hazardous Substances).</div> <div>2. Encouraging employees to participate in social services: to enforce social responsibilities, the Company encourages employees to participate in social welfare activities. Many have joined volunteer groups dedicated to offering care for minority groups. In addition, the Company makes donations of goods to minority group and actively participate in social services.</div> <div>3. Consumer rights: the Company's main products are electromagnetic wave protection components, power coil products such as passive components and part of the IC components. The main products are sold directly to manufacturers, so there is no direct contact with consumers. Besides, for customers, the company has an internal "customer complaint processing operation", which provides channels for customers to complain, and signs supply contracts and quality contracts with external customers, so as to fully protect customers' rights and interests.</div> | | | | |

(6) Implementation of ethical corporate management and differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies.

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies. |
|--|------------------|----|--|---|
| | Yes | No | Summary and Explanation | |
| <p>I. Formulating Policies and Plans for Ethical Corporate Management</p> <p>(1) Has the company had a policy of ethical corporate</p> | V | | (1) The Company has established "Procedures and Guidelines for Ethical Corporate Management" | No material departure. |

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies. |
|---|------------------|----|--|---|
| | Yes | No | Summary and Explanation | |
| <p>management approved by the board of directors, and clearly state the policy and practice of ethical corporate management in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the policy?</p> <p>(2) Has the company established an assessment mechanism for the risk of dishonest conduct, regularly analyzed and evaluated the business activities with high risk of dishonest conduct within its business scope, and formulated a plan to prevent dishonest conduct, including at least the preventive measures for the behaviors in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies?</p> <p>(3) Does the company specify, and implement, operating procedures, guidelines, and disciplinary and grievance systems for violations in the program for preventing dishonest conduct, and regularly review and revise the pre-disclosure program?</p> | V | | <p>and “Ethical Corporate Management Best Practice Principles” to promote a corporate culture and future development of ethical corporate management. In addition, Directors sign a “Statement of Non-Violation of Ethical Behavior Principle” when starting their term of office. The Board and the management of the Company promote ethical corporate management as a vision to employees and stakeholders. The Procedures and Principles will be disclosed on the company website after this submission to the shareholders' meeting.</p> <p>(2) In the “Procedures and Guidelines for Ethical Corporate Management” and “Ethical Corporate Management Best Practice Principles,” the procedures, reward and punishment, grievance system, and disciplinary consequences of dishonest behavior and violation of the principles are specified and enforced in combination with the internal procedures. In addition, the Company promotes them in meetings and enforce these principles at all levels.</p> <p>(3) The Company promotes ethical principles and enforce specific work rules for the operating personnel with high risk of dishonest conduct within their business scope. Duty rotation is another countermeasure. The Company sets up a comprehensive management and internal</p> | |

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies. |
|--|----------------------------|----|--|---|
| | Yes | No | Summary and Explanation | |
| | | | control system and regularly checks and enforces the procedures. In addition, with the laws as the guiding principles, to prevent any employees taking chances, upon discovery of any inconsistency, the Company will investigate and handle the situation. | |
| <p>II. Implementation of Ethical Corporate Management</p> <p>(1) Does the company assess the integrity record of its business contacts and specify the terms of good faith conduct in its contracts with its business contacts?</p> <p>(2) Does the company have a dedicated unit under the board of directors to promote ethical corporate management and report to the board of directors regularly (at least once a year) on its ethical corporate management policies, prevention plans and implementation monitoring?</p> <p>(3) Does the company have a conflict of interest prevention policy, provide appropriate representation channels, and implement them?</p> | <p>V</p> <p>V</p> <p>V</p> | | <p>(1) The Company conducts due diligence when dealing with a supplier for the first time. If any negative record was discovered, the Company will not deal with a dishonest or unethical supplier or customer. Each department will also monitor the operational status of their respective business contacts. When working with important suppliers or customers, contracts and agreements will be drawn to govern the content of the deal and to remind each participating party of good faith.</p> <p>(2) The Company takes the Auditing Office as a dedicated unit to promote ethical corporate management, and reports the implementation status to the board of directors from time to time.</p> <p>(3) The Company has “Ethical Corporate Management Best Practice Principles” in place. In addition to self-regulation, where a Director or the judicial person he/she represents has a</p> | No material departure. |

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies. |
|---|-------------------|----|---|---|
| | Yes | No | Summary and Explanation | |
| <p>(4) Has the company established an effective accounting system and internal control system in order to implement the operation in ethical corporate management, and the internal audit unit shall draw up the relevant audit plan based on the assessment results of the risk of dishonest behaviors, and check the compliance of the plan to prevent dishonest behaviors, or entrust the accountant to carry out the audit?</p> <p>(5) Does the company regularly conduct internal and external education and training on ethical corporate management?</p> | <p>V</p> <p>V</p> | | <p>conflict of interest in the proposal the Board is discussing, he/she can express their opinion and answer questions, but may not, participate in the discussion or vote, and should recuse themselves during the discussion and voting.</p> <p>(4) The Company established an accounting system and internal control system, and regularly checks all departments on their status of compliance.</p> <p>(5) The Company has "Ethical Corporate Management Best Practice Principles" in place and will encourage relevant personnel to participate in training and seminars on ethical corporate management, or promote the principles in meetings.</p> | |
| <p>III. Implementation of the Company's Whistleblowing System</p> <p>(1) Does the company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing?</p> | V | | <p>(1) The Company has a whistleblowing system, in addition to the mailbox of the general manager, or letters, mail whistleblowing, the company's website also has a whistleblowing mailbox. If there is a case of whistleblowers, the unit that accepts the case shall be the audit supervisor and the person in charge of the case or the</p> | No material departure. |

| Evaluation Items | Operation Status | | | Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies. |
|---|-------------------|----|---|---|
| | Yes | No | Summary and Explanation | |
| <p>(2) Does the company set up the standard operating procedures for the investigation of whistleblowing, the follow-up measures to be taken after the investigation and the relevant confidentiality mechanism?</p> <p>(3) Does the company take measures to protect the whistleblower against inappropriate disciplinary actions?</p> | <p>V</p> <p>V</p> | | <p>investigation team appointed by the general manager to handle the relevant affairs.</p> <p>(2) According to the Company's whistleblowing system.</p> <p>(3) According to the Company's whistleblowing system.</p> | |
| <p>IV. Enforcing Information Disclosure</p> <p>(1) Does the company disclose the content and effectiveness of its Code of Ethical Corporate Management on its website and in its Market Observatory Post System?</p> | V | | <p>(1) In the corporate governance section of the company website, the Company has posted the "Standards of Ethical Conduct for Directors and Supervisors", "Standards of Ethical Conduct for Supervisors and Senior Professionals", "Code of Conduct for Personnel Below the Supervisor Level" and the whistleblowing system on the website.</p> | No material departure. |
| <p>V. If the company has its own Code of Ethical Corporate Management in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies," please describe any departure from the code in its operation:</p> <p>There are no significant differences in the Ethical Corporate Management Best Practice Principles established by the Company.</p> | | | | |
| <p>VI. Other important information to help understand the ethical corporate management of the company: (e.g. company review and amendment of its Code of Ethical Corporate Management)</p> <p>The Company pays close attention to the domestic and overseas development of ethical corporate management, encourages Directors, Manager and employees to make suggestions, reviews and improves the Company's ethical corporate management policies and measures, in order to better implement ethical corporate management.</p> | | | | |

- (7) The company has corporate governance codes and related regulations: although the company does not have a code of practice on corporate governance, the relevant measures are implemented in accordance with the spirit and norms of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. Its contents, please read our company website: <http://www.bullwill.com.tw>. investors service - > corporate governance.
- (8) Other important information necessary to a comprehensive understanding of the Company's corporate governance implementation:
1. The Company's newly appointed board of directors, supervisors, managers and other insiders have obtained the latest version of the "Relevant Laws and Regulations on Insider Equity of the TPEx Listed & Emerging Companies" compiled by the Taipei Exchange. The Company shall publicize the amendment of the insider equity law in the board of directors from time to time every year, so as to facilitate the insiders to follow it.

The training of directors and supervisors is as follows:

| Title | Name | Time | Organizer | Courses | Course Hours | Whether it is in line with the further promotion of the key points for directors and supervisors of TWSE/TPEx Listed Companies |
|--|-----------------|---------------|----------------------------------|--|--------------|--|
| Representative of Judicial Person Director | CHANG CHIEH MIN | 2019.07.31 | Taipei Exchange | Seminar on the Equity Promotion and Explanation of Listed Companies at Over-the-Counter & Emerging Stock Markets | 3 | Yes |
| Directors | LO WEI CHANG | 2019.08.27-28 | Securities and Futures Institute | Practical Workshop for Directors and Supervisors (Including Independent) and Corporate Governance Supervisors - Taipei Class | 12 | Yes |
| Directors | LO WEI CHANG | 2019.12.11 | Securities and Futures Institute | Corporate Strategy and Key Performance Indicators | 3 | Yes |
| Directors | LO WEI CHANG | 2019.12.11 | Securities and Futures Institute | Discussion on Employee Compensation Strategy and Tools Application | 3 | Yes |

| | | | | | | |
|-----------|--------------|------------|-----------------|---|---|-----|
| Directors | Chin-Tai Cho | 2010.10.20 | Taipei Exchange | Corporate Governance and Corporate Integrity Advisory Meeting for Board Directors and Supervisors | 3 | Yes |
|-----------|--------------|------------|-----------------|---|---|-----|

2. In order to encourage shareholders to participate in the shareholders' meeting, the Company not only accepts shareholder's proposals in the shareholders' meeting in 2022 according to the law, but also announces that shareholders can exercise their voting rights in writing. For how to use it and how to execute it, please refer to the Market Observation Post System at <http://mops.twse.com.tw>
3. The Company elected the 11th directors (including independent directors) at the 2019 shareholders' regular meeting, the selection methods, the nomination way and process of information, the selection process and result, please refer to our company website: <http://www.bullwill.com.tw>. Investor services -> corporate governance -> board of directors or Market Observation Post System <http://mops.twse.com.tw> (Stock Code: 6259) important information.

(9) Implementation of Internal Control System

1. Statement of Internal Control:

BULL WILL Co., Ltd.
Statement of Internal Control System

Date: 29 March 2022

The internal control system of the Company in the year of 2021, based on the results of self-assessment, is hereby stated as follows:

1. It is the responsibility of the Board of Directors and Managers of the Company to establish, implement and maintain the internal control system, which the company has established. The objective is to provide reasonable assurance of operational effectiveness and efficiency (including profitability, performance and asset security), reporting reliability, immediacy, transparency, and compliance with relevant codes and regulations.
2. The internal control system has its inherent limitation, no matter how perfect the design is, the effective internal control system can only provide reasonable assurance for the above three objectives; moreover, the effectiveness of the internal control system may change with the change of environment and situation. However, the internal control system of the Company is provided with a self-monitoring mechanism, and the company will take corrective actions once the absence is identified.
3. The Company shall judge whether the design and implementation of the internal control system are effective or not according to the judgment items of the effectiveness of the internal control system stipulated in the "Guidelines for the Establishment of Internal Control System by Public Owned Corporations" (hereinafter referred to as "Handling Guidelines"). The internal control system used in the "Handling Guidelines" is used to determine the item. According to the process of management control, the internal control system is divided into five components: 1. Environment Control, 2. Risk Assessment, 3. Control Operation, 4. Information and Communication, and 5. Supervision Operation. Each component includes a number of items. For the foregoing items, please refer to the provisions of "Handling Guidelines".
4. The Company has adopted the above internal control system to judge items and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the assessment results set forth in the preceding paragraph, the Company believes that the internal control system (including supervision and management of the subsidiaries) set up by the company on 31 December 2021, including the effectiveness of the design and implementation of the internal control system to understand the effectiveness and efficiency of the operation, the reliability, timeliness, transparency of reporting, and the compliance with relevant codes and regulations, will reasonably ensure the achievement of the above objectives.
6. This statement will be the main content of the Company's annual report and public statement, and will be made public. If any of the contents disclosed above is found to be false, with concealment or other illegal matters, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

7. This statement was approved by the board of directors of the Company on March 29, 2022. Among the 6 directors present, 0 held opposing opinions. The rest agreed with the contents of this statement and made this statement.

BULL WILL CO LTD

Chairman of the Board: CHANG CHIEH MIN signature

General Manager: Lee Tai Hsiang signature

2. If an accountant is entrusted to examine the internal control system, the audit report shall be disclosed: none.

(10) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff, and any status of improvements made in the internal control system, where the penalty result may have a significant impact on shareholders' equity or the price of securities, the penalty content shall be listed, major deficiencies and improvements in the most recent year up to the publication date of this annual report: none.

(11) Important resolutions of the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this annual report:

| Date | Category | Resolution item | Provided by Article 14-3 of the Securities and Exchange Act | Opinion of the Independent Directors and the Company's handling of such opinions | Results of Board resolution |
|------------------------------------|--------------------|--|---|--|---|
| 15th of the 11th Term 110.05.31 | Board of Directors | Cause of Action 1: The overdue amount of the Company's accounts receivable and other accounts receivable as of the end of the first quarter of 2021 is not a fund loan and the nature of the case. Submitted for approval. | | None | Passed by all Directors attending the meeting without objections. |
| 16th of the 11th Term 110.06.11 | Board of Directors | Cause of Action 1: Processing of the Company's 2007, 2009 and 2017 private offering of common share supplemental public offering and application for listing. Submitted for approval. | V | None | Passed by all Directors attending the meeting without objections. |
| 17th of the 11th Term 110.08.12 | Board of Directors | Cause of Action 1: The Company's financial statements for the second quarter of 2021. Submitted for approval. | | None | Passed by all Directors attending the meeting without objections. |
| | | Cause of Action 2: Earnings distributions in 2nd quarter, 2021. Submitted for approval. | | None | |

| | | | | | |
|-----------|-----------------------|--|---|------|--|
| | | Cause of Action 3: The overdue amount of the Company's accounts receivable and other accounts receivable as of the end of the second quarter of 2021 is not a fund loan and the nature of the case. Submitted for approval. | | None | |
| | | Cause of Action 4: Propose to change the Company's 2021 general meeting of shareholders related issues. Submitted for approval. | | None | |
| | | Cause of Action 5: Plan to authorize the evaluation of new investment. Submitted for approval. | | None | |
| 110.08.30 | Shareholders' Meeting | 1.Report Items: 1.The Company's 2020 annual business report. 2.The supervisor examines the Company's final statement of accounts for 2020. 3.Situation report on capital loans to others in 2020. 4.Overview report on investment in mainland China in 2020. 5.Report on the implementation of the private equity capital increase plan in 2020. 6.Report on the remuneration of directors and supervisors and the remuneration allocation of employees in 2020. 7.Report of sound operating plan and implementation performance of capital reduction in 2020. 8.Approved the amendments to the Company's "Rules and Procedures for Board of Directors' Meeting" | Published on the Market Observatory Post System by resolution of shareholders' meeting. | | |

| | | | | | |
|---|--------------------|--|---|------|---|
| | | <p>(2) Ratification:</p> <ol style="list-style-type: none"> 1. To ratify the Company's 2020 business report and financial statements. 2. To ratify the Company's 2020 case of earnings distributions. <p>(3) Discussion:</p> <ol style="list-style-type: none"> 1. Amendment of the Company's Articles of Association. 2. To amend the Company's procedure for loaning funds to others. 3. Amendment of the Company's "Rules of Shareholders' Meetings". 4, Amendment of the Company's "Board Directors and Supervisors Election Guidelines". 5. 2021 annual private equity capital increase. | | | |
| 18th of the 11th Term September 17, 2021 | Board of Directors | Cause of Action 1: The Company intends to loan funds to SERIAL SYSTEM LTD. Submitted for approval. | V | None | Passed by all Directors attending the meeting without objections. |
| | | Cause of Action 2: Trustbond Technology Corp investment. Submitted for approval. | | None | |
| 19th of the 11th Term November 11. 2021 | Board of Directors | Cause of Action 1: the consolidated financial statements for the third quarter of 2021. Submitted for approval. | | None | Passed by all Directors attending the meeting without objections. |
| | | Cause of Action 2: The overdue amount of the Company's accounts receivable and other accounts receivable as of the end of the third quarter of 2021 is not a fund loan and the nature of the case. Submitted for approval. | | None | |

| | | | | | |
|---|--------------------|--|--|------|---|
| | | Cause of Action 3: 2022 budget. Submitted for approval. | | None | |
| | | Cause of Action 4: Internal audit plan for 2022. Submitted for approval. | | None | |
| | | Cause of Action 5: Set the base date for employee stock option conversion and issuance of new shares. Submitted for approval. | | None | |
| | | Cause of Action 6: The report of manager salary structure, payment amount and performance bonus from the Compensation Committee. Submitted for approval. | | None | |
| | | Cause of Action 7: The Company intends to apply to financial institutions for annual line of credit. Submitted for approval. | | None | |
| 20th of the 11th Term January 10, 2022 | Board of Directors | Cause of Action 1: 2022 budget amendments. Submitted for approval. | | None | Passed by all Directors attending the meeting without objections. |
| | | Cause of Action 2: Set the base date for employee stock option conversion and issuance of new shares. Submitted for approval. | | None | |
| | | Cause of Action 3: Pay the price of the second phase of the Company's investment in Trustbond. Submitted for approval. | | None | |
| | | Cause of Action 4: The Company intends to cash capital increase Trustbond Technology Corp. Submitted for approval. | | None | |
| | | Cause of Action 5: Discussion of the Company's manager's year-end bonus payment in 2021 from the Compensation Committee. Submitted for approval. | | None | |

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|---|--------------------|--|---|------|---|
| 21st of the 11th Term March 29, 2022 | Board of Directors | Cause of Action 1: 2021 annual business report and final statements. Submitted for approval. | | None | Passed by all Directors attending the meeting without objections. |
| | | Cause of Action 2: Earnings distributions in 2021. Submitted for approval. | | None | |
| | | Cause of Action 3: remuneration for directors and supervisors and the allocation of remuneration for employees in 2021. Submitted for approval. | | None | |
| | | Cause of Action 4: statement of internal control system in 2021. Submitted for approval. | | None | |
| | | Cause of Action 5: To apply for liability insurance for directors and supervisors. Submitted for approval. | | None | |
| | | Cause of Action 6: the Company regularly assesses the independence and discretion of CPAs. Submitted for approval. | | None | |
| | | Cause of Action 7: not to proceed with the private ordinary shares approved by the 2021 annual meeting of shareholders. Submitted for approval. | V | None | |
| | | Cause of Action 8: 2022 annual private equity capital increase. Submitted for approval. | V | None | |
| | | Cause of Action 9: Amendment to the "Articles of Association" of the Company. Submitted for approval. | V | None | |
| | | Cause of Action 10: Amendment to the Company's "Operational Procedures of Acquisition or Disposal of Assets", "Rules of Shareholders' Meetings", "Operation Procedure of Endorsement Guarantee", | V | None | |

| | | | | | |
|--|--|---|---|------|--|
| | | “Operational Procedures of Engaging in Derivatives Trading”, “Procedure for Loaning Funds to Others”, “Board Directors and Supervisors Election Guidelines”, and renamed as “Election Rules for Directors”. Submitted for approval. | | | |
| | | Cause of Action 11: Amendment to the Company’s “Rules and Procedures for Board of Directors’ Meeting”, “Guidelines of Ethical Conduct for Executives and Senior Specialists”, “Ethical Corporate Management Best Practice Principles”, “Procedures and Guidelines for Ethical Corporate Management”, “Standards of Ethical Conduct for Directors and Supervisors” and renamed as “Guidelines of Ethical Conduct for Directors”. Submitted for approval. | V | None | |
| | | Cause of Action 12: Amendment to the Company’s “Control Operations of Board of Directors' Meeting Management”, “Internal Management Control - Control Operations of Related Party Transaction Management”, “Internal Audit Implementation Rules”, “Procedures for the Application for Suspension and Resumption of Transaction”, “Prevention of Insider Trading Management Procedures”, “Long-Term and Short-Term Investment Management Methods”, “Whistleblowing System”, “Regulations for the Management of the Reinvestment Business”, | | None | |

| | | | | | |
|--|--|---|--|------|--|
| | | “ Process Management of Accounting Professional Judgment Procedures, Accounting Policies and Changes in Estimates”, and “Management of the Application of International Accounting Standards”. Submitted for approval. | | | |
| | | Cause of Action 13 : Amendment to the Company’s “Rules and Regulations for the Organization of the Remuneration Committee” and “Management of Compensation Committee Operations”. Submitted for approval. | | None | |
| | | Cause of Action 14 : The Company intends to establish “Rules and Regulations for the Organization of the Audit Committee”, “Rules on the Scope of Responsibilities of Independent Directors”, and “Communication Method Between Independent Director and Internal Audit Supervisor and Accountant”. Submitted for approval. | | None | |
| | | Cause of Action 15: Re-election of the board directors. | | None | |
| | | Cause of Action 16: A list of directors nominated by the board of directors. Submitted for approval. | | None | |
| | | Cause of Action 17: Removal of the non-competition on new directors (including representative natural persons and independent directors) of the Company. Submitted for approval. | | None | |
| | | Cause of Action 18: To prepare and accept the work related to nine directors nominated by shareholders | | None | |

| | | | | | |
|---------------------------------------|--------------------|--|---|------|---|
| | | (including three independent directors). Submitted for approval. | | | |
| | | Cause of Action 19: To set up the operation related to the right to receive shareholder proposals. Submitted for approval. | | None | |
| | | Cause of Action 20: The Company holds the 2022 regular meeting of shareholders. Submitted for approval. | | None | |
| | | Cause of Action 22: The overdue amount of the Company's accounts receivable and other accounts receivable as of the end of the fourth quarter of 2021 is not a fund loan and the nature of the case. Submitted for approval. | | None | |
| 22nd of the 11th Term May 12, 2022 | Board of Directors | Cause of Action 1: The Company's financial statements for the first quarter of 2022. Submitted for approval. | | None | Passed by all Directors attending the meeting without objections. |
| | | Cause of Action 2: The overdue amount of the Company's accounts receivable and other accounts receivable as of the end of the first quarter of 2022 is not a fund loan and the nature of the case. Submitted for approval. | | None | |
| | | Cause of Action 3: the Company intends to loan funds and reinvest BULL WILL TRADING (S) PTE. LTD. Submitted for approval. | V | None | |

- (12) In the most recent year and up to the date of publication of the annual report, the Directors or Supervisors have different opinions on the important resolutions adopted by the Board of Directors which have been recorded or as written statements: none.
- (13) In the most recent year and up to the date of the publication of the annual report, the summary of the resignation and dismissal of the chairman of the board, general manager, accounting supervisor, financial supervisor, internal audit supervisor, supervisor of corporate governance, and R&D supervisor of the company: none.
- (14) Personnel related to the transparency of financial information and the certificates they have obtained from relevant authorities and governing bodies.

| TITLE | NAME | ORGANIZER | CERTIFIED AREA |
|------------------|--------------|----------------------------------|---|
| CFO | LO WEI CHANG | Securities and Futures Institute | Proficiency Test of Further Training of Accounting Supervisor |
| Audit Supervisor | Hung Li-ju | Securities and Futures Institute | Basic Proficiency Test of Corporate Internal Control |
| Audit Supervisor | Hung Li-ju | Securities and Futures Institute | Expert examination of stock affairs |
| Audit Supervisor | Hung Li-ju | Securities and Futures Institute | Test of Common Sense and Professional Ethics in Financial Markets |
| Audit Supervisor | Hung Li-ju | Securities and Futures Institute | Basic Competence Test of Corporate Governance |

- (15) The Company's Board of Directors regularly evaluates the independence of the CPAs:

The Company evaluated the independence of the CPAs in 2021 according to the following assessment items, and has obtained the statement of independence issued by the CPAs. The independent assessment of accountants is arranged in the agenda of the board of directors to discuss matters.

| Independent Assessment Criteria | Assessment Results |
|--|-------------------------|
| Whether the CPA or the firm or its affiliated companies have any direct or indirect significant financial interests with the company, its board of directors, supervisors, and managers. | Comply with Regulations |
| Whether the CPA or the firm or its affiliated enterprises have any financing or guarantee activities with the company or its board of directors, supervisors, and managers. | Comply with Regulations |
| Whether the CPA or the firm or its affiliated enterprises have any close business relationship with the company. | Comply with Regulations |
| Whether the members of the CPA and audit service team are currently or within the last two years acting as directors or managers of the company or having a significant impact on the audit case. | Comply with Regulations |
| Whether the members of the CPA and audit service team are related to the board of directors, supervisors, managers, or personnel with significant influence on the audit case. Whether they have a spouse or second degree of kinship. | Comply with Regulations |
| Whether the chairman of the board, general manager, or manager in charge of financial or accounting affairs of the company does not work for the current CPA firm or its affiliated company within the last one year. | Comply with Regulations |

5. CPA Fee Information

CPA Fee Information

Amount Unit: NT\$ 1,000

| Name of CPA Firm | CPA Name | Audit Period by CPA | Audit Fees | Non-Audit Fees | Total | Note |
|--|--------------|---------------------------|------------|----------------|-------|---|
| Moore Stephens DaHua (Taiwan) CPAs | Andrea Kuo | Jan 1 2021 to Dec 31 2021 | 1,230 | 70 | 1,300 | Non-Audit Fees Is Transfer Pricing Report |
| | Jessie Young | Jan 1 2021 to Dec 31 2021 | | | | |

(1) If an accounting firm is replaced and the audit fee paid in the replacement year is reduced compared with the audit fee paid in the previous year, the amount of audit fees paid and the reasons before and after the replacement shall be disclosed: No such situation.

(2) If the audit fee is reduced by more than 10% compared with the previous year, the amount, proportion and reason of the reduction shall be disclosed: No such situation.

6. Information on Replacement of CPAs

(1) About the Former Accountant: No such situation.

(2) About the Successor Accountant: No such situation.

(3) The company shall send to the former accountant the matters specified in Item 1 and Item 1-3 above, and notify the former accountant to reply within 10 days in case of any disagreement. The company shall disclose the former accountant's reply: No such situation.

7. The company's chairman of the board, general manager, manager in charge of financial or accounting affairs, who has worked in the CPA firm or its affiliated enterprises in the most recent one year: None.

8. The transfer and pledge of shares of directors, supervisors, managers and shareholders holding more than 10% of the shares in the most recent year and as of the date of publication of the annual report:

(1) Changes in the Equity of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

| Title | Name | 2021 | | As of April 30, 2022 | |
|---|---|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | | Number of Shares Increase (Decrease) | Pledge Shares Increase (Decrease) | Number of Shares Increase (Decrease) | Pledge Shares Increase (Decrease) |
| Judicial Person Director | Entrusted with Mega International Commercial Bank Custody of Serial System LTD Investment Account | 0 | 0 | 0 | 0 |
| Chairman of the Board (Note 1) | CHANG CHIEH MIN | 0 | 0 | 0 | 0 |
| Director (Note 1 and Note 2) | GOH BAK HENG | -- | -- | -- | -- |
| Director (Note 1) | GOH SUE TENG | 0 | 0 | 0 | 0 |
| Director (Note 1 and Note 3) | Si-hui Wu | 0 | 0 | 0 | 0 |
| Directors | Chin-Tai Cho | 0 | 0 | 0 | 0 |
| Directors | LO WEI CHANG | 150,000 | 100,000 | 0 | 0 |
| Independent Director | CHAN HUO LIEN | 0 | 0 | 0 | 0 |
| Independent Director | Li Hsi-yan | 0 | 0 | 0 | 0 |
| Supervisor | CHIEN CHIH LANG | 0 | 0 | 0 | 0 |
| Supervisor | WUI HECK KOON | 0 | 0 | 0 | 0 |
| General Manager | Lee Tai Hsiang | (23,817) | 0 | 0 | 0 |
| Assistant Manager of General Management Office (Note 4) | CHOU YING CHUN | (4,317) | 0 | -- | -- |
| Majority Shareholder | Entrusted with Mega International Commercial Bank Custody of Serial System LTD Investment Account | 0 | 0 | 0 | 0 |
| Majority Shareholder | Cho Shun-fa | 0 | 0 | 0 | 0 |
| Majority Shareholder | Hsieh Fu-tien | 0 | 0 | 0 | 0 |

Note 1: The legal representative of Serial System LTD.

Note 2: Resigned on October 5, 2021.

Note 3: Newly-appointed on October 5, 2021.

Note 4: Terminated on March 29, 2022.

- (2) Equity transfer information: No such situation as the counterpart of equity transfer is the related party.
- (3) Equity pledge information: No such situation as the counterpart of equity transfer is the related party.

9. Top 10 shareholders in terms of shares held who are related persons, spouse, or relative within second degree of kinship:

April 26, 2022

| NAME | SHARES HELD | | SHARES HELD BY SPOUSES AND MINOR CHILDREN | | TOTAL SHARES HELD IN THE NAME OF OTHER PERSONS | | THE NAMES OF THE TOP TEN SHAREHOLDERS WHO ARE RELATED PARTIES, SPOUSES, RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP, OR THEIR NAME AND RELATIONSHIP. | | NOTE |
|--|-------------|-------------------------|---|-------------------------|--|-------------------------|--|---|------|
| | Shares | Shareholding Percentage | Shares | Shareholding Percentage | Shares | Shareholding Percentage | Name | Relationship | -- |
| Cho Shun-fa | 3,788,481 | 20.46% | 0 | 0.00% | 0 | 0.00% | None | None | -- |
| Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD | 2,666,474 | 14.40% | 0 | 0.00% | 0 | 0.00% | Chao-Yu Cheng | The person in charge of the invested sub-subsidiary, Serial System LTD, that is invested by the investment account in Serial System LTD by the custody of Mega International Commercial Bank. | -- |
| Hsieh Fu-tien | 1,559,963 | 8.42% | 0 | 0.00% | 0 | 0.00% | None | None | -- |
| Cheng Chao-yu | 485,230 | 2.62% | 0 | 0.00% | 0 | 0.00% | Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD | The Parent Company of Serial System Ltd | -- |
| Huang Yu Hsu Ying | 402,530 | 2.17% | 0 | 0.00% | 0 | 0.00% | None | None | -- |
| WUI HECK KOON | 268,353 | 1.45% | 0 | 0.00% | 0 | 0.00% | None | None | -- |
| CHOU YING CHUN | 266,917 | 1.44% | 0 | 0.00% | 0 | 0.00% | None | None | |
| Liang-chi Chiu | 210,000 | 1.13% | 0 | 0.00% | 0 | 0.00% | None | None | -- |

| | | | | | | | | | |
|-------------|---------|-------|---|-------|---|-------|------|------|----|
| Yu-quan Wu | 165,000 | 0.89% | 0 | 0.00% | 0 | 0.00% | None | None | -- |
| Rui-feng Wu | 163,000 | 0.88% | 0 | 0.00% | 0 | 0.00% | None | None | -- |

10. The shares held by the Company, its Directors, Supervisors, managers, and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio calculated on a consolidated basis

December 31, 2021

| Reinvested Businesses (Note) | Investment of the Company | | Investments of Directors, Supervisors, Managers and Businesses Directly or Indirectly Controlled | | Consolidated investments | |
|---|---------------------------|--------------------|--|--------------------|--------------------------|--------------------|
| | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio |
| Huizhou Jun Chao Electronic Co., Ltd. | -- | 100.00% | 0 | 0.00% | -- | 100.00% |
| Hong Kong Bull Will Holdings | 11,619,229 | 100.00% | 0 | 0.00% | 11,619,229 | 100.00% |
| Hsin Yeh Investment Limited | 11,619,229 | 100.00% | 0 | 0.00% | 11,619,229 | 100.00% |
| BULL WILL Electronics Co., Ltd. | 2,655 | 100.00% | 0 | 0.00% | 2,655 | 100.00% |
| Dongguan Zhao Kang Electronic Co., Ltd. | -- | 100.00% | 0 | 0.00% | -- | 100.00% |
| Huizhou Bullwill Electronic Co., Ltd. | -- | 100.00% | 0 | 0.00% | -- | 100.00% |
| Trustbond Technology Corp | 300,000 | 30.00% | 0 | 0.00% | 300,000 | 30.00% |
| BULL WILL TRADING(S) PTE LTD | 42,900 | 30.00% | 0 | 0.00% | 42,900 | 30.00% |

Note 1: This table represents the company's long-term investment under the equity method.

Chapter 4. Funding Status

1. Capital and Shares

(1) Source of Share Capital 1. Share Capital Formation

Unit: Share / NT\$1,000

| Year / Month | Issuance Price | Authorized Capital | | Paid-In Capital | | Note | | |
|--------------|----------------|--------------------|---------|-----------------|---------|---|------------------------------------|---|
| | | Shares | Amount | Shares | Amount | Source of Share Capital | Equity-Settled Share-Based Payment | Others |
| 87/ 03 | 10 | 3,000,000 | 30,000 | 3,000,000 | 30,000 | Increment of Cash NT\$ 15,000,000 | None | -- |
| 2000/01 | 10 | 4,200,000 | 42,000 | 4,200,000 | 42,000 | Increment of Cash NT\$12,000,000 | None | Approved by letter NO. 89261654, Taipei Builder Word 2, Taipei City Government, dated February 15, 2000. |
| 2000.07 | 16 10 | 10,000,000 | 100,000 | 6,000,000 | 60,000 | Increment of Cash NT\$11,000,000 Surplus Transferred to Capital Increase NT\$7,000,000 | None | Approved by letter NO. 89311932, Taipei Builder Word 8, Taipei City Government, dated August 5, 2000. |
| 2001/09 | 12 10 | 10,000,000 | 100,000 | 9,807,000 | 98,070 | Increment of Cash NT\$18,000,000 Surplus Transferred to Capital Increase NT\$18,000,000 Employee Bonus Transferred to Capital Increase NT\$2,070,000 | None | Approved by Securities and Futures Commission, Ministry of Finance (90) Taiwan Financial Securities (1) letter NO. 142560, dated July 10, 2001. |
| 2002/09 | 20 10 | 25,000,000 | 250,000 | 20,933,700 | 209,337 | Increment of Cash NT\$68,649,000 Surplus Transferred to Capital Increase NT\$29,421,000 Capital Surplus Transferred to Capital Increase NT\$ 9,807,000, Bonus for Employee Transferred to Capital Increase NT\$ 3,390,000 | None | Approved by Securities and Futures Commission, Ministry of Finance (91) Taiwan Financial Securities (1) letter NO. 0910138502, dated July 12, 2002. |
| 2003/08 | 10 | 30,000,000 | 300,000 | 23,322,605 | 233,226 | Surplus Transferred to Capital Increase NT\$20,933,700 Bonus for Employee Transferred to Capital Increase NT\$ 2,955,350 | None | Approved by Securities and Futures Commission, Ministry of Finance (92) Taiwan Financial Securities (1) letter NO. 0920131769, dated July 15, 2003. |
| 2004/09 | 10 | 50,000,000 | 500,000 | 26,313,387 | 263,134 | Surplus Transferred to Capital Increase NT\$27,322,610 Employee Bonus Transferred to Capital Increase NT\$2,585,210 | None | Approved by letter NO. 09317433510, Taipei Builder Word, Taipei City Government, dated September 1, 2004. |
| 2004.10 | 24.2 | 50,000,000 | 500,000 | 26,433,220 | 264,332 | Convertible bond converted to shares NT\$1,198,330 | None | Approved by letter NO. 09323040210, Taipei Builder Word, Taipei City Government, dated October 27, 2004. |

| | | | | | | | | |
|---------|------------|-------------|-----------|------------|---------|---|------|--|
| 2007/04 | 5.18 | 70,000,000 | 700,000 | 41,433,220 | 414,332 | Increment of Cash (Private Offering) NT\$ 150,000,000 | None | Approved by letter NO. 09683289920, Taipei Builder Word, Taipei City Government, dated April 23, 2007. |
| 2007.08 | 5.08 | 205,000,000 | 2,050,000 | 53,933,220 | 539,332 | Cash capital increase (private offering) NT\$125,000,000 | None | Approved by letter NO. 09601227330, Authorized Commerce Word, dated September 14, 2007. |
| 2007.09 | 13.92 | 205,000,000 | 2,050,000 | 53,961,953 | 539,620 | Convertible bond converted to shares NT\$287,330 | None | Approved by letter NO. 09601253880, Authorized Commerce Word, dated October 17, 2007. |
| 2008/04 | 11.81 | 205,000,000 | 2,050,000 | 55,613,096 | 556,131 | Convertible bond converted to shares NT\$16,511,430 | None | Approved by letter NO. 09701093240, Authorized Commerce Word, dated April 22, 2008. |
| 2008.09 | 10 | 205,000,000 | 2,050,000 | 44,490,477 | 444,905 | Accumulated deficits to be covered by capital decrease NT\$111,226,190 | None | Approved by letter NO. 09789249600, Authorized Commerce Word, dated September 16, 2008. |
| 2009/09 | 6.50 | 205,000,000 | 2,050,000 | 56,490,477 | 564,905 | Cash capital increase (private offering) of NT\$120,000,000 | None | Approved by letter NO. 09801202080, Authorized Commerce Word, dated September 4, 2009. |
| 2009.11 | 6.50 | 205,000,000 | 2,050,000 | 60,190,477 | 601,905 | Increment of Cash (Private Offering) NT\$ 37,000,000 | None | Approved by letter NO. 09801270700, Authorized Commerce Word, dated November 23, 2009. |
| 2010/01 | 8.3 9.8 | 205,000,000 | 2,050,000 | 61,743,477 | 617,435 | Employee Stock Option NT\$ 12,470,000 Employee Stock Option NT\$ 3,060,000 | None | Approved by letter NO. 09901011290, Authorized Commerce Word, dated January 20, 2010. |
| 2010/04 | 9.8 | 205,000,000 | 2,050,000 | 63,433,477 | 634,335 | Employee Stock Option NT\$ 16,900,000 | None | Approved by letter NO. 09901078650, Authorized Commerce Word, dated April 19, 2010. |
| 2010/07 | 9.23 | 205,000,000 | 2,050,000 | 68,833,477 | 688,335 | Cash capital increase (private offering) NT\$ 54,000,000 | None | Approved by letter NO. 09901143920, Authorized Commerce Word, dated July 5, 2010. |
| 2010/10 | 9.8 | 205,000,000 | 2,050,000 | 69,074,477 | 690,745 | Employee stock option NT\$2,410,000 | None | Approved by letter NO. 09901235860, Authorized Commerce Word, dated October 20, 2010. |
| 2011/04 | 9.8 | 205,000,000 | 2,050,000 | 69,914,977 | 699,150 | Employee stock option NT\$8,405,000 | None | Approved by letter NO. 10001076950, Authorized Commerce Word, dated April 20, 2011. |
| 2011/07 | 9.8 | 205,000,000 | 2,050,000 | 69,929,977 | 699,300 | Employee Stock Option NT\$150,000 | None | Approved by letter NO. 10001164570, Authorized Commerce Word, dated July 20, 2011. |

| | | | | | | | | |
|----------|--------------------|-------------|-----------|-------------|-----------|---|----|---|
| 2012/09 | 10 | 205,000,000 | 2,050,000 | 48,118,977 | 481,189 | Accumulated deficits to be covered by capital decrease NT\$218,110,000 | -- | Approved by letter NO. 10187375800, Authorized Commerce Word, dated September 10, 2012. |
| 2014/05 | 10 | 205,000,000 | 2,050,000 | 48,472,977 | 484,730 | Employee Stock Option NT\$3,540,000 | -- | Approved by letter NO. 10384048200, Authorized Commerce Word, dated May 20, 2014. |
| 2014/10 | 13.7 10 | 205,000,000 | 2,050,000 | 53,942,477 | 539,425 | Increment of Cash NT\$68,500,000 Employee Stock Option NT\$4,695,000 | -- | Approved by letter NO. 10301210750, Authorized Commerce Word, dated October 14, 2014. |
| Dec 2014 | 10 | 205,000,000 | 2,050,000 | 54,700,977 | 547,010 | Employee Stock Option NT\$7,585,000 | -- | Approved by letter NO. 10301251690, Authorized Commerce Word, dated December 26, 2014. |
| 2015/02 | 14.9 10 14.2 | 205,000,000 | 2,050,000 | 65,552,497 | 655,525 | Convertible bond converted to shares NT\$98,590,200 Employee Stock Option NT\$5,200,000 Employee Stock Option NT\$6,709,500 | -- | Approved by letter NO. 10401029220, Authorized Commerce Word, dated February 24, 2015. |
| 2015/05 | 14.9 10 | 205,000,000 | 2,050,000 | 72,519,951 | 725,200 | Convertible bond converted to shares NT\$68,724,540 Employee Stock Option NT\$950,000 | -- | Approved by letter NO. 10401088670, Authorized Commerce Word, dated May 13, 2015. |
| 2015/08 | 14.9 10 | 205,000,000 | 2,050,000 | 72,809,430 | 728,094 | Convertible bond converted to shares NT\$469,790 Employee Stock Option NT\$2,425,000 | -- | Approved by letter NO. 10401162270, Authorized Commerce Word, dated August 19, 2015. |
| 2015/11 | 10 | 205,000,000 | 2,050,000 | 72,836,430 | 728,364 | Employee Stock Option NT\$270,000 | -- | Approved by letter NO. 10401231120, Authorized Commerce Word, dated November 9, 2015. |
| 2016/03 | 10 | 205,000,000 | 2,050,000 | 72,936,430 | 729,364 | Employee Stock Option NT\$1,000,000 | -- | Approved by letter NO. 10501033210, Authorized Commerce Word, dated March 1, 2016. |
| 2017/10 | 1.5 | 205,000,000 | 2,050,000 | 111,336,430 | 1,113,364 | Cash capital increase (private offering) NT\$57,600,000 | -- | Approved by letter NO. 10601148300, Authorized Commerce Word, dated October 25, 2017. |
| 2020/08 | 10 | 205,000,000 | 2,050,000 | 15,507,206 | 155,072 | Accumulated deficits to be covered by capital decrease NT\$ 958,292,240 | -- | Approved by letter NO. 10952370900, Authorized Commerce Word, dated August 5, 2020. |
| 2021/12 | 15.1 | 205,000,000 | 2,050,000 | 16,111,206 | 161,112 | Employee Stock Option NT\$ 6,040,000 | -- | Approved by letter NO. 11055837810, Authorized Commerce Word, dated December 6, 2021. |

| | | | | | | | | |
|---------|------|-------------|-----------|------------|---------|---|----|---|
| 111/ 02 | 15.1 | 205,000,000 | 2,050,000 | 17,611,206 | 176,112 | Employee Stock Option NT\$15,000,000 | -- | Approved by letter NO. 11145906410, Authorized Commerce Word, dated December 6, 2021. |
|---------|------|-------------|-----------|------------|---------|---|----|---|

2. Type of Shares

April 26th, 2022 / Unit: Share

| Type of Shares | Authorized Capital | | | Note |
|----------------------------|--|-----------------|-------------|-----------------------|
| | Outstanding Shares | Unissued Shares | Total | |
| Registered Ordinary Shares | 18,517,206 (Including private offering 9,479,171 shares) | 186,482,794 | 205,000,000 | Emerging Stock Market |

3. General Declaration Related Information: None.

(2) Shareholder Structure

April 26, 2022

| Shareholder Structure Number | Financial Institutions | Other Juristic Persons | Personal | Foreign Institutions and Individuals | Total |
|---------------------------------|------------------------|------------------------|------------|--------------------------------------|------------|
| Number of Persons | 1 | 12 | 4,529 | 14 | 4,556 |
| Shares Held | 122 | 90,012 | 10,056,876 | 8,370,196 | 18,517,206 |
| Shareholding Ratio | 0.00% | 0.49% | 54.31% | 45.20% | 100.00% |

(3) Shareholding Distribution Status

Shareholding Distribution Status
(NT\$ 10 per share)

April 26, 2022

| Shareholding Class | Number of Shareholders | Number of Shares | Shareholding Ratio |
|--------------------|------------------------|------------------|--------------------|
| 1 to 999 | 3,019 | 422,732 | 2.28% |
| 1,000 to 5,000 | 1,211 | 2,443,754 | 13.20% |
| 5,001 to 10,000 | 165 | 1,289,136 | 6.96% |
| 10,001 to 15,000 | 59 | 752,167 | 4.06% |
| 15,001 to 20,000 | 34 | 618,918 | 3.34% |
| 20,001 to 30,000 | 14 | 359,248 | 1.94% |
| 30,001 to 40,000 | 16 | 570,078 | 3.08% |
| 40,001 to 50,000 | 9 | 424,918 | 2.29% |
| 50,001 to 100,000 | 14 | 994,427 | 5.37% |
| 100,001 to 200,000 | 7 | 993,880 | 5.37% |
| 200,001 to 400,000 | 3 | 745,270 | 4.02% |

| Shareholding Class | Number of Shareholders | Number of Shares | Shareholding Ratio |
|--------------------|------------------------|------------------|--------------------|
| 400,001 to 600,000 | 2 | 887,760 | 4.79% |
| 1,000,001 to | 3 | 8,014,918 | 43.30% |
| Total | 4,556 | 18,517,206 | 100.00% |

(4) List of Major Shareholders (top 10 shareholders in equity ratio)

April 26, 2022

| Name of Major Shareholders | Shares Held (shares) | Shareholding Percentage (%) |
|--|----------------------|-----------------------------|
| Shun-Fa Cho | 3,788,481 | 20.46% |
| Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD | 2,666,474 | 14.40% |
| Fu-Tian Xie | 1,559,963 | 8.42% |
| Chao-Yu Cheng | 485,230 | 2.62% |
| Hsu-Ying Yu Huang | 402,530 | 2.17% |
| WUI HECK KOON | 268,353 | 1.45% |
| CHOU YING CHUN | 266,917 | 1.44% |
| Liang-chi Chiu | 210,000 | 1.13% |
| Yu-quan Wu | 165,000 | 0.89% |
| Rui-feng Wu | 163,000 | 0.88% |

(5) Information on Market Price, Net Value, Surplus and Capital Bonus Per Share for the Most Recent Two Years

Unit: NT\$ / 1,000 Shares

| Items | Year | 2020 | 2021 | Current Year Up To March 31, 2022 (Note 8) |
|---------------------------------------|-----------------------------|--------|--------|--|
| Market Price Per Share (Note 1) | Highest | 16.55 | 38.70 | 49.6 |
| | Lowest | 1.68 | 12.65 | 25.6 |
| | Average | 3.02 | 25.33 | 41.56 |
| Net Worth Per Share (Note 2) | Before Distribution | 13.81 | 15.19 | 15.59 |
| | After Distribution | 13.81 | 14.97 | Unresolved |
| Basic Earnings Per Share | Weighted Average Shares | 15,507 | 15,590 | 17,445 |
| | Earnings Per Share (Note 3) | 0.53 | 0.03 | 0.41 |
| Diluted | Weighted Average Shares | 15,523 | 19,081 | 21,007 |

| | | | | |
|----------------------------------|--------------------------------------|-----------------|--------|------------|
| Earnings Per Share | Earnings Per Share (Note 3) | 0.53 | 0.03 | 0.34 |
| Dividend Per Share | Cash Dividend | No Distribution | 1.99 | Unresolved |
| | Unrequited Stock Dividends | No Distribution | 0 | Unresolved |
| | Capital Surplus Distribution | No Distribution | 0 | Unresolved |
| | Accumulated Unpaid Dividend (Note 4) | -- | -- | -- |
| Analysis of Return on Investment | Price-to-Earnings Ratio (Note 5) | 5.70 | 844.33 | 101.37 |
| | Price-to-Dividend Ratio (Note 6) | -- | 12.73 | -- |
| | Cash Dividend Yield Ratio (Note 7) | -- | 7.85% | -- |

*Where surplus or capital surplus are used for additional share placements, information on retroactively adjusted market prices and cash dividends based on the number of shares issued shall also be disclosed.

Note 1: List the highest and lowest market prices of ordinary shares for each year, and calculate the average market price for each year based on the transaction value and volume of the year.

Note 2: Please fill in the number of shares issued at the end of the year according to the situation of allocation by the resolution of the board of directors or the next annual shareholders' meeting.

Note 3: If there is any retrospective adjustment required due to unrequited stock dividends, the earnings per share before and after adjustment should be listed.

Note 4: If there is any requirement for issuing equity securities that require undistributed dividends for the current year to be accumulated to the annual distribution of the retained earnings, it shall separately disclose the accumulated undistributed dividends as of that year.

Note 5: P/E Ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 6: P/D = Average closing price for each share for the current fiscal year/cash dividend per share.

Note 7: Cash dividend yield ratio = Cash dividend per share/average closing price per share for the current year.

Note 8: Net worth per share and earnings per share shall be filled with the data of the most recent quarter that has been verified (examined) by CPAs up to the date of printing of this annual report: The rest of the columns should be filled.

(6) Dividend Policy and Implementation

1. The dividend policy stipulated in the articles of association of the Company:

The Company's dividend policy is based on the current and future development plans, the investment environment, funding needs, international competitions, and shareholders' interests. Each year, no less than 30 % of the distributable earnings will be allocated for shareholders' dividends and bonuses, but if the distributable earnings are less than 10% of the paid-up capital, then no earnings will be distributed. Shareholders' dividends and bonuses can be distributed in the form of cash or stock, but cash dividends should be no less than 50% of the total dividends.

2. The proposed distribution of dividends at this shareholders' meeting:

(1)

- a. In accordance with Article 27 of the Articles of Association of the Company, the Board of Directors is authorized to make a resolution in cash and report to the Shareholders' Meeting for surplus appropriation in 2021, and the proposed dividend of NT\$ 3,600,000 will be distributed to shareholders in cash based on 17,997,206 shares issued by the Company as of March 21, 2022, at NT\$ 0.20 per share. The cash dividends are calculated on a pro rata basis up to the NTD, with the amount below the NTD being rounded off and the total amount of the deficient NTD being adjusted from the decimal point from the largest to the smallest and the account number from the front to the back in order to meet the total amount of cash dividends distributed.
- b. As a result of the change in the number of shares entitled to participate in the distribution due to the exercise of employee stock option warrants, the Board of Directors resolved to authorize the Chairman of the Board to adjust the distribution rate of cash dividends proportionately, based on the number of shares entitled to participate in the distribution of 18,517,206 shares, and the adjusted cash dividend of NT\$ 3,600,000 (NT\$ 0.19441377 per share) will be paid on May 27, 2022. And submit a report on the 2022 shareholders' meeting.

- (2) In accordance with the Articles of Association of the company, it is proposed allocation cash remuneration of NT\$ 29,358 to the directors and supervisors and cash remuneration of NT\$ 48,930 to the employees. It has been approved by the board of directors on 2022/03/29 and proposed to report to the shareholders' meeting in 2022.

3. Explanation of expected significant changes in dividend policy: none.

- (7) The impact of the proposed stock dividends at this shareholders' meeting on the company's operating performance and earnings per share:

The shareholders' meeting did not propose a free allotment this year, so there is no impact on the company's operating performance and earnings per share and other relevant information.

- (8) Employee bonus and directors' and supervisors' remuneration:

1. The percentage or scope of employee bonus and directors' and supervisors' remuneration as set forth in the articles of association:

If the company makes profits in the year ("profit" refers to profit before deduction of the remuneration paid to employees and the remuneration paid to directors and supervisors), the company shall allocate not more than 5% of the remuneration paid to employees and the remuneration paid to directors and supervisors respectively. However, if the Company has accumulated deficit, the priority is to allocate an amount to offset the deficit first.

The said employee compensation can be paid in the form of stock or cash, and the recipient of the payment include employees of subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned Directors/Supervisors can only be paid in the form of cash.

The two aforementioned items shall be determined by the Board in resolutions and be reported at the shareholders' meeting.

If there is net profit after tax of the current period in the company's annual general accounts, the accumulated losses (including the adjustment of undistributed surplus amount) shall be made up first, and 10% shall be contributed as the legal surplus reserve according to law; except when the legal surplus accumulated has reached the total paid-in capital of the Company. Secondly, special reserve should be allocated or reversed according to laws, regulations, or the competent authority's stipulation. The board of directors shall, together with the undistributed surplus earnings at the beginning of the period (including adjusting the amount of the undistributed earnings), draft a proposal for the surplus appropriation.

The Company's dividend policy is based on the current and future development plans, the investment environment, funding needs, international competitions, and shareholders' interests. Each year, no less than 30% of the distributable earnings will be allocated for shareholders' dividends and bonuses, but if the distributable earnings are less than 10% of the paid-up capital, then no earnings will be distributed. Shareholders' dividends and bonuses can be distributed in the form of cash or stock, but cash dividends should be no less than 50% of the total dividends.

2. The basis of the valuation of employees and directors and supervisors' remuneration for the period shall be calculated on the basis of the number of shares of employees' remuneration for the assignment of shares and the actual distribution shall be accounted for if there is a difference between the valuation and the actual distribution: There is no remuneration for directors and supervisors of share distributions for the period.
3. The board of directors approved the distribution of remuneration: Remuneration to directors and supervisors: NT\$ 29,358 in cash and employee remuneration: NT\$ 48,9306 in cash. There is no difference between the above resolutions and the

amount of costs recognized in the year 2021.

4. Actual distribution of remuneration to employees, directors and supervisors in the previous year:

Actual distribution of employee remuneration in 2020: NT\$ 446,766 in cash.

Actual distribution of directors' and supervisors' remuneration in 2020: NT\$ 267,822 in cash.

- (9) The company buys back the shares of the Company: None.

2. Corporate bond handling: None.

3. Preferred stock handling: None.

4. Overseas depositary receipt handling: None.

5. Handling of employee stock option warrants:

- (1) Handling of stock option warrants for employees not yet retired:

March 31, 2022

| Types of Employee Stock Option Warrants | First Employee Stock Option Warrants in 2019 |
|---|---|
| Effective Date of Declaration | May 27, 2019 |
| Issuing Date | June 10, 2019 |
| Number of Units Issued | 9,000,000 shares |
| The Ratio of the Number of Shares Subscribed to the Total Number of Shares Issued | 58.04% |
| Stock Subscriptions Duration | June 10, 2019 - June 9, 2026 |
| Performance Method | Delivery of New Shares Issued by the Company |
| Restricted Subscription Period and Ratio (%) | By the End of 2 Years 50.00% By the End of 3 Years 75.00% By the End of 4 Years 100.00% |
| Number of Obtained Shares Exercised | 3,010,000 shares |
| Amount of Subscribed Shares Exercised | NT\$ 45,451,000 |
| Number of Unexercised Subscribed Shares | 5,190,000 shares |
| Subscription Price Per Share for Unexercised Subscription | 15.1 |
| Number of Unexercised Subscriptions as a Percentage of Total Issued Shares (%) | 28.03% |

| | |
|--------------------------------|---|
| | |
| Impact on Shareholders' Equity | Based on the current number of issued shares of 18,517,206, the number of unexercised stock subscriptions accounted for 28.03%, which had limited impact on shareholders' equity. |

(2) The names, acquisition and subscription of the managers who have obtained employee stock option warrants and the top ten employees who have obtained stock option warrants as of the annual report publication date:

March 31, 2022

| | Title | Name | Number of Acquired Subscriptions | The Ratio of the Number of Acquired Subscriptions to the Total Number of Shares Issued (Note 1) | Exercised | | | | Unexercised | | | |
|------------------|-----------------------|-------------------|----------------------------------|---|---------------------|--------------------|---------------------|--|---------------------|--------------------|---------------------|--|
| | | | | | Subscription Number | Subscription Price | Subscription Amount | The Ratio of the Number of Subscriptions to the Total Number of Shares Issued (Note 1) | Subscription Number | Subscription Price | Subscription Amount | The Ratio of the Number of Subscriptions to the Total Number of Shares Issued (Note 1) |
| Managers | Chairman of the Board | CHANG CHIEH MIN | 2,400,000 | 12.96% | 150,000 | 15.1 | 2,265,000 | 0.81% | 2,250,000 | 15.1 | 33,975,000 | 12.15% |
| | General Manager | Lee Tai Hsiang | | | | | | | | | | |
| | Assistant Manager | LO WEI CHANG | | | | | | | | | | |
| Top 10 Employees | Employee | HO I CHIN | 4,840,000 | 26.14% | 2,230,000 | 15.1 | 33,673,000 | 12.04% | 2,610,000 | 15.1 | 39,411,000 | 14.09% |
| | | Hung-Kang Huang | | | | | | | | | | |
| | | Yuan-Liang Wu | | | | | | | | | | |
| | | HUNG LI JU | | | | | | | | | | |
| | | Chun-Hsien Li | | | | | | | | | | |
| | | Chao-Yu Huang | | | | | | | | | | |
| | | Cheng-Hsiung Wang | | | | | | | | | | |
| | | Wei-Min Cheng | | | | | | | | | | |

| | | | | | | | | | | | | |
|--|--|-----------------------|--|--|--|--|--|--|--|--|--|--|
| | | Yi, I- Chun Lin | | | | | | | | | | |
| | | Ying- Chieh Li | | | | | | | | | | |

Note 1: The total number of issued shares is 18,517,206.

6. Handling of restricted employee shares: None.

7. Issuance of new shares for M&A handling: None.

8. Execution process of application of funds:

(1) Project Contents:

1. Private offering, cash capital increase, and issuance of new shares in 2021:

As of the date of publication, due to the lack of a suitable strategic partner investor, the issue period will expire on June 28, 2022. Therefore, the board of directors of the Company has decided on March 29, 2022, that it will not continue to handle the issue within the period.

(2) Exercised status and exercised benefit analysis: None.

Chapter 5. Operation Overview

1. Business Contents

(1) Scope of Business

1. Main contents of business

- (1) Manufacturing of computers and the peripheral equipment
- (2) Manufacturing and reproduction of recorded media
- (3) Manufacturing of wired communication equipment and apparatus
- (4) Manufacturing of telecommunication equipment and apparatus
- (5) Manufacturing of electronic components
- (6) International trading
- (7) Wholesale of computing and business machinery equipment
- (8) Wholesale of telecommunication instruments
- (9) Wholesale of computer software
- (10) Electronic materials wholesale
- (11) Software design services
- (12) Data processing services
- (13) Digital information supply services
- (14) Product Designing
- (15) Telecommunication control RF equipment input
- (16) Except for permitted business, the company may engage in business not prohibited or restricted by law.

2. Business Proportion of Main Products

| Product | Year | 2021 | | 2020 | |
|--------------------------------|------|---------|----------------|--------|----------------|
| | | Amount | Percentage (%) | Amount | Percentage (%) |
| Standard electronic components | | 235,037 | 63.32% | 92,389 | 49.27% |
| Customized | | 134,846 | 36.33% | 89,232 | 47.59% |

Unit: NT\$1,000

| | | | | |
|---------------------|---------|---------|---------|---------|
| magnetic components | | | | |
| Transformer | 1,017 | 0.27% | 2,679 | 1.43% |
| Others | 282 | 0.08% | 3,204 | 1.71% |
| Total | 371,182 | 100.00% | 187,504 | 100.00% |

3. Current Product and Service of the Company

- (1) The production and sales of radiation protection components and static/surge protection components
- (2) The production and sales of power supply magnetic coil components
- (3) Wafer lamination / Production and sales of winding inductance
- (4) The distribution of high-frequency ferrite cores and alloy cores
- (5) Agent and distributor of APEC (Advanced Power Electronics Corp.) MOS FET
- (6) Other related electronic components and materials import and export business

4. Developed New Products

| Product Category | Application of newly developed products |
|---|--|
| Surface Mounted components (SMD standard products) | Used for EMI/EMC solution processing of high-speed transmission interfaces and DC voltage input terminals of various types of chips in various electronic products, as well as high frequency pulse arithmetic machines. |
| Composite Magnetic Material Combined with Flat Copper Wire Reactor(Hybrid reactors) | 1. PV inverter for wind turbine and solar power 2. Variable-frequency household appliances 3. Electronic power converter for automobiles and charging pole |
| High-performance, high-power inductors(PHD chokes) | PFC Required for Various Power Supply Units of Gold and Platinum Chokes & Output Chokes. |
| Ultra-thin power inductors (Super slim PFC chokes) | Applied in slim, high-performance power supplies, such as those used in cloud servers and flat screen TVs |
| Wireless Charging Coil (Tx & Rx coil units) | Applied in the transmitting end and receiving end of power modules in wireless power systems |
| High-performance, high-power reactors (PHD Reactors) | 1. Renewable energy inverter system 2. Charging piles for electric vehicles. |
| Flat wire coil common mode choke | Filter applied to the mains input of 100W~500W power supply. |

5. Planned Development of New Products

| Product category | Application of new products in plan |
|--|---|
| High C/P output chokes (Hi-C/P output chokes) | Applied in ripple suppression in the high-current output in all kinds of power supplies. The traditional designs suffer from the high price of flat wires and the high cost of mold processing. If low-cost solutions for wire materials and processing can be found, market expansion is possible. |

(2) Sector Overview

(1) Current Status and Development of the Industry:

The components of electronic products can be divided into two categories. An electronic component capable of performing data operations is called an active element. Components that do not perform operations on or command a passing current signal, but simply adjust the strength of the current signal, or allow the current signal to pass or not pass, are classified as passive components. The passive components are resistors, capacitors and inductors. The inductor is designed according to the principle of electromagnetic induction, which is used to prevent electromagnetic wave interference, filter current noise and stabilize current. It can be widely used in desktops, notebooks, mobile phones, tablets, servers, audiovisual equipment, automotive electronics and other fields, especially in consumer electronics and electronic products as the major fields; it is the indispensable key part.

According to Mordor Intelligence LLP's 2019 research report "Inductors Market - Growth, Trends, and Forecast (2020-2025)", the sales volume of the global inductance market is US\$ 4.481 billion in 2019, and it is estimated that it will grow to US\$ 5.485 billion in 2025, with a compound annual growth rate of 3.5%. Among them, the largest application fields are still consumer electronics and electronic products and smart phones. However, automotive electronics, 5G related applications, Internet of things, cloud computing, medical treatment, aviation and other markets have obvious growth space for inductive components in the future. The number of inductors used continues to increase due to various emerging applications. In terms of sales area, the Asia-Pacific region is still the region with the highest consumption, mainly benefiting from the demand driven by industrial economies such as mainland China, South Korea, Japan, India and other technologically advanced countries.

In addition, the Industrial Technology Research Institute announced in October 2020, the international trade war triggered a shift in global supply chains, increased willingness of Taiwanese businesses to invest back in Taiwan, and continued progress in advanced manufacturing processes by Taiwanese semiconductor manufacturers. The

development of 5G infrastructure and the application of relevant new products have driven the demand for electronic components and terminal products. It is estimated that Taiwan's manufacturing output value will be NT\$ 19.68 trillion in 2021, with a growth rate of 4.75%. However, the impact of international political and economic turmoil on the global economy is becoming more apparent, including trade disputes between the United States and China, Japan and South Korea, Britain's decision to leave the European Union and geopolitical conflicts. In addition, COVID-19 in the Chinese mainland is spreading around the world, and its two largest economies, the U.S. and China, are both major export markets for Taiwan. If the U.S. and Chinese economies do not perform as well as expected, Taiwan's manufacturing sector will also be put to the test.

Growth Rate Prediction of Taiwan's Manufacturing Output in 2020

Currency: TWD

臺灣製造業產值成長率預測

| 2020 年 | | | 2021 年 | | |
|--------|-----------|-----------|--------|-----------|-----------|
| 期間 | 年增率 (%) | 產值 (兆元) | 期間 | 年增率 (%) | 產值 (兆元) |
| 全年 | -4.05 | 18.79 | 全年 | 4.75 | 19.68 |
| Q1 | -2.22 | 4.57 | Q1 | 3.56 | 4.73 |
| Q2 | -8.37 | 4.51 | Q2 | 6.06 | 4.78 |
| Q3 | -3.25 | 4.79 | Q3 | 4.77 | 5.02 |
| Q4 | -2.30 | 4.92 | Q4 | 4.63 | 5.15 |

資料來源：工研院產科國際所 (2020/11)
 註：1.產值數字為名目值，含臺灣地區從事外銷之公民營廠商國內接單海外生產的三角貿易價差。2.產值採四捨五入取至小數點第二位，各季度加總與整體數字可能有些微落差。3.產值根據主計總處最新數據發布進行回溯修正。

(2) Correlation Between Upper, Middle and Lower Downstream Sectors

The Company is to position the winding inductance components as the core products of the company and its subsidiaries. Strategic cooperation between the upstream and downstream of the industrial chain has become an important strategy for enterprise management. In addition to actively developing new products through strategic cooperation with upstream core material manufacturers, and carefully selecting potential cooperators to establish an alliance relationship, we hope to effectively extend the product line breadth and market reach in a short period of time.

(3) Various Product Development Trends and Competition Status

A. Various Product Development Trends

At present, the main inductance component suppliers in the world are mainly Japanese manufacturers. For Taiwan's inductive component industry, the market still has room to expand. Based on the competitive advantages accumulated in the past, Taiwan's inductive component manufacturers are not only in the consumer electronics and

electronic products, smart phone application market, but also in other application fields such as 5G, Internet of things and automotive electronics. It is necessary to guard against the excessive expansion of popular products and markets by large factories in different countries, which may lead to the imbalance of supply and demand and the decline of average unit price.

B. Competition Status

Winding inductance components need precision manufacturing, the process is more manual processing, and has the ability of customized design, so the advantages of customized price are more stable. However, electronic products are developing towards the trend of slim, light, short and high function. Traditional winding inductors cannot meet the requirements of miniaturization, and the industry has shifted to the development of integrated inductor components and other high-end fields. Therefore, the price of winding inductor components is difficult to grow significantly. However, the industry concentration of inductive components is relatively high. According to the data of Electronics Supply and Manufacturing-China, it is pointed out that in terms of global competitors of passive components, Japanese enterprises are the best, and Murata, TDK, Taiyo Yuden and other enterprises occupy more than 50% of the market share of global passive components.

Structure Classification of Inductive Elements and Comparison of the Advantages and Disadvantages

| Category | Winding Type | Laminated Type | Thin Film Type | Integrated Type |
|--------------|--|--|--|--|
| Advantage | Wide range of inductance, high precision, high power, high Q value. | Low cost, small size, automated production. | High consistency, good parameters, high stability, small size. | Low loss, low impedance, high electromagnetic shielding, small size, good temperature rise current and saturation current characteristics. |
| Disadvantage | The size is difficult to miniaturize, the process is complex, the technology is lower. | Low power, low pass rate, lower inductance, low Q value. | Higher cost, suitable for high-tech industry. | The technical threshold is high, the production equipment is expensive, the production cost is high. |

Note: Q value is the parameter to measure the inductance element. The higher Q value is, the smaller the loss is, and the higher the efficiency is, and vice versa.

In addition, as far as the application side is concerned, the usage of inductive components of smart phones accounts for 55% of the total demand of the whole industry, which is much higher than that of other consumer electronic products such as notebooks and desktops. It is obvious that smart phones are the main sales market of inductive

components. However, the smart phone market is relatively concentrated, so it is not easy to break into the supply chain. At present, it is mainly controlled by Japanese companies such as Murata and Taiyo Yuden. However, the main advantage of Japanese enterprises lies in their profound brand and technology, while Taiwan and China enterprises mainly rely on their scale and price to win in the market. Therefore, it also determines the application division of inductive component manufacturers in the high, middle and low-end markets.

Currently, the global suppliers of inductive components are still dominated by Japanese manufacturers. After the merger of Taiwan-based enterprise, Chilisin Electronics Corp. with Mag.Layers Scientific Technics Co.,Ltd and MAGIC TECHNOLOGY CO., LTD., it has become one of the top five suppliers in the industry. Due to the rapid growth of the local domestic market, the sales performance of China manufacturers has also improved rapidly. However, the industry ecology of inductance is moving towards the Evergrande trend. Facing the compressed living space, small and medium-sized manufacturers are bound to develop unique business strategies to avoid being eliminated.

In addition to expanding the production capacity of the original products, the Company continues to develop to meet the market needs of various components. In recent years, a number of new products have been introduced into the sales content, so that the downstream customers are distributed in the consumer electronic products, information products, communication products, automotive electronics and other high-tech electronic industries, so as to diversify the risks of marketing in a single industry, to enhance their competitiveness and to respond to the rapid changes in the market.

Global Representative Suppliers of Inductive Components

| | |
|-------------------------|--|
| Japanese Manufacturers | TDK, Murata, Taiyo Yuden, Panasonic, Sagami, Sumida |
| U.S. Manufacturers | Vishay, Coilcraft |
| Korean Manufacturers | Samsung Electro-Mechanics, Samwha |
| Taiwanese Manufacturers | Chilisin, Delta Electronics, Cyntec, TAI-TECH, ABC Taiwan Electronics, King Core, Darfon Electronics Corp., INPAQ Technology Co. |
| Chinese Manufacturers | Sunlord Electronics, FENGHUA ADVANCED TECHNOLOGY, Microgate, Codaca Electronic |

(3) Technology and R&D Overview

(1) R&D Personnel and Their Academic Qualifications/Work Experiences

The Company and its subsidiaries have undergone an organizational restructure in 2011, transforming the Company as a distributor and OEM manufacturer to a business model of all-in-one services including R&D and design. For this aim, the Company reassigned the Engineering Office as the R&D and Engineering Office and tasked it with the R&D of new products, innovative design, and customization. At the present stage, we will focus

on customizable new design and technical support.

April 30, 2022

| Level of Education | Number of Persons | % |
|--|-------------------|------|
| Higher education (colleges and universities) | 2 | 100% |
| Total | 2 | 100% |
| Average tenure | 9.1 | |

(2) R&D Expense

Unit: NT\$1,000

| Items | 2020 | 2021 | As of March 31, 2022 |
|--------------------------|---------|---------|----------------------|
| R&D Expense (A) | 2,231 | 2,300 | 580 |
| Net operating income (B) | 187,504 | 371,182 | 139,821 |
| (A)/(B) | 1.19% | 0.62% | 0.41% |

(3) Successfully Developed Technologies or Products

| Year | Successfully developed technology or products | |
|------|--|---|
| 2011 | 1. Introduction of low-cost design of copper-clad aluminum wires 2. PFC chokes for a new PHD framework. 3. Innovative design and patent preparation of inductive components for complex magnet framework. | 1. All kinds of high power reactor and SG magnetic ring automatic winding products. 2. Gold and platinum power supplies for all types of power supplies. |
| 2012 | 1. Obtained the Taiwan R.O.C. and China patent for "Wire wound inductors with replaceable core" 2. First generation of PHD patent products: BWLX3015 & BWLX3 020 series. 3. Wireless charging coil set (Tx & Rx coil units). | 1. Gold and platinum power supplies for all types of power supplies. 2. Wireless chargers for various consumer electronic products. |
| 2013 | 1. Second generation of PHD patent products: BWLX-PQ26 & BWLXPQ32 series. 2. High-power reactors. | Gold and platinum power supplies for all types of power supplies. |
| 2014 | 1. Ultra thin PHD patent products: BWLX-PQ3211 series. | 1. Power supply for flat panel display or TV. |

| Year | Successfully developed technology or products | |
|------|---|---|
| | 2. High power PHD reactor: BWLX-PQ50 series. | 2. Renewable energy inverter system and electric vehicle charging pile. |
| 2015 | 1. Ultra thin PHD patent products: BWLX-PQ2715F-V series. 2. BWLX-EQ4030 series. | 1. Ultra thin power supply for flat panel display or TV. 2. 800W power supply for Gold and Platinum. |
| 2016 | 1. Advanced PHD-2 iron core structure. Obtained Taiwan and China "iron core replaceable wound inductor components" patent. 2. Flat wire coil common mode choke | 1. It can reduce the cost of iron core for the first edition of PHD products. 2. Inductance adjustment and change are more flexible. |
| 2021 | Ultra compact and high efficiency inductors. | TWS headphones/wearable devices and other miniaturized products for use. |

(4) Future R&D plan and expected invested R&D cost: No plan yet.

(4) Long-Term and Short-Term Business Development Plans

(1) Short-Term Business Development Plans

A. Marketing Strategy

- Continue to strengthen support and services to existing local customers, and actively develop important potential customers in China through the marketing base of Serial System group in mainland China.
- Continue to build the brand image of the agent components, consolidate and expand the scale of operation in the domestic and foreign markets.
- Shorten delivery time, establish complete service network and system to improve customer satisfaction.
- Continue to seek strategic cooperation with international companies.
- Increase the added value of our products, explore the niche markets overseas.

B. Products Development Direction

- Integrating the Company's engineering technologies and resources, application engineers provide customized product design services.
- Continuously develop PFC chokes of high reliability and high performance.
- High-performance and high-power reactors.
- Development of a variety of power inductor products based on PHD design patents.
- Ultra-thin PFC chokes.
- Development of a variety of power inductor products based on advanced PHD-2 design patents.

C. Scale of Operation and Financial Coordination

- Promote the information flow operation, establish the communication network

between the original component suppliers and the customer base in Taiwan headquarters, quickly respond to the causal relationship between each other, in order to achieve the spirit of integration of production and sales and improve the business performance.

- b. Conduct general and professional training for all levels of employees, improve the professional quality of all employees, in order to adapt to the changing times, follow the trend of the world, so as to improve business performance.
- c. Continue to improve the ERP system, to optimize the operation process to establish e-commerce (B to B) operation environment with customers and suppliers, to provide self-procurement, orders, inquiries to receive and pay the automatic convenience services.
- d. Reinforce financial management, centrally plan the funding, production, and sales of subsidiaries, and expand when appropriate the production lines to increase operational scale.
- e. Plant the company initiative, active, responsible enterprise spirit, with the implementation of the philosophy of action, so as to fundamentally improve the company's operation, and strengthen the physique.

(2) Long Term Business Development Plans

A. Marketing Strategy

- a. Based on the good interaction between upstream suppliers and downstream customers, promote a seamless integration of production and sales and form strategic alliances.
- b. Train professional salespersons with technical background for the future trend of technical selling in the market.
- c. Allocate sufficient resources to the local sales and marketing offices and maintain a good relationship with customers.
- d. Plan regional warehouse facilities in response to market competition demands.

B. Product Development Direction

- a. Develop IT and communication related components of high added value
- b. Develop packaged L-C ultra-wide bandwidth filter.
- c. Development of complex magnetic core, toward high power and high efficiency and low-cost reactor development.
- d. Extend the design of the new PHD structure and develop it into the core product series of Bullwill.
- e. Make full use of the resources of subcontractors to develop high power, low frequency silicon steel chip reactors and transformers.

C. Scale of Operation and Financial Coordination

- a. Implement quality control and computerized operations to lower operating cost
- b. with the increasing operational scale, conduct organization restructuring, enforce horizontal connections, and realize the teamwork spirit.
- c. Implement specialized and focused operation, technical orientation, and best value for money, to build competitive advantage.

- d. Continuously improve financial capabilities, in accordance with the long-term business plan of the Company, make careful planning and preparation of funding.
- e. Use various tools in the capital market to obtain funding at low cost to support the operation and development of the Company.

2. Market and Production & Marketing Status

(1) Market Analysis

(1) Sales (Provision) Area of Major Products (Services)

Unit: NT\$1,000; %

| Item \ Year | | 2021 | | 2020 | |
|----------------|----------|---------|---------|---------|---------|
| | | Amount | % | Amount | % |
| Domestic sales | | 156,878 | 42.26% | 57,516 | 30.67% |
| Overseas sales | Asia | 189,546 | 51.07% | 129,016 | 68.81% |
| | Americas | 725 | 0.20% | 0 | 0 |
| | Europe | 24,033 | 6.47% | 972 | 0.52% |
| Total | | 371,182 | 100.00% | 187,504 | 100.00% |

(2) Market Share

Due to the wide variety of products represented by electronic component distributors and the different product lines represented by each distributor, it is impossible to calculate the market share on an objective basis. The company and its subsidiaries have a wide range of customers including notebook computers, cloud servers, industrial computers, digital cameras, and handheld consumer products, which occupies an important position in the market.

Although in recent years, desktops and notebooks and other overall sales market performance are not as expected, coupled with the rapid rise of the red supply chain in mainland China and the rising labor costs in mainland China, it is more difficult for enterprises to operate in the production base there. At the same time, we have to face the competition of the same industry and the pressure of customers to lower prices, so that the future economy and prosperity are still unclear. However, Taiwan's electronics industry has accumulated abundant R&D, design and production capacity, and abundant upstream and downstream resources. Under the environment of complete industrial supply chain, consumer electronic information products have become a key production center in the world, providing relatively good development space for the electric components industry, and the market scale can be expanded accordingly.

(3) Future Market Supply & Demand Situation and Growth

Inductance components have a significant effect on the stability and quality of downstream products. If the downstream customers switch to the inductors, the testing time and cost will be lost and the operation risk will be increased. Therefore, the manufacturers above and below the industry stream maintain a stable cooperative relationship. The products of the company and its subsidiaries are used

for desktop, notebook, server power supply or transformer. In addition to maintaining existing customers, we will actively develop new products, extend new application markets and expand new customers. Therefore, the following is a description of the current situation of the end application market of our company and its subsidiaries.

● Desktop Computer

Microsoft decided to terminate support for Windows 7 operating system update in January 2020 after the new Windows 10 operating system was officially launched in July 2015. Companies around the world are upgrading older devices, driving a wave of new Windows 10 operating systems. According to Gartner, more than 261 million desktops were shipped globally in 2019, an increase of 0.6% compared with 2018, mainly due to the demand for replacement desktops in the commercial desktop market and the trade war between the United States and China. In addition, according to the statistics of Net Applications (by the end of 2019), 30% of the desktops in the world still use Windows 7 operating system. Therefore, in the first half of 2020, in addition to the continuous replacement trend in the commercial desktop market, the demand for consumer desktop replacement will gradually emerge.

However, the COVID-19 outbreak is bound to hit the global industry in the short term. In addition, regional trade conflicts and overall economic factors will depress the overall desktop industry, including the United States, Japan, mainland China and India and other major markets will not perform well. Microsoft also has no plans to release Windows 11 operating system for the time being, but to systematically upgrade Windows 10 operating system through regular updates. As a result, the peak of the desktop hardware upgrade cycle driven by the Windows operating system upgrade will end, which predicts that the global desktop market as a whole will decline again after 2020.

Global Desktop Shipments From 2018 to 2022

| Device Type | 2018 | 2019 (f) | 2020 (f) | 2021 (f) | 2022 (f) |
|-----------------------------------|---------|----------|----------|----------|----------|
| Desktop (Desktop, Notebook) | 195,317 | 191,595 | 178,279 | 169,891 | 161,672 |
| Ultramobiles (Top Model) | 64,471 | 69,641 | 72,529 | 76,789 | 80,036 |
| PC Market Shipments | 259,763 | 261,237 | 250,807 | 246,680 | 241,708 |
| Growth Rate | - | 0.6% | -4.0% | -1.6% | -2.0% |

Source: Gartner (January 2020)/(Unit: 1,000s)

● Notebook Computer

With the development of manufacturing technology, the difference between the

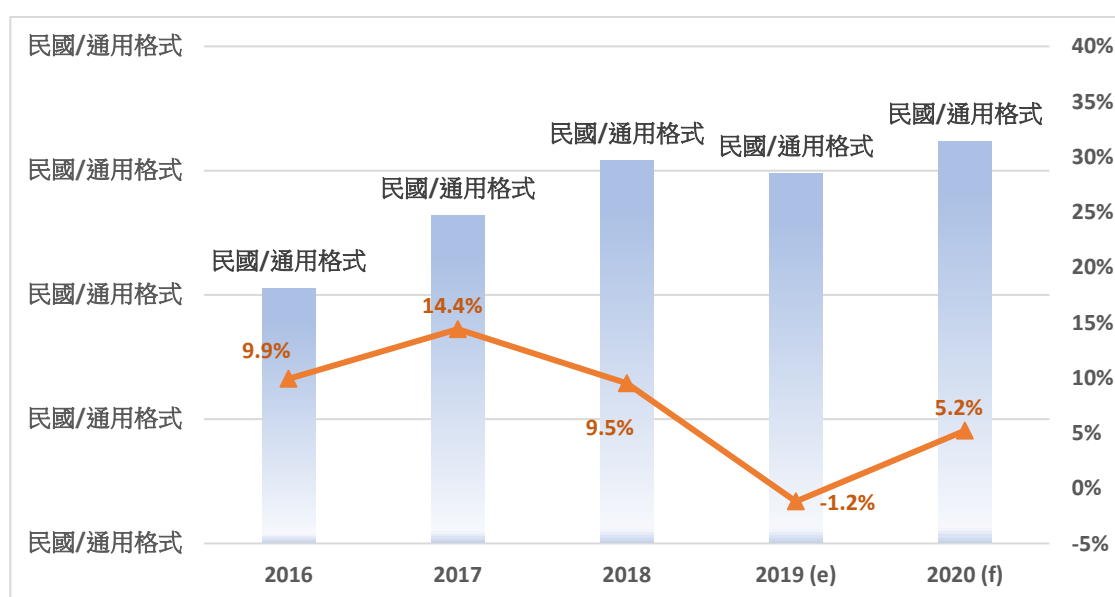
hardware size of laptop and desktop computer has narrowed, making the laptop powerful enough to reach the same level of desktop computer 70 to 80 percent at a relatively affordable price. Among them, e-sports notebook computer can meet both entertainment and work purposes, and computer specifications and sound and light effects continue to pursue the level of e-sports, and toward the development of low price, which is the future of personal computer, and its growth rate is higher and worthy of attention.

It is estimated that the overall market will be flat or slightly reduced in 2022 due to the explosive demand of long-distance work and education market in 2021. Special attention shall be paid to market changes and inventory management to avoid being affected.

● Server

The demand for servers extended from 5G, cloud, and data center remains strong. According to market research, the demand for cloud servers will grow by an average of more than 20% in the next five years, exceeding the overall industry average of 14%. In addition, Cisco also estimated that the global super large data centers will grow from 338 in 2016 to 628, with a compound annual growth rate of 13%, indicating that cloud services continue to grow, driving up the demand for data centers. The key to the core of data center is to build a huge number of server hardware.

Global Server Shipments Change and Forecast



Source: DIGITIMES Research/(Unit: 1,000s)

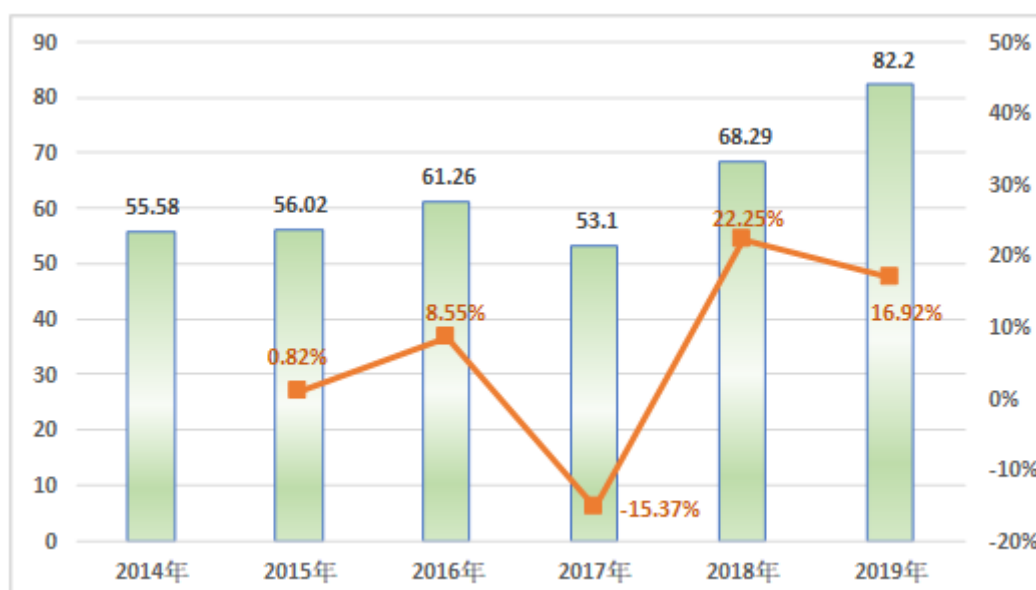
- Medical Instruments

The global medical device market continues to grow in response to aging, chronic disease prevention and disability technologies. According to the BMI report, the global medical device industry market size in 2018 is US\$ 389.9 billion, which is estimated to reach US\$ 490.2 billion in 2022, and the compound growth rate from 2018 to 2022 is up to 5.9%.

Medical devices may also include instruments, devices, apparatus, materials, implants, in vitro testing agents, or other objects. Among them, medical testing and monitoring equipment (such as electronic sphygmomanometer, thermometer, ear temperature gun, air testing product, constant temperature product) are developed by wireless, digital and informatization. We can make use of the capabilities and advantages of software and hardware in the information and communications industry to bridge the gap in the global industrial chain, and carry out cross-domain value-added cooperation through artificial intelligence technology, so as to develop intelligent medical services and grasp business opportunities in intelligent medical care.

According to market research firm MarketsandMarket, the medical IoT market was valued at US\$ 41.2 billion in 2017, and is expected to reach US\$ 158.1 billion in 2022. Among them, the interconnected medical device market in the medical Internet of things is expected to grow from US\$ 14.9 billion in 2017 to US\$ 52.2 billion in 2022.

Manufacturing Value of Radiological and Electronic Medical Equipment in Taiwan



Source: Department of Statistics, Ministry of Economic Affairs/(NT\$ 100 million)

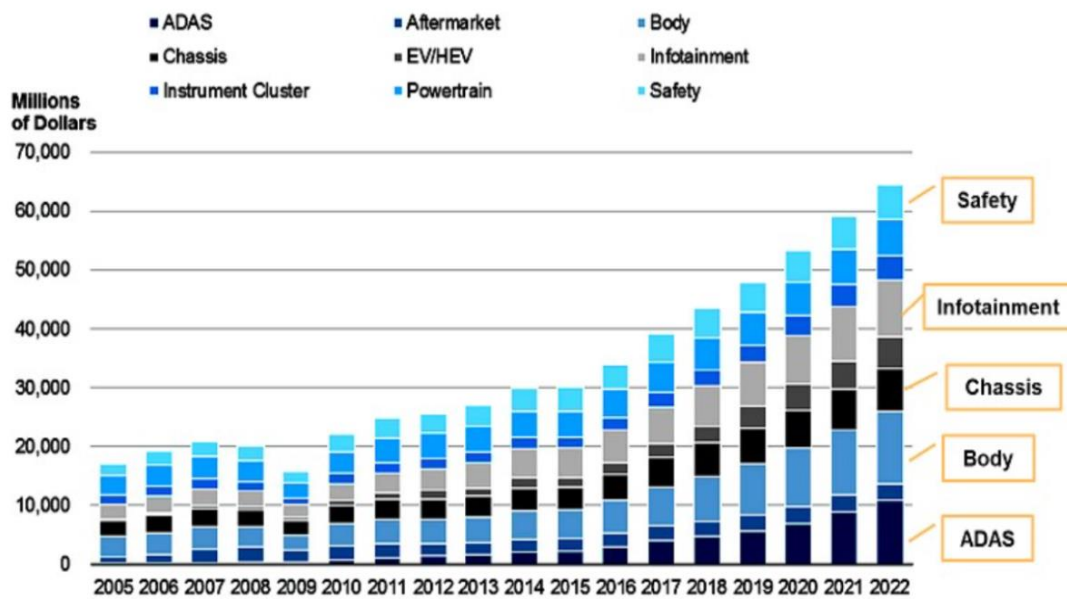
● Automotive Electronics

Thanks to new technology and new applications, the automobile industry has entered the bifurcation point, in addition to the existing traditional car market, the application of electric vehicles, intelligent vehicle electronic car network, advanced driving assistance system (ADAS) and other goals. In terms of fundamentals, under the action of the US, Europe and China that may raise automobile tariffs, the traditional automobile market is under pressure, but the degree of automobile electronization is increasing year by year. In addition, with the support of laws and regulations of various countries, various advanced driving assistance systems have gradually become the standard equipment for vehicles, driving the increasing demand for vehicle image systems, blind spot detection, lane deviation, parking assistance systems, vehicle LED and other application products, making the future development of vehicle electronic market highly anticipated.

The SAE International standard is widely used in the definition of self-drive. SAE is divided into 6 evaluation levels, 0~Level 5, according to the degree of vehicle automation. In 2012, the vehicle will be initially automated. In 2016, the Level 2 self-driving function will be installed on the vehicle. From 2019 to 2020, the Level 2 self-driving function will enter the commercial popularization stage, and in 2021, the Level 4 self-driving sharing mobile economy will be developed. It is expected that from 2022 to 2025, Level 4 self-driving cars will be commercialized, and Level 5 self-driving cars will be launched in 2030.

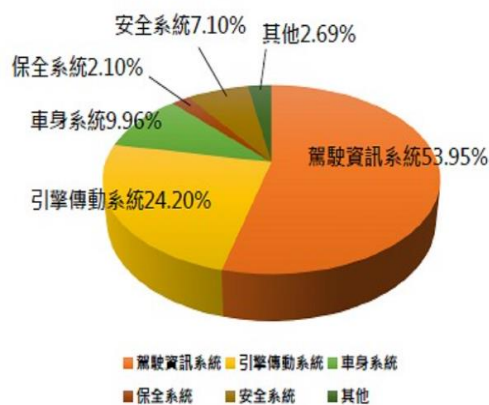
with the increasing degree of EV electrification, EV has become the mainstream in the future. The proportion of automotive electronics in the total vehicle cost has been estimated to reach 50% by 2030, up from 20% in 2000. According to research firm Strategy Analytics, the global automotive electronics output value will reach us US\$ 355 billion by 2023, with a compound annual growth rate of 5.6%. In addition, driven by the demand from the government, the market and consumers, self-driving cars will create a business opportunity of about us USD\$ 800 billion in 2035 and US\$ 7 trillion in 2050, according to the Automotive Research & Testing Center.

Trends in the Development of Automotive Electronic Systems



Source: Gartner, IEK, SIPO (2018/07)

Forecast of Vehicle Electronic Output Value in Taiwan



Source: Gartner, IEK, SIPO (2018/07)

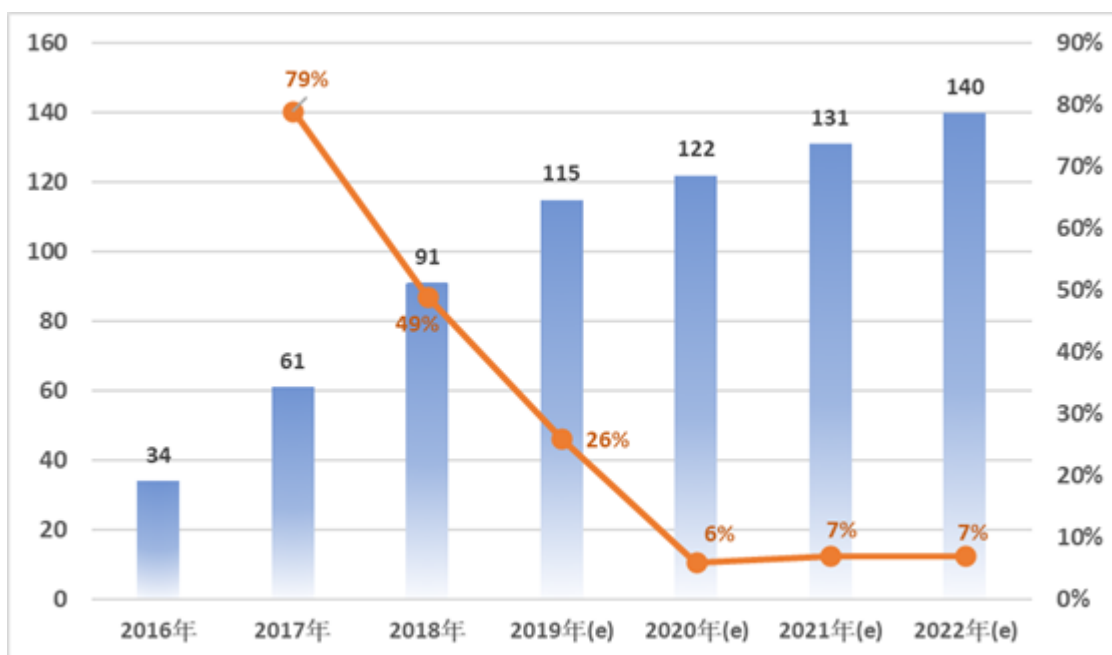
● Wireless Charging

Inductor component is the key component of wireless charging device. with the application of wireless charging technology more and more widely, the inductor market will usher in new business opportunities. with the gradual maturity of wireless charging technology based on electromagnetic induction, the industrialization development trend is gradually formed. According to the data of Beijing JINZHICX, a research institute, the global market size of wireless charging devices was US\$ 3.4 billion in 2016, and will reach US\$ 14 billion in 2022, with an annual compound growth rate of 27%. However, due to the popularity of wireless

charging technology, the growth rate of market size will show a decline.

with the popularization of wireless charging technology to smart phone products, it is estimated that by 2020, more than 1 billion smart phones will be equipped with wireless charging technology, and the penetration rate is expected to increase to 60%. At the same time, it can also provide charging scenarios in intelligent hardware, automobile and other fields, so it has great potential in wearable devices, Internet of things and automotive electronics markets. In the future, the wireless charging technology will be extended from mobile phone application to other application fields, which is expected to bring a lot of demand for the inductor industry.

Global Market Scale and Forecast of Wireless Charging Devices From 2016 to 2022



Source: Beijing JINZHICX/(US\$ 100 million)

● Green Energy

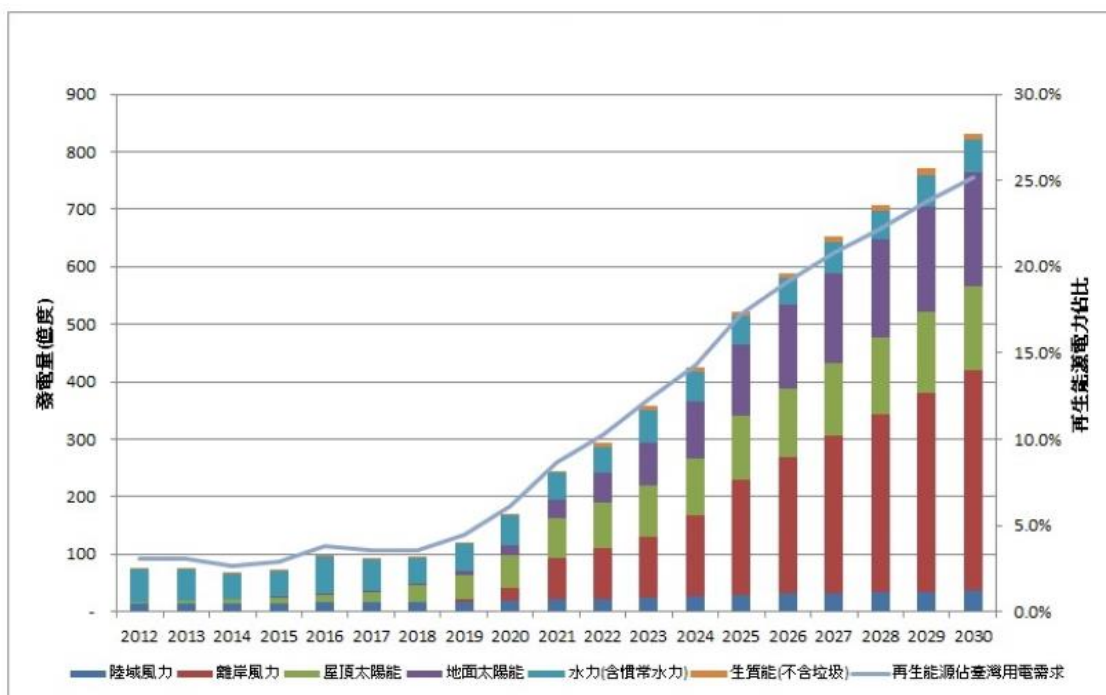
Fossil fuels account for nearly three-quarters of the world's energy consumption, while green power accounts for only a quarter of the world's electricity. Therefore, green energy has also become the development axis of governments under the global greenhouse effect. Green energy includes solar energy, hydraulic energy, wind energy, geothermal energy, hydrogen energy, biomass energy, tidal energy, etc., also known as renewable energy. In recent years, wind power generation has grown rapidly and become the focus of green energy development. Many countries have actively invested

in the development of wind power generation to provide new power sources.

Since Taiwan began to develop wind power in 2000, the land wind field has been developed gradually. The difficulty in finding the location of the land wind field for development, coupled with the negative effects of noise, glare and visual impact, as well as the rising public awareness and environmental resistance, has led to many difficulties in the development of the land wind field. Relatively speaking, the offshore wind field in the western sea area of Taiwan has good wind conditions and great potential for development. In the future, Taiwan will focus on the development of offshore wind field.

In order to accelerate the development of offshore wind power and promote the development of Taiwan's offshore industry, the "wind power offshore system demonstration award method" was announced in 2012 to start the development of offshore wind power. A large-scale wind farm development operation will be launched in 2018 to reach the 2025 target of non-nuclear homeland, which is expected to drive more than NT\$ 900 billion. The inductor component is the main part of the wind power system. It is used to charge the inductor with the input voltage when the power switch is on. Therefore, it depends on the value of the inductor and the current of the load in the inductive current mode or non-inductive current mode.

Estimation of Renewable Energy Generation in Taiwan



Source: Greenpeace East Asia

Inductive devices are mainly used in the field of consumer electronics. with the popularity of consumer electronics products and the increase of penetration, the

market tends to be competitive and saturated, which also makes the inductive device industry market in a declining trend. However, as countries around the world vigorously advocate the development of 5G, the Internet of things, artificial intelligence, green energy, electric vehicles and other related industries, it also brings new market demands, thus promoting the growth of the market scale of inductors and bringing new opportunities for industrial development.

(4) Beneficial and Unfavorable Factors in the Development Prospect and Countermeasures

A. Advantages

a. Complete Product Line Portfolio

The Company currently produces and distributes more than 10 categories of products, among which many from renowned global brands, with comprehensive product lines of hundreds of different products, providing our customers comprehensive solutions and services, and the convenience of one-stop shopping. Customers, in turn, are able to lower their risk in stocking and save time in making purchases.

b. Professional Engineering Team

The Company has a professional engineering team specialized in magnetic circuit design, electromagnetic interference analysis and solutions, and coil inductor design. We are able to assist our customers in applying the electronic components in their products as soon as possible, in order for downstream customers to gain first-mover advantage in the market. In addition, through co-development or commissioned development, we offer comprehensive solutions and build long-term partnerships with our customers.

c. Increasing importance of distributor value in the vertically integrated industry

Currently the information electronics industry is in the advantage of being highly vertically divided in terms of labor. To upstream suppliers, electronic component distributors can help them save on management expenses, provide the latest updates on the market, help suppliers pursue the best marketing strategy in a timely manner. To downstream customers, they can provide timely technical support and the needed components. Therefore, the midstream role of electronic component distributors is valued by upstream and downstream customers. The Company is recognized by the upstream suppliers as well as downstream customers, an evidence of our irreplaceable market leading position that we have established since founding.

d. Continuous growth in end consumer products

The electronic components produced and sold by the Company and its subsidiaries are mainly used in notebook computers, handheld products (UMPC, MID, PND, digital camera, digital photo frame), wireless netcom products, LCD Monitor/TV, inverter and cloud server of renewable energy industry and health care industry, which are the most dynamic industries in the future. with the continuous growth of terminal products, the continuous expansion of market size is of great benefit to the growth of performance. The continuous growth of the market scale of end consumer products is expected to boost the sales performance of the Company.

B. Disadvantages

a. Fierce price competition

The domestic manufacturers and distributors of electronic components tend to be similar in some products, and great in number, and therefore, price competition is fierce.

Coping Strategies:

- I. Maintain good relationship with existing key customers, and develop new customers and new markets with stable supply quality, quality pre-sales and after-sales service and technical support.
- II. Develop competitive niche products and agency lines, rich and diverse product portfolios, enterprise-oriented marketing strategies and the industry will naturally distinguish itself from others.
- III. Consolidate existing product lines with high gross margin, and actively strive for the dealership of future niche products.
- IV. To obtain high recognition from upstream suppliers by operating performance and complete marketing network; to obtain long-term customer support and trust with a professional image.

b. Product Life Cycle is Shorter

Electronic industry has the characteristics of short life cycle, rapid price decline, indirect compression of component gross profit margin.

Coping Strategies:

- I. There are different timings of generation alternation for different products. The Company diversifies in its products to spread the risk.
- II. Circuit automation process, with process scheduling flexibility, so as to meet the changes in market demand, reduce the risk of stock.
- III. Priority shall be given to products with large profit margins and need professional help to design and match.
- IV. Suppliers establish alliances to develop new products with market uniqueness and high entry threshold.

c. Risk of Exchange Rate Fluctuation

The main transaction currency of the Company is US dollars, and the exchange rate risk mainly comes from US dollars.

Coping Strategies:

- I. with foreign currency creditor's rights, the debts offset each other to produce the natural hedging effect.
- II. Keep an eye on the exchange rate changes and the company's demand for funds at any time, and determine the time of foreign exchange in order to minimize the adverse effects of exchange rate changes on the company's profits.
- III. The financial department shall, depending on the actual situation, conduct forward foreign exchange operations to avoid losses due to exchange rate fluctuations.

(2) Important Uses and Production Processes of the Main Products:

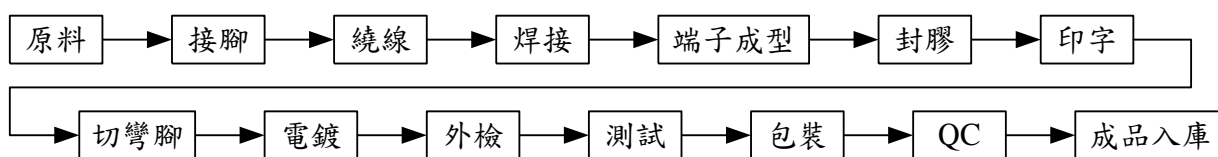
1. Important Uses:

| Product | Use and functions |
|--|---|
| Radiation protection and solution components | It mainly refers to magnetic bead, iron core, electrostatic/shock absorber, common mode coil, wave absorbing material, etc. The main function is to filter/suppress noise waves or electrostatic shock waves, so that the product conforms to the safety certification of various countries. It is mainly used for notebook computer, monitor, mobile phone, PDA, wireless headset microphone, and so on. |
| Power Supply Related Magnetic Component | Energy-storing inductors, power-adjusting inductors; with key functions of storing energy to supply rush current, adjusting power factors, and improving surges; and used mainly in PCs, home appliances, monitors, and chargers. |

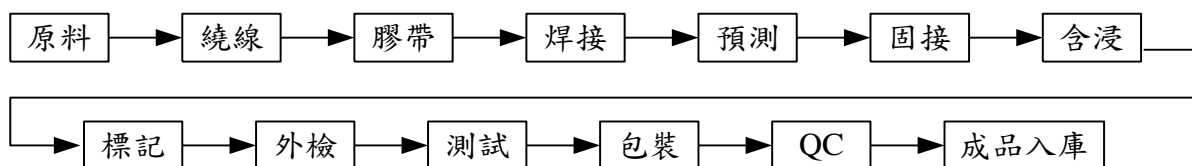
2. Production Process:

A. Electromagnetic wave protection and countermeasures components - in addition to the agent sales products, the production process of common mode coil products produced by our Company is summarized as follows:

a. SMD Common Inductance

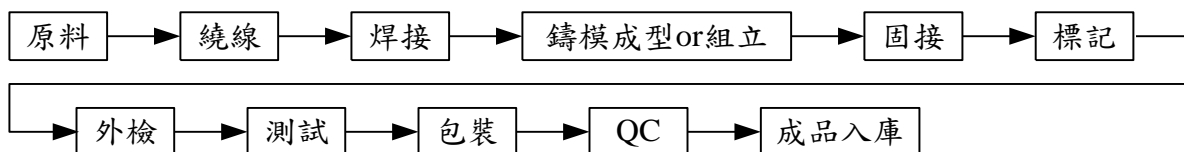


b. General Wound Common Inductance

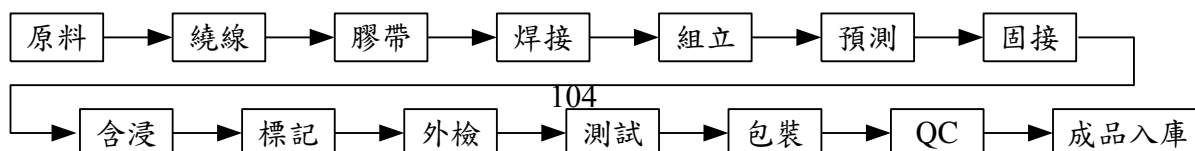


B. Power supply related magnetic element - the manufacturing process of power inductance products manufactured by the Company is summarized as follows:

a. SMD Power Inductance



b. General Wound Power Inductance



- c. Other LEDs, three layers of insulated wire - mainly for the agent sales of products, no production instructions are given here.

(3) Supply Status of Primary Raw Materials

The Company's main raw materials are magnetic core, wire frame and copper wire. We maintain at least two manufacturers of materials admitted by the company to ensure a safe supply. And with the main material suppliers to establish a long-term partnership, we can obtain the first priority support in the price and delivery time. There are always at least two recognized material suppliers to ensure stable supplies. Established long-term partnering with main raw material suppliers to ensure the Company is always prioritized in terms of pricing and delivery terms.

(4) The name of the customer that has accounted for more than 10% of the total amount of goods purchased (sold) in any of the recent two years and the amount and proportion of the goods purchased (sold):

1. Information of Major Suppliers for the Last Two Years

Unit: NT\$1,000

| | 109 | | | | 110 | | | | As of 1st Quarter in 2022 | | | |
|--|---|---------|--|------------------------|--------------|---------|--|------------------------|---------------------------|---------|--|------------------------|
| Item | Name | Amount | Percentage of the net purchase of the year | Relation to the issuer | Name | Amount | Percentage of the net purchase of the year | Relation to the issuer | Name | Amount | Percentage of the net purchase of the year | Relation to the issuer |
| 1 | TAI-TECH Advanced Electronics Co., Ltd. | 12,691 | 10.02% | None | Others | 294,330 | 100.00% | None | HUITENG | 15,056 | 12.90% | None |
| 2 | Others | 113,916 | 89.98% | None | | | | | Others | 101,643 | 87.10% | None |
| | | | | | | | | | | | | |
| | Net Purchase | 126,607 | 100.00% | -- | Net Purchase | 294,330 | 100.00% | -- | Net Purchase | 116,699 | 100.00% | -- |
| Reasons for increase or decrease: The increase in sales of main electronic components led to a relative increase in purchases. | | | | | | | | | | | | |

2. Information of Major Sales Customers in the Last Two Years

Unit: NT\$1,000

| | 109 | | | | 110 | | | | As of 1st Quarter in 2022 | | | |
|---|------------|---------|---------------------------------|------------------------|--|---------|---------------------------------|------------------------------|--|---------|---|------------------------------|
| Item | Name | Amount | Ratio of Total Annual Net Sales | Relation to the issuer | Name | Amount | Ratio of Total Annual Net Sales | Relationship with the Issuer | Name | Amount | Percentage of Net Sales for the Current Year up to the Previous Quarter | Relationship with the Issuer |
| 1 | FSP Hui Li | 23,682 | 12.63% | None | Wistron Corporation (Zhongshan) - F138 | 43,778 | 11.79% | None | Wistron Corporation (Zhongshan) - F138 | 20,610 | 14.74% | None |
| 2 | LITEON | 22,982 | 12.26% | None | LITEON | 40,801 | 10.99% | None | AAEON Technology Inc. | 12,841 | 9.18% | None |
| 3 | Others | 140,840 | 75.11% | None | Others | 286,603 | 77.22% | None | Others | 106,370 | 76.08% | None |
| | Net sales | 187,504 | 100.00% | -- | Net sales | 371,182 | 100.00% | -- | Net sales | 139,821 | 100.00% | -- |
| Reasons for increase or decrease: The increase in customer orders resulted in a relative increase in sales. | | | | | | | | | | | | |

(5) Table of production volume and value of the recent two years:

Unit: 1,000 pieces / NT\$ 1,000

| <div> <div>Year</div> <div>Production Volume</div> <div>Value</div> <div>Main product Or department</div> </div> | 2020 | | | 2021 | | |
|--|---------------------|-------------------|------------------|---------------------|-------------------|------------------|
| | Production capacity | Production volume | Production Value | Production capacity | Production volume | Production Value |
| Electronic components | 6,602 | 5,502 | 84,122 | 5,814 | 4,845 | 124,304 |

(6) Table of sales volume and value of the recent two years:

Unit: 1,000 pieces / NT\$ 1,000

| <div> <div>Year</div> <div>Sales Volume</div> <div>Value</div> <div>Main product Or department</div> </div> | 2020 | | | | 2021 | | | |
|---|----------------|--------|---------------|---------|----------------|---------|---------------|---------|
| | Domestic Sales | | Foreign Sales | | Domestic Sales | | Foreign Sales | |
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Electronic components | 38,358 | 57,515 | 147,038 | 129,989 | 51,117 | 156,878 | 210,629 | 214,304 |

(7) Historical Performance Targets

| <div> <div>Year</div> <div>Analysis Items</div> </div> | | Financial Analysis for the Most Recent 5 Years (Note 1) | | | | | |
|--|--|---|---------|-------|------|------|----------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | March 31, 2022 |
| Historical performance targets | Rate of Return on Assets (%) | (18.26) | (8.99) | 30.1 | 3.02 | 0.71 | 1.78 |
| | Return on Equity (%) | (43.15) | (16.12) | 44.76 | 3.90 | 0.84 | 2.61 |
| | Percentage of Net Profit Before Tax of Capital (%) | (3.24) | (1.68) | 9.64 | 5.33 | 2.15 | 4.98 |
| | Profit margin (%) | (20.64) | (8.38) | 37.05 | 4.38 | 0.56 | 5.36 |
| | Earnings Per Share (NT\$) | (0.68) | (0.19) | 0.65 | 0.53 | 0.03 | 0.41 |

Note 1: Financial information listed has been certified by auditors.

(8) Sector-Specific Key Performance Indicators

| Analysis Items \ Year | | Financial Analysis for the Most Recent 5 Years (Note 1) | | | | | |
|-----------------------|-----------------------------------|---|------|------|------|------|----------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | March 31, 2022 |
| Operating Capacity | Receivables Turnover Rate (Times) | 1.43 | 1.39 | 1.76 | 2.3 | 2.98 | 3.41 |
| | Average Collection Days | 255 | 262 | 207 | 158 | 122 | 107 |
| | Inventory Turnover Rate (Times) | 1.23 | 1.28 | 1.24 | 1.18 | 2.3 | 3.21 |
| | Payables Turnover Rate (Times) | 4.61 | 4.89 | 4.38 | 3.89 | 5.81 | 7.02 |
| | Average Days for Sales | 296 | 285 | 294 | 309 | 158 | 113 |

Note 1: Financial information listed has been certified by auditors.

3. Employee Information:

Employee Information for the Recent Two Years Up to the Publication Date of This Annual Report

| Year | | 2020 | 2021 | As of April 30, 2022 |
|---|--------------------------|---------|---------|----------------------|
| Number of Employees | Business | 6 | 6 | 6 |
| | Administration | 15 | 15 | 14 |
| | Research and Development | 2 | 2 | 2 |
| | Total | 23 | 23 | 22 |
| Average Age | | 48.5 | 49.5 | 49.7 |
| Average Years of Service | | 12.65 | 13.65 | 13.26 |
| Distribution of Academic Qualifications | Ph.D. | 0.00% | 0.00% | 0.00% |
| | Postgraduate | 8.70% | 8.7% | 9.00% |
| | Undergraduate | 91.30% | 91.30% | 91.00% |
| | Pre-Bachelor | 0.00% | 0.00% | 0.00% |
| | Total | 100.00% | 100.00% | 100.00% |

4. Information on Environmental Protection Expenditure:

In the most recent year and up to the publication date of the annual report, the losses caused by environmental pollution (including compensation and violations of environmental laws and regulations as a result of environmental inspection, the punishment date, punishment name, violation of provisions of laws and regulations, violation of contents of laws and regulations, and punishment content) shall be listed, and disclose the estimated amounts and countermeasures that may occur now and in the future, If it cannot be reasonably estimated, it shall state the fact that it cannot be reasonably estimated: None.

1. As a manufacturer of electronic components, our company is not an energy-intensive and major energy-consuming industry, so we have not suffered any loss or punishment due to environmental pollution.
2. Future countermeasures and possible expenditure: None.

5. Labor Management Relations

(1) Employee benefit measures, further education, training, retirement system and its implementation, as well as the agreements between labor and management and various employee rights protection measures of the company as follows:

1. Employee Welfare and Its Implementation Status:

- A. Group insurance.
- B. Travel safety insurance.
- C. Labor insurance and health insurance: In accordance with regulations of labor insurance and national health insurance, all employees will be included in the Company plan from their first day at work.
- D. Bonuses: Gifts (Bonus) for Chinese New Year, Dragon boat festival, Mid-autumn festival, and year-end bonus
- E. To contribute fund for a Employee Welfare Committee.
- F. Subsidize the annual travel for employees, and hold regular dinner for employees and year-end party.
- G. Employees are entitled to education and training in and out of the company from time to time.
- H. Regular employee health check.
- I. Reward long-serving employees.

2. Staff Development and Training:

The Company provides staff education and training, in order to improve staff quality, enhance staff work knowledge, and to reserve technical and management personnel, in order to cooperate with the company's business development, seek effective use of human resources, and set up education and training management methods.

The employee education and training from January 1, 2021 to December 31, 2021 is as follows:

| Course Name | Course Unit | Study Hours | Total Fee (NT\$1,000) |
|--|---|-------------|-----------------------|
| How to Identify the Legal Compliance Risks of Mainland Taiwanese Enterprises' Financial Reports | Hamber Consulting Service Inc. | 3.5 | 37 |
| Corporate Governance Wave - Internal Audit Response | Accounting Research and Development Foundation | 6 | |
| Accounting Executive Continuing Education Course | Accounting Research and Development Foundation | 12 | |
| Common Deficiencies in the Preparation of Corporate Financial Statements and Compliance with Internal Audit and Internal Control Laws | Accounting Research and Development Foundation | 6 | |
| Corporate Fraud Detection Practices: Liability, Forensics and Big Data Analytics | Accounting Research and Development Foundation | 6 | |
| The Legal Liability and Practical Case Analysis of the Company Insider's Short-Term Trading | Accounting Research and Development Foundation | 3 | |
| Financial Risks and Case Analysis of Disposal of Real Estate Stake in Mainland China by Taiwanese Enterprises | Accounting Research and Development Foundation | 3 | |
| Latest Corporate Governance Policy and Analysis of Common Failures | Accounting Research and Development Foundation | 3 | |
| Financial Self-Preparation Practice: Accounting Estimation and Asset Impairment | Accounting Research and Development Foundation | 3 | |
| Analysis of the "Corporate Self-Prepared Financial Report" Policy and Key Discussions on Internal Audit and Internal Control Practices | The Institute of Internal Auditors - Chinese Taiwan | 6 | |
| Subsidiary Audit Practice | The Institute of Internal Auditors - Chinese Taiwan | 6 | |
| Common Deficiencies, Preparation Process and Practices of "Self-Prepared Financial Reports" of Enterprises | Accounting Research and Development Foundation | 6 | |

3. Working Environment and Personal Safety Protection Measures for Employees:

To provide a favorable work environment and safety for employees, the Company follows regulations of worker safety and hygiene and has protective measures in place. Implementation of measures regarding fire protection, safety management, environment and hygiene, and personal safety will be explained:

- (1) Human rights: The Company is focused on employee rights and respects gender equality. Employee training programs are in place and continuously implemented. In self-goal setting, human resource deployment, performance review, promotions, salary, and benefits, there is no inequality between genders. Employee grievance system and anti-sexual harassment measures are in place. Work rules are established according to labor law. Employees are informed about any rules and updates through email. Relevant information is also available on the Company website for reference. The aim is to increase employees' awareness of human rights and regulations.
- (2) Fire fighting equipment: The design and construction of the Company's main interior decoration shall be carried out in accordance with the interior decoration management rules of the building issued by the Ministry of the Interior. The old fire-fighting and emergency evacuation equipment shall be replaced regularly, and the company shall have a plan for disaster prevention and escape in accordance with the annual fire-fighting inspection, and carry out the fire-fighting safety inspection every year. The company has public accident liability insurance.
- (3) Safety management: The Company has security personnel stationed in the building for personnel access control, building elevator card control and automatic power system regular maintenance. Monitor devices are installed in the blind spots of the building and basement, and business halls and offices are equipped with connection security system.
- (4) Personal safety: According to labor safety and hygiene regulations, labor safety and hygiene supervisors have been appointed at the headquarter and local offices. These supervisors have been trained and certified for conducting safety and hygiene related work.
In addition, emergency alert mechanism and emergency contact list, anti-sexual harassment measures, and employee grievance system are in place. All employees are included in the labor insurance, health insurance, and group insurance in accordance with law. Employees also receive subsidy for a health check every two years.
- (5) Environment and hygiene: The water tower of the Company building is cleaned regularly. Filters of the water fountains are replaced regularly to ensure drinking water quality. The air conditioning system and building environment are maintained regularly. A no-smoking policy, as well as waste sorting and recycling, are enforced building-wide.
- (6) Energy saving and carbon deduction: The Company diligently promotes energy saving and carbon deduction, as well as a green environment. The following measures have been taken:
 1. Replace energy-saving LED lights in the office.

2. Air conditioning setting 26 °C with timing control.
3. The emergency indicator and light will be replaced with LED.
4. Through the electronic leave and electronic signature system to achieve paperless documents.
5. Turn off the lights during lunch break to conserve energy.

4. Retirement System and Its Implementation Status:

The Labor Pension Act will apply to all those starting to work for the Company after (including) July 1, 2005. Those who have been employed before July 1, 2005 May choose the pension system under the Labor Pension Act or the Labor Standards Act within five years starting from July 1, 2005 according to their actual needs. If the employee has not chosen by the expiration date, the pension provisions of the Labor Standards Act shall continue to apply as of the date of implementation. Those qualifying the provision by Article 53 of the Labor Standard Law can proceed to retire. The Company, in consideration of the livelihood of retired employees, has reserved 2% of the monthly salary for pension, saved in a special account at Bank of Taiwan. Retirement related procedures are in accordance with Labor Standard Law. To accommodate the new retirement system, the aforementioned pension reserve has been saved to the individual special account for each employee specified by the Bureau of Labor Insurance.

5. Employee Conduct or Ethical Practice:

The Company has established a "code of conduct" for the conduct of directors, supervisors, managers and employees of Bull Will Co., Ltd. Please refer to the company's website: <http://www.bullwill.com.tw> → Shareholder Services

6. Conditions of the Agreement Between Labor and Management:

Any new or revised measures in relation to industrial relations of the Company is settled only after full agreement and communication between the parties, so there is no dispute.

(2) In the last two years and up to the date of publication of the prospectus, the company has suffered losses due to labor disputes and disclosed the estimated amount and countermeasures that may occur now and in the future: there are no major labor disputes in the Company.

(1) In 2018 and up to the date of the publication of the annual report, total amount of losses and penalties due to labor relation disputes:

There was no such situation.

(2) Current and future estimated costs, and the corresponding measures:

The Company dedicates to improving employee compensation, benefits, and work environment. Labor relations meetings are held whenever necessary to ensure voluble communication between the employer and employees and a mutually beneficial work environment.

6. Information Security Management

- (1) State the risk management framework for information and communications security, information and communications security policies, specific management plans, and resources devoted to information and communications security management, etc.:

In light of the current information security emerging trends, such as ransomware, Trojan horses, social engineering attacks, and phishing websites, etc., the general management office of the Company pays close attention to major network security issues and makes corresponding plans in time, in order to detect and complete the obstruction in the earliest time, and report the information of security management to the board of directors from time to time. The Company's response measures are as follows:

1. Before using computers, networks and systems, company personnel should apply to the general management office for permission to use (disable) the information system application form to apply for the account number and the level of permission to use each system.
2. The information operating system (operating system, application software) of the whole company shall be uniformly planned by the general management office, and the user department shall not modify or add the established operation mode by itself.
3. Programs belonging to the operating system (Windows, DOS) themselves are classified as such. They are not allowed to be installed by other personnel without the approval of the general management office or by the general management office personnel.
4. The computers, printers, hubs, network paths and other related peripherals of the company's administrative network are under the jurisdiction of the general management office; if the user needs to move, power off or other needs, it shall inform the general management office in advance, and the staff of the general management office shall decide whether the above operation needs can be fulfilled.
5. Company personnel using the network system shall not file illegal program data or program data that is not approved by the general management office (text files, drivers can be saved).
6. Open folders on the company's internal host server must be approved and opened by the general management office.
7. Departments or personal folders open for use on the host server are used for backup information of departments or individuals. Personal data and files are not allowed to be stored. The general management office shall conduct cleaning and inspection from time to time.
8. General Administration may limit the usage of personal files to prevent the host server from being unusable due to excess space on the host server.
9. If an individual has illegal use or stored relevant digital files that damage the copyright, the general management office can delete them by itself once they are found and confirmed to be correct.
10. The access and use of programs and files are controlled and managed by the general management office on the host server in accordance with the relevant permissions.
11. Firewall settings only allow the internal network to use standard communication port,

website visits, E-mail, etc.; the above special requirements shall be opened and used with the approval of the general management office. External network cannot access internal network host server, database and other network systems. It prevents external hackers to enter the company's internal network. If there are special service requirements, submit them to the General Management Office for explanation and add fixed IP addresses to the whitelist or allow the General Management Office to install VPN to ensure Intranet security.

- (2) Set forth the losses, possible effects and responses to major information and communications security incidents suffered in the most recent year and up to the date of the publication of the annual report, and state the fact that it cannot be reasonably estimated if it cannot be reasonably estimated: No such thing happened in the Company.

7. Important Contracts

April 30, 2022

| Type of contract | Involved parties | Contract Start/End Date | Main content | Restrictions |
|-------------------------------------|--|---|---|--------------|
| Distribution contract | TAI-TECH Advanced Electronics Co., Ltd. | From 2001.01.01 until termination of the contract | Non-exclusive Sales Agent for Electromagnetic Wave Protection Components (Magnetic Beads, Iron Cores) | None |
| Mid-Term Secured Loan/Mid-Term Loan | Bank of Panhsin Xinyi Branch | 2020.07.20 ~2023.07.20 | Operating Capital Loans and Revitalization Capital Loans | None |
| Mid-Term (Secured) Loan | Taiwan Cooperative Bank - East Taipei Branch | 2020.11.19~2026.10.30 | Operating Capital Loans | None |
| Mid-Term (Secured) Loan | Taiwan Cooperative Bank - East Taipei Branch | 2020.11.19~2026.11.19 | Operating Capital Loans | None |

Note: The contract is usually one year or two years. It is agreed that if both parties have no objection before the expiration of the contract, the contract will be automatically renewed.

Chapter 6. Financial Overview

1. Condensed Balance Sheet and Composite Income Sheet for the Last Five Years

(1) 1. Concise Balance Sheet (Individual) - International Financial Reporting Standards

Unit: NT\$1,000

| <div> <div>Year</div> <div>Items</div> </div> | | Financial Information for the Most Recent 5 Years (Note 1) | | | | |
|---|---------------------|--|-------------|-----------|---------|----------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Circulating Asset | | 273,256 | 243,891 | 303,209 | 282,006 | 295,478 |
| Real Estate, Plant, and Equipment | | 5,348 | 4,144 | 3,339 | 2,264 | 2,092 |
| Intangible Assets | | -- | -- | -- | -- | -- |
| Net Investment Property | | 22,478 | 21,157 | 21,019 | 20,881 | 20,743 |
| Other Assets | | 35,424 | 33,726 | 4,812 | 4,721 | 22,935 |
| Total Assets | | 336,506 | 302,918 | 332,379 | 309,872 | 341,248 |
| Current Liability | Before Distribution | 99,076 | 82,263 | 35,416 | 45,566 | 60,574 |
| | After Distribution | 99,076 | 82,263 | 35,416 | 45,566 | (Note 2) |
| Non-Current Liability | | 83,712 | 88,110 | 89,985 | 50,205 | 35,950 |
| Total Liabilities | Before Distribution | 182,788 | 170,373 | 125,401 | 95,771 | 96,524 |
| | After Distribution | 82,788 | 170,373 | 125,401 | 95,771 | (Note 2) |
| Equity Attributable to Owners of Parent Company | | 153,718 | 132,545 | 206,978 | 214,101 | 244,724 |
| Share Capital | | 1,113,364 | 1,113,364 | 1,113,364 | 155,072 | 161,112 |
| Advance Share Capital | | -- | -- | -- | -- | 22,650 |
| Capital Surplus | | 43,306 | 43,306 | 43,702 | 44,054 | 47,298 |
| Legal Reserve | | -- | -- | -- | -- | 822 |
| Retained Earnings | Before Distribution | (1,010,109) | (1,030,829) | (958,292) | 8,221 | 7,931 |
| | After Distribution | (1,010,109) | (1,030,829) | (958,292) | 8,221 | (Note 2) |
| Other Equities | | 7,157 | 6,704 | 8,204 | 6,754 | 4,911 |
| Treasury stock | | -- | -- | -- | -- | -- |
| Non-Controlling Interest | | -- | -- | -- | -- | -- |
| Equities | | 153,718 | 132,545 | 206,978 | 214,101 | 244,724 |

| | | | | | | |
|-------|--------------------|---------|---------|---------|---------|----------|
| Total | After Distribution | 153,718 | 132,545 | 206,978 | 214,101 | (Note 2) |
|-------|--------------------|---------|---------|---------|---------|----------|

Note 1: All the information in the table has been checked (approved) by the accountant.

Note 2: The 2021 surplus was planned to be distributed but has not been distributed.

2. Concise Balance Sheet (Consolidated) - International Financial Reporting Standards

Unit: NT\$1,000

| Year Items | | Financial Information for the Most Recent 5 Years (Note 1) | | | | | As of March 31, 2022 Financial Information (Note 1) |
|---|---------------------|--|-------------|-----------|---------|----------|--|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Current Asset | | 199,083 | 149,799 | 231,455 | 257,915 | 363,675 | 371,048 |
| Real Estate, Plant, and Equipment | | 10,003 | 7,000 | 4,826 | 2,965 | 3,563 | 3,728 |
| Intangible Assets | | -- | -- | -- | -- | 31,487 | 30,974 |
| Other Assets | | 58,366 | 59,305 | 30,066 | 28,383 | 27,651 | 27,274 |
| Total Assets | | 267,452 | 216,104 | 266,347 | 289,263 | 426,376 | 433,024 |
| Current Liability | Before Distribution | 116,894 | 99,180 | 54,586 | 66,728 | 110,075 | 116,055 |
| | After Distribution | 116,894 | 99,180 | 54,586 | 66,728 | (Note 2) | Unresolved |
| Non-Current Liability | | 11,947 | -- | 4,783 | 8,434 | 31,040 | 28,655 |
| Total Liabilities | Before Distribution | 128,841 | 99,180 | 59,369 | 75,162 | 141,115 | 144,710 |
| | After Distribution | 128,841 | 99,180 | 59,369 | 75,162 | (Note 2) | Unresolved |
| Equity Attributable to Owners of Parent Company | | 153,718 | 132,545 | 206,978 | 214,101 | 244,724 | 274,499 |
| Share Capital | | 1,113,364 | 1,113,364 | 1,113,364 | 155,072 | 161,112 | 176,112 |
| Advance Share Capital | | -- | -- | -- | -- | 22,650 | 13,681 |
| Capital Surplus | | 43,306 | 43,306 | 43,702 | 44,054 | 47,298 | 65,107 |
| Legal Surplus Reserve | | -- | -- | -- | -- | 822 | 822 |
| Retained Earnings | Before Distribution | (1,010,109) | (1,030,829) | (958,292) | 8,221 | 7,931 | 15,023 |
| | After | (1,010,109) | (1,030,829) | (958,292) | 8,221 | (Note 2) | Unresolved |

| | | | | | | | |
|--------------------------|-------------------------|----------|----------|---------|---------|----------|------------|
| | Distribu tion | | | | | | |
| Other Equities | | 7,157 | 6,704 | 8,204 | 6,754 | 4,911 | 3,754 |
| Treasury stock | | -- | -- | -- | -- | -- | -- |
| Non-Controlling Interest | | (15,107) | (15,621) | -- | -- | 40,537 | 13,815 |
| Total Equity | Before Distribu tion | 138,611 | 116,924 | 206,978 | 214,101 | 285,261 | 288,314 |
| | After Distribu tion | 138,611 | 116,924 | 206,978 | 214,101 | (Note 2) | Unresolved |

Note 1: All the information in the table has been checked (approved) by the accountant.

Note 2: The 2021 surplus was planned to be distributed but has not been distributed.

(2) 1. Concise Composite Income Sheet (Individual) - International Financial Reporting Standards

Unit: NT\$1,000

| Year Items | Financial Information for the Most Recent 5 Years (Note 1) | | | | |
|--|--|----------|----------|---------|----------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Operating Income | 333,662 | 268,781 | 202,093 | 139,574 | 185,778 |
| Operating Gross Profit | 38,887 | 34,280 | 32,805 | 33,371 | 21,534 |
| Operating Profit and Loss | (10,109) | (10,316) | (34,080) | (9,841) | (20,854) |
| Non-Operating Income and Expenditure | (22,641) | (9,280) | 141,330 | 18,055 | 21,754 |
| Net Profit Before Tax | (32,750) | (19,596) | 107,250 | 8,214 | 900 |
| Continuing Operations Net Income | (55,694) | (21,026) | 72,537 | 8,221 | 532 |
| Loss from Suspended Operations | -- | -- | -- | -- | -- |
| Current Net Profit (Loss) | (55,694) | (21,026) | 72,537 | 8,221 | 532 |
| Current Other Comprehensive Income (Net Amount After Tax) | 3,265 | (147) | 1,500 | (1,028) | (2,265) |
| Current Total Comprehensive Profit and Loss | (52,429) | (21,173) | 74,037 | 6,771 | (1,311) |
| Net Income Attributable to Owners of Parent Company | (55,694) | (21,026) | 72,537 | 8,221 | 532 |
| Net Profit Attributable to Non-Controlling Interests | -- | -- | -- | -- | -- |
| Total Comprehensive Profit and Loss Attributable to Owners of Parent Company | (52,429) | (21,173) | 74,037 | 6,771 | (1,311) |
| Total Comprehensive Income Attributable to Non-Controlling Interests | -- | -- | -- | -- | -- |

| | | | | | |
|--------------------|--------|--------|------|------|------|
| Earnings Per Share | (0.68) | (0.19) | 0.65 | 0.53 | 0.03 |
|--------------------|--------|--------|------|------|------|

Note 1: Financial information listed has been certified by auditors.

2. Concise Composite Income Sheet (Consolidated) - International Financial Reporting Standards

Unit: NT\$1,000

| Year Items | Financial Information for the Most Recent 5 Years (Note 1) | | | | | As of March 31, 2022 Financial Information (Note 1) |
|--|--|----------|----------|----------|---------|--|
| | 2017 | 2018 | 2019 | 2020 | 110 | |
| Operating Income | 286,954 | 245,875 | 195,657 | 187,504 | 371,182 | 139,821 |
| Operating Gross Profit | 54,717 | 47,124 | 42,915 | 47,025 | 71,229 | 24,024 |
| Operating Profit and Loss | (27,231) | (27,577) | (49,073) | (10,396) | 3,456 | 237 |
| Non-Operating Income and Expenses | (8,761) | 8,966 | 156,697 | 18,510 | 4 | 8,541 |
| Net Profit Before Tax | (35,992) | (18,611) | 107,624 | 8,114 | 3,460 | 8,778 |
| Continuing Operations Net Income | (59,117) | (20,508) | 72,759 | 8,067 | 2,092 | 7,490 |
| Loss from Suspended Operations | (97) | (92) | (263) | 154 | -- | -- |
| Current Net Profit (Loss) | (59,214) | (20,600) | 72,496 | 8,221 | 2,092 | 7,490 |
| Current Other Comprehensive Income (Net Amount After Tax) | 4,378 | (1,087) | 1,617 | (1,450) | (1,843) | (1,157) |
| Current Total Comprehensive Profit and Loss | (54,836) | (21,687) | 74,113 | 6,771 | 249 | 6,333 |
| Net Income Attributable to Owners of Parent Company | (55,694) | (21,026) | 72,537 | 8,221 | 532 | 7,092 |
| Net Profit Attributable to Non-Controlling Interests | (3,520) | 426 | (41) | -- | 1,560 | 398 |
| Total Comprehensive Profit and Loss Attributable to Owners of Parent Company | (52,429) | (21,173) | 74,037 | 6,771 | (1,311) | 5,935 |
| Total Comprehensive Income Attributable to Non-Controlling Interests | (2,407) | (514) | 76 | -- | 1,560 | 398 |
| Earnings Per Share | (0.68) | (0.19) | 0.65 | 0.53 | 0.03 | 0.41 |

Note 1: Financial information listed has been certified by auditors.

(3) Name and Audit Opinion of CPA for the Last Five Years

| Year | Name of accounting firm | CPA | Audit Opinion |
|------|------------------------------------|-----------------------------|---------------------|
| 2017 | SHINEWING TAIWAN | Kuo Chen-yu, Chen Kuang-hui | Unqualified Opinion |
| 2018 | SHINEWING TAIWAN | Chen Kuang-hui, Yao Yu-lin | Unqualified Opinion |
| 2019 | Moore Stephens DaHua (Taiwan) CPAs | Andrea Kuo, Jassica Yang | Unqualified Opinion |
| 2020 | Moore Stephens DaHua (Taiwan) CPAs | Andrea Kuo, Jassica Yang | Unqualified Opinion |
| 2021 | Moore Stephens DaHua (Taiwan) CPAs | Andrea Kuo, Jassica Yang | Unqualified Opinion |

2. Financial Analysis for the Last Five Years

1. Financial Analysis Sheet (Individual) - International Financial Reporting Standards

| Analysis Items \ Year | | Financial Analysis for the Most Recent 5 Years (Note 1) | | | | |
|--------------------------|---|---|----------|---------|----------|-----------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Financial Structure (%) | Ratio of Liabilities to Assets | 54.32 | 56.24 | 37.73 | 30.91 | 28.29 |
| | Ratio of Long-Term Capital to Real Estate, Plant, and Equipment | 4,439.6 | 3,198.48 | 6,198.8 | 9,689.89 | 12,330.74 |
| Debt-Paying Capacity (%) | Current Ratio | 275.8 | 296.48 | 856.14 | 618.9 | 487.8 |
| | Quick Ratio | 265.6 | 289.03 | 851.94 | 608.99 | 407.51 |
| | Interest Coverage Ratio | (9.89) | (15.59) | 967.17 | 64.18 | 2.89 |
| Operating Capacity | Receivables Turnover Rate (Times) | 1.49 | 1.28 | 1.10 | 0.93 | 1.4 |
| | Average Collection Days | 245 | 285 | 332 | 392 | 261 |
| | Inventory Turnover Rate (Times) | 2.39 | 2.3 | 2.08 | 1.31 | 2.01 |
| | Payables Turnover Rate (Times) | 7.94 | 8.07 | 7.36 | 4.88 | 5.93 |
| | Average Days for Sales | 153 | 159 | 175 | 279 | 182 |
| | Real Estate Plant, and Equipment Turnover Rate (Times) | 62.39 | 64.86 | 60.53 | 61.65 | 88.8 |

| | | | | | | |
|--------------------|---|----------|---------|--------|----------|----------|
| | Total Asset Turnover Rate (Times) | 0.89 | 0.84 | 0.64 | 0.43 | 0.57 |
| Profitability | Rate of Return on Assets (%) | (14.18) | (6.28) | 22.86 | 2.59 | 0.28 |
| | Rate of Return on Equity (%) | (36.85) | (14.69) | 42.73 | 3.9 | 0.23 |
| | Ratio of Income before tax to Paid-In Capital (%) | (2.94) | (1.76) | 9.63 | 5.3 | 0.56 |
| | Profit Margin (%) | (16.69) | (7.82) | 35.89 | 5.89 | 0.29 |
| | Earnings Per Share (NT\$) | (0.68) | (0.19) | 0.65 | 0.53 | 0.03 |
| Cash Flow | Cash Flow Ratio (%) | 2.75 | 14.16 | 109.66 | 50.62 | (20.02) |
| | Cash Flow Adequacy Ratio (%) | (248.22) | (12.6) | 300.45 | 7,808.54 | 1,301.64 |
| | Cash Flow Reinvestment Ratio (%) | 1.06 | 4.8 | 11.49 | 6.81 | (3.75) |
| Degree of Leverage | Degree of Operating Leverage | 0.84 | 0.86 | 0.95 | 0.84 | 0.93 |
| | Degree of Financial Leverage | 0.77 | 0.9 | 1.00 | 0.99 | 0.98 |

Describe the reasons for the changes in financial ratios of the recent two years (increase or decrease of less than 20% is exempted)

1. Financial structure: Recently, due to the company's good profits and increased bank loans, the company can use funds to improve.
2. Debt paying ability: due to the recent income from insurance settlement and cash dividends received from investments, cash on current assets increased and net profit before tax increased, so the debt paying ability improved.
3. Operation ability: Recently, effective inventory management and write-off of YANG HWA bad debts receivable have improved accounts and inventory turnover.
4. Profitability: Recently, the company turned from loss to profit. Affected by market demand, the sales revenue increased, and the profit contribution from the transfer of investment to subsidiary, Trustbond, so that the overall profitability improved.
5. Cash flow: In the early stage, the cash inflow increased due to the account insurance claim income and the cash dividends received from the investment in Thailand. In the current period, the cash inflow decreased due to the increase in inventory due to the increase in orders.

Note 1: Financial information listed has been certified by auditors.

2. Financial Analysis Sheet (Consolidated) - International Financial Reporting Standards

| <div style="display: flex; align-items: center;"> <div style="transform: rotate(-45deg); transform-origin: left top; white-space: nowrap;">Year (Note 1)</div> <div style="margin-left: 10px;">Analysis Items (Note 2)</div> </div> | | Financial Analysis for the Most Recent 5 Years (Note 1) | | | | | As of March 31, 2022 (Note 2) |
|---|---|---|----------|---------|---------|----------|----------------------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Financial Structure (%) | Ratio of Liabilities to Assets | 48.17 | 45.89 | 22.29 | 25.98 | 33.10 | 33.42 |
| | Ratio of Long-Term Capital to Real Estate, Plant, and Equipment | 1,505.13 | 1,670.34 | 4387.92 | 7,505.4 | 8,877.38 | 8,502.39 |
| Debt-Paying Capacity (%) | Current Ratio | 170.31 | 151.04 | 424.02 | 386.52 | 330.39 | 319.72 |
| | Quick Ratio | 130.09 | 124.51 | 398.65 | 353.7 | 280.56 | 265.25 |
| | Interest Coverage Ratio | (11) | (12.12) | 711.97 | 38.08 | 7.34 | 41.34 |
| Operating Capacity | Receivables Turnover Rate (Times) | 1.43 | 1.39 | 1.76 | 2.3 | 2.98 | 3.41 |
| | Average Collection Days | 255 | 263 | 207 | 158 | 122 | 107 |
| | Inventory Turnover Rate (Times) | 1.23 | 1.28 | 1.24 | 1.18 | 2.3 | 3.21 |
| | Payables Turnover Rate (Times) | 4.61 | 4.89 | 4.38 | 3.89 | 5.81 | 7.02 |
| | Average Days for Sales | 296 | 285 | 294 | 309 | 158 | 113 |
| | Real Estate Plant, and Equipment Turnover Rate (Times) | 23.76 | 28.92 | 33.09 | 48.13 | 113.72 | 153.42 |
| | Total Asset Turnover Rate (Times) | 0.92 | 1.02 | 0.81 | 0.67 | 1.04 | 1.3 |
| | | | | | | | |
| Profitability | Rate of Return on Assets (%) | (18.26) | (8.05) | 30.1 | 3.02 | 0.71 | 1.78 |
| | Rate of Return on Equity (%) | (43.15) | (16.12) | 44.76 | 3.9 | 0.84 | 2.61 |
| | Ratio of Income before tax to Paid-In Capital (%) | (3.24) | (1.68) | 9.64 | 5.33 | 2.15 | 4.98 |
| | Profit Margin (%) | (20.64) | (8.38) | 37.05 | 4.38 | 0.56 | 5.36 |
| | Earnings Per Share (NT\$) | (0.68) | (0.19) | 0.65 | 0.53 | 0.03 | 0.41 |
| Cash | Cash Flow Ratio (%) | (6.36) | 11.83 | 16.69 | (15.98) | (14.12) | 12.62 |

| | | | | | | | |
|--------------------|----------------------------------|---------|---------|-------|----------|-------|--------|
| Flow | Cash Flow Adequacy Ratio (%) | (122.1) | (40.15) | 92.25 | 2,267.04 | 74.05 | 104.97 |
| | Cash Flow Reinvestment Ratio (%) | (3.73) | 7.08 | 3.28 | 14.06 | (4.4) | 4.06 |
| Degree of Leverage | Degree of Operating Leverage | 0.85 | 0.88 | 0.92 | 0.62 | 2.13 | 6.31 |
| | Degree of Financial Leverage | 0.9 | 0.95 | 1.00 | 0.98 | 1.2 | 5.39 |

Describe the reasons for the changes in financial ratios of the recent two years (increase or decrease of less than 20% is exempted)

1. Financial structure: Recently, due to the company's good profits and increased bank loans, the company can use funds to improve.
2. Debt paying ability: In the early stage, due to the income from insurance claims and cash dividends, in the current period, due to the growth of operating income, the cash increase of current assets and the increase of net profit before tax, so as to improve the debt paying ability.
3. Operation ability: Recently, effective inventory management, write-off of bad debts receivable of YANG HWA, and rapid inventory turnover of Trustbond have improved the group's accounts and inventory turnover.
4. Profitability: Recently, the company turned from loss to profit. Affected by market demand, the sales revenue increased, and the profit contribution from the transfer of investment to subsidiary, Trustbond, so that the overall profitability improved.
5. Cash flow: In the early stage, the cash inflow increased due to the account insurance claim income and the cash dividends received from the investment in Thailand. In the current period, the cash inflow decreased due to the increase in inventory due to the increase in orders.

Note 1: Financial information listed has been certified by auditors.

Note 2: At the end of this table of the annual report, the following calculation formula should be listed:

1. Financial Structure

(1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.

(2) Long-Term Capital to Property, Plant, And Equipment Ratio = (Total Equity + Non-Circulating Liability) / Net Amount of Property, Plant and Equipment.

2. Solvency

(1) Current Ratio = Circulating Asset / Circulating Liability.

(2) Quick Ratio = (Circulating Asset – Inventory – Prepaid Expense) / Circulating Asset.

(3) Interest Coverage Ratio = Net Profit Before Income Tax and Interest Expense / Current Interest Expenditure

3. Operating Performance

(1) Accounts Receivable (including receivable and bills receivable arising from business operations) Turnover Rate = Net Sales / Balance of Average Receivable in Various Periods (including accounts receivable and bills receivable arising from business operations).

(2) Average Collection Days = 365 / Receivables Turnover Rate.

(3) Inventory Turnover Rate = Cost of Sales / Average Inventory Value.

(4) Accounts Payable (including payable and bills payable arising from business operations) Turnover Rate = Cost of Sales / Balance of Average Payable in Various Periods (including accounts payable and bills payable arising from business operations).

- (5) Average Days of Sales = $365 / \text{Inventory Turnover Rate}$.
 - (6) Property, Plant and Equipment Turnover Rate = $\text{Net Sales} / \text{Average Net Amount of Property, Plant and Equipment}$.
 - (7) Total Asset Turnover Rate = $\text{Net Sales} / \text{Average Total Assets}$.
4. Profitability Capacity
- (1) Return on Asset = $[\text{Post-Tax Profit or Loss} + \text{Interest Expense} (1 - \text{Tax Rate})] / \text{Average Total Assets}$.
 - (2) Return on Equity = $\text{Post-Tax Profit or Loss} / \text{Average Total Equity}$.
 - (3) Profit Margin = $\text{Post-Tax Profit or Loss} / \text{Net Sales}$.
 - (4) Earnings Per Share = $(\text{Gain or Loss Attributable to Owners of the Parent Company} - \text{Preference Dividend}) / \text{Weighted Average Number of Issued Shares}$.
5. Cash Flow
- (1) Cash Flow Ratio = $\text{Net Cash Flow from Operating Activities} / \text{Circulating Liability}$.
 - (2) Net Cash Flow Adequacy Ratio = $\text{Net Cash Flow from Operating Activities for the Past 5 Years} / (\text{Capital Expenditure} + \text{Inventory Increase} + \text{Cash Dividends}) \text{ for the Past 5 Years}$.
 - (3) Cash Flow Reinvestment Ratio = $(\text{Net Cash Flow from Operating Activities} - \text{Cash Dividend}) / (\text{Gross Property, Plant and Equipment} + \text{Permanent Investment} + \text{Other Non-Current Assets} + \text{Operating Capital})$.
6. Degree of Leverage
- (1) Degree of Operating Leverage = $(\text{Net Operating Income} - \text{Variable Operating Costs and Expenses}) / \text{Operating Profit}$
 - (2) Degree of Financial Leverage = $\text{Operating Profit} / (\text{Operating Profit} - \text{Interest Expense})$.

3. The Supervisor's Review Report of the Most Recent Annual Financial Report:

Supervisor's Review Report

The Board the business report, final statements, and deficit compensation statement of 2021. Among the financial statements, the board of directors appointed Andrea Kuo from Moore Stephens DaHua (Taiwan) CPAs and accountant Ian Yang to complete the audit and issue the audit report.

Accountant Jessica Yang completes the audit and issues the audit report.

The above-mentioned business report, financial statements, and deficit compensation statement have been reviewed by the supervisors and no discrepancy found. Therefore a supervisor review report is issued in accordance with Article 219 of the Company Act.

Sincerely

The 2022 Shareholders' Meeting of BULL WILL CO LTD

Supervisor: WUI HECK KOON

CHIEN CHIH LANG

4. Most recent annual consolidated financial report: please refer to Appendix I, pp. 143-219.
5. Individual financial report for the most recent year audited and certified by an accountant: please refer to Appendix II, pp. 220-299.
6. The impact on the financial position of the company in the event of financial turnover difficulties in the most recent year and up to the date of publication of the annual report of the company and its affiliated enterprises: None.

Chapter 7. Review and Analysis of Financial Position and Performance and Risk Items

1. Financial Status

Major causes and effects of significant changes in assets, liabilities, and equity in the last two years:

Unit: NT\$1,000

| Item \ Year | 2020 | 2021 | Increased (Decreased) Amount | % |
|--|---------|---------|------------------------------------|---------|
| Current Asset | 257,915 | 363,675 | 105,760 | 41.01 |
| Investments Accounted for Using the Equity Method | 3,891 | 5,068 | 1,177 | 30.25 |
| Real Estate, Plant, and Equipment | 2,965 | 3,563 | 598 | 20.17 |
| Intangible Assets | -- | 31,487 | 31,487 | -- |
| Other Assets | 24,492 | 22,583 | (1,909) | (7.79) |
| Total Assets | 289,263 | 426,376 | 137,113 | 47.4 |
| Current Liability | 66,728 | 110,075 | 43,347 | 64.96 |
| Non-current liabilities | 8,434 | 31,040 | 22,606 | 268.03 |
| Total Liabilities | 75,162 | 141,115 | 65,953 | 87.75 |
| Share Capital | 155,072 | 161,112 | 6,040 | 3.89 |
| Advance Share Capital | -- | 22,650 | 22,650 | -- |
| Capital Surplus | 44,054 | 47,298 | 3,244 | 7.36 |
| Legal Surplus Reserve | -- | 822 | 822 | -- |
| Retained Earnings | 8,221 | 7,931 | (290) | (3.53) |
| Other Equities | 6,754 | 4,911 | (1,843) | (27.29) |
| Equity Attributable to Owners of Parent Company | 214,101 | 244,724 | 30,623 | 14.3 |
| Non-Controlling Equity | -- | 40,537 | 40,537 | -- |
| Total Equity | 214,101 | 285,261 | 71,160 | 33.24 |

1. If the change rate of increase or decrease is less than 20% and the change amount is less than NT\$ 10 million, it is not analyzed and explained.
 - (1). Increase in current assets: Due to the growth of revenue, the increase in cash, accounts receivable and inventory, resulting in the increase in current assets.
 - (2). Increase in intangible assets: Refers to the increase in intangible assets caused by the goodwill and intangible assets generated by the acquisition of Trustbond.
 - (3). Increase in current liabilities: An increase in inventories and accounts payable, resulting in an increase in current liabilities.
 - (4). Increase in non-current liabilities: Increase in non-current liabilities as a result of the increase in long-term borrowings due to capital requirements.
 - (5). Increase in advance share capital: Increase in advance share capital due to conversion of employee stock options.
 - (6). Increase in equity attributable to owner of parent company: The equity of the parent company increased due to the growth in revenue and the increase in equity due to the conversion of employee stock options.
2. Future response plan: Due to market demand, the revenue will grow by increasing orders, and investment in subsidiaries will lead to increased investment interests. In the future, we will expand cooperation partners and industrial alliances to improve the company's profits.

Note: The above numbers are based on the consolidated financial statements.

2. Financial Performance

- (1) Major changes in operating income, net operating profit and net profit before tax in the last two years:

Unit: NT\$1,000

| Year Item | 2020 | 2021 | Difference | |
|---|-----------|-----------|------------------------------------|---------------------|
| | | | Increased & Decreased Amount | Change Ratio (%) |
| Operating Income Net Amount | 187,504 | 371,182 | 183,678 | 97.96 |
| Operating Cost | (140,479) | (299,953) | 159,474 | 113.52 |
| Operating Gross Profit | 47,025 | 71,229 | 24,204 | 51.47 |
| Operating Expenses | (57,421) | (69,558) | 12,137 | 21.14 |
| Expected Credit Impairment Recovery Profit (Loss) | -- | 1,785 | 1,785 | -- |
| Operating Profit (Loss) | (10,396) | 3,456 | 13,852 | 133.24 |
| Non-Operating Income and Expenses | 18,510 | 4 | (18,506) | (99.98) |
| Pretax Profit (Loss) | 8,114 | 3,460 | (4,654) | (57.36) |
| Income Tax Expense (Profit) | 47 | 1,368 | 1,321 | 2,810.64 |
| Suspended Operations | 154 | -- | (154) | (100) |

| | | | | |
|--|-------|-------|-------|-------|
| (Loss) Profit | | | | |
| Current (Loss) Profit | 8,221 | 2,092 | 6,129 | 74.55 |
| <p>1. If the change rate of increase or decrease is less than 20%, it is not analyzed and explained.</p> <p>(1). Increase of operating revenue: Due to market influence, orders increase, resulting in growth of operating revenue.</p> <p>(2). Increase of operating costs: Affected by market inflation of raw material supply, operating costs increase.</p> <p>(3). Increase of operating expenses: Due to revenue growth, necessary operating expenses increased slightly.</p> <p>(4). Expected recovery benefit of credit impairment: Recovery benefit of bad debt assessment.</p> <p>(5). Non-operating revenue decreased: It is due to dividend income and court execution of customer's creditor's rights in the earlier period, but not in the current period.</p> <p>(6). Increase of income tax expense: Income tax expense increases as a result of profit growth.</p> <p>(7). Interests of liquidated units: Bull Will Company is to be liquidated in the early stage.</p> <p>2. Future response plan: Due to market demand, the revenue will grow by increasing orders, and investment in subsidiaries will lead to increased investment interests. In the future, we will expand cooperation partners and industrial alliances to improve the company's profits.</p> | | | | |

Note: The above numbers are based on the consolidated financial statements.

- (2) Outlook of the coming year in terms of sales volume, its basis, and corresponding strategies: Please refer to Page 3 of this annual report.

3. Cash Flow

(1) Analysis of Recent Annual (2021) Cash Flow Changes

| | | Unit: NT\$1,000: % | | |
|---|------|--------------------|----------|------------------------|
| Items | Year | 2020 | 2021 | % Increase or Decrease |
| Cash Inflow (Outflow) From Operating Activities | | (10,661) | (15,540) | 45.76% |
| Cash Inflow (Outflow) From Investment Activities | | (9,907) | 43,764 | 341.75% |
| Cash Inflow (Outflow) From Fundraising Activities | | 14,572 | 45,915 | 215.09% |
| <p>Analysis of increase or decrease of 20% or more:</p> <p>(1) Cash from operating activities: It means that the receivables are concentrated in the collection across the fiscal year, so that the cash inflow benefit is generated across the period, and the order increase leads to the purchase increase and the cash outflow increase.</p> <p>(2) Cash from investment activities: Refers to the disposal of financial assets resulting in cash inflow.</p> <p>(3) Cash from financing activities: Refers to cash inflow caused by long-term borrowing.</p> | | | | |

- (2) Illiquidity improvement plan: N/A

(3) Analysis of cash liquidity in the next year (2022)

Unit: NT\$1,000

| Beginning balance (1) | Net Cash flow from operating activities of the whole year (2) | Net Cash flow from investment activities of the whole year (3) | Net Cash Flow from Financing Activities Throughout the Year (4) | Effect of exchange rate changes on cash and cash equivalents (5) | Amount of cash surplus (deficit) (1)+(2)+(3)+(4)+(5) | Expected Remedial Measures for Cash Inadequacy | |
|--------------------------|---|--|---|--|---|--|----------------|
| | | | | | | Investment plan | Financing plan |
| 94,039 | 28,658 | 1,688 | 5,128 | -- | 129,513 | -- | -- |

1. Analysis of changes in cash flows for the coming year:

- (1) Operating activities: Mainly due to the company's performance growth and profit, resulting in a net cash inflow from operating activities of NT\$ 28,658 thousand.
- (2) Investment activities: Mainly selling the listed stocks of short-term investment to increase cash inflow.
- (3) Financing activities: Mainly due to the execution of employee stock options, resulting in cash inflows.

2. Remedial measures and liquidity analysis of anticipated cash shortfalls: It is estimated that the cash will be enough to support the normal operation of the company within the next year, and there will be no shortage.

4. The analysis of recent material capital expenditures on financial operations: None.

5. Recent annual reinvestment policy, main reason for income or loss, improvement plan and investment plan for the next year:

Reinvestment Analysis Sheet

December 31, 2021 / Unit: NT\$1,000

| Item | Description | Investment amount | Main business Policy | Profit or loss Main reasons | Improvement plan | The coming year Investment plan |
|------|---------------------------------------|-------------------|----------------------------------|---|---------------------------------|---------------------------------|
| | Hong Kong Bull Will Holdings | 385,105 | Group Investment Holding Company | Mainly due to recognizing the investment interests of Hong Kong Serial Investment | - | None |
| | Hong Kong Serial Investment Co., Ltd. | 385,097 | Group Investment Holding Company | Mainly due to recognizing the interests of Huizhou Chunchao and Huizhou Bullwill | - | None |
| | BULL WILL Electronics Co., Ltd. (BVI) | 106,660 | Responsible for overseas sales. | Recent decrease in operations | Actively develop new clienteles | None |

| Item \ Description | Investment amount | Main business Policy | Profit or loss Main reasons | Improvement plan | The coming year Investment plan |
|--|-------------------|--|--|---------------------|---------------------------------|
| | | | | and get new orders. | |
| Huizhou Chunchao Electronics Corporation | 47,151 | Responsible for overseas processing business. | The increase in processing revenue was mainly due to the increase in orders from the group's customers | | None |
| Huizhou Bullwill Electronic Co., Ltd. | 19,102 | Responsible for sales and processing business in mainland China. | The increase in profit was mainly due to the increase in orders from the group's customers | | None |
| Dongguan Zhao Kang Electronic Co., Ltd. | 35,738 | Responsible for sales in mainland China. | Recent decrease in operations | | None |
| BULL WILL TRADING(S) PTE LTD | 959 | Sand and Gravel Sales | The related commission income increases, resulting in profitability. | | None |
| Trustbond Technology Corp | 16,704 | Electronic Components Sales | The increase in profit was due to the increase in orders for electronic components. | | None |

6. The following items shall be analyzed and evaluated in the most recent year and as of the date of publication of the annual report:

(1) Impacts on interest rate, fluctuation in exchange and inflation on corporate gains and losses and future countermeasures:

1. Interest rate changes: The Company has mainly short-term and long-term loans, some of which are based on a floating interest rate. Changes in the interest rate will lead to changes in the floating interest rate applicable to the loans so the Company use diverse fundraising tools to lower the interest rates. Exchange rate changes:

(I)

Unit: NT\$1,000

| Year | 2020 | 2021 |
|-----------------------|---------|---------|
| Exchange gain or loss | (5,295) | (6,599) |
| Operating Income | 187,504 | 371,182 |

| | | |
|--|----------|----------|
| Operating Profit (Loss) | (10,396) | 3,456 |
| Percentage of Consolidated Operating Income (%) | (2.82) | (1.78) |
| Percentage of Consolidated Operating Profit and Loss (%) | 50.93 | (190.94) |

The Company's foreign currency payment is mainly received in US dollars, while foreign currency purchase is mainly in US dollars. For USD there is natural hedging and pre-sale hedging. To avoid exchange rate risks from operations, the Company engages in the trading of derivatives, including forward exchange contracts.

(II) The finance department supervisors are responsible for monitoring the risks in exchange rate changes. Considering opinions of FX experts at banks, they pay close attention market trends, to ensure risk management measures are effective, to lower the impact of exchange rate changes on the Company's profits.

2. Impact of recent annual inflation on corporate profits and losses and future countermeasures: none.

(2) Policies on high-risk, highly leveraged investments, capital loans for others, endorsements, and derivative transactions, major causes of profits or losses and future countermeasures:

- 1 、 The Company does not engage in high-risk, high-leverage investments, nor does it make endorsement/guarantee for others. Derivatives trading is mainly of forward exchange contracts and options for the purpose of adapting to foreign exchange rate changes.
- 2 、 Financing: Financing as at the end of 2020, please refer to page 150 of this annual report.

(3) Future R&D plan and expected invested R&D cost: No plan yet.

(4) The impact of important domestic and foreign policies and laws on the company's financial business and countermeasures:

The Company consults legal counsels and accountants for their professional opinion and advice, and makes plans according to the latest changes of policies, regulations and laws, to minimize the impact on the Company's finances and sales.

(5) The impact of technological change (including information security risk) and industrial change on the company's financial business and corresponding measures:

The products of our Company are mainly electronic components, and the application field is across electronic products, thus dispersing the risk of relying on a single industry. The Company also actively introduce agents of the new generation of star products, so the change in technology to the Company's existing product line has little impact, and has brought expansion of commodity line business opportunities. The Company also strives to gain distribution rights of star products of the new generation. Therefore, technological changes do not have a great impact on our existing product lines, and bring new opportunities for expanding our product lines.

(6) Impact of corporate image change on corporate crisis management and countermeasures:

The Company seeks development in the spirit of honesty, trust, professionalism, and service. After becoming listed on TPEx, the Company's financial and business information has become more transparent, elevating the Company's image, attracting more professional talents to

join. In addition, with the implementation of internal control and professional management, the Company has boosted its management capabilities and crises management abilities, becoming a stronger and more robust enterprise.

(7) Anticipated benefit, possible risks of the merger and acquisition and countermeasures:

The Company has not had any plans for mergers and acquisitions so far. If in the future such actions are in plan, careful assessments will be made to see if such actions will have positive impact on the overall performance of the Company, while ensuring shareholders' equity is protected.

(8) Anticipated efficiency, possible risks of the expanded plants and countermeasures:

The Company has not had any plans for expanding production facilities so far and therefore there is no related risks.

(9) Risks and countermeasures encountered in the purchase or turnover concentration:

The Company actively strives for the agency company, in order to reduce the risk of concentrated purchase, and actively develops the business, in order to reduce the risk of concentrated sales.

(10) The impact and risk of a substantial transfer or replacement of the shares of directors, supervisors or major shareholders holding more than 10% of the shares on the company, and countermeasures:

There has not been substantial transfer or replacement of the shares of directors, supervisors, or major shareholders.

(11) The impact and risks of changes in the management of the Company, and corresponding strategies:

There was no change in the management of the Company.

(12) The company and its directors, supervisors, general managers, substantial heads, major shareholders holding more than 10% of the shares of the company and its subsidiaries shall be listed in the litigation or non-litigation or administrative disputes in which the company has determined or is still in possession. Where the outcome may have a material impact on shareholders' equity or securities prices, it shall disclose the facts of the dispute, the target amount, the commencement date of the lawsuit, the major litigants involved and the disposition as of the date of publication of the annual report:

1. Civil Claims of Securities and Futures Investors Protection Center

(a) The Principal:

Plaintiff: Securities and Futures Investors Protection Center

Defendant: Bull Will (publisher), Singapore Serial Systems Co. Ltd (Judicial person Director), WU MU HSING (Chairperson), WU SHU CHEN (Director), Tsai Te-liang (former Supervisor), He I-chin (former Chairperson), Huang Shu-hsuan (Director), Lin Tsai-Po (Independent Director), Chan Huo-lien (Independent Director), Chien Chih-lang (Supervisor), Huang Ko-kun (Supervisor), Lo Wei-chang (Director/CFO), auditors, and underwriters.

(b) Facts:

Securities and Futures Investors Protection Center (hereinafter referred to as "protection center"), with the former director of BULL WILL as the center, engaged in false trading, suspected of false trading and beautification of financial statements with

Yang Hua, Green Energy, Micro Alpha Technology, SUPERMICRO, and Ote Power Corp. On behalf of the investor, sought compensation of NT\$ 113,798,500 in compensation from the defendants, including BULL WILL (publisher), Singapore Serial System Ltd (corporate director), GOH BAK HENG (Director), GOH SUE TENG (Director), De-Liang Tsai (former director), HO I CHIN (former chairman of the board), NG CHER YAN (Director), Tsai-Po Lin (independent director), CHAN HUO LIEN (independent director), CHIEN CHIH LANG (supervisor), WUI HECK KOON (supervisor), LO WEI CHANG (Director and chief financial officer), accountant, securities underwriter, and other defendants under article 32, article 20, article 20-1 of the Securities and Exchange Act, article 28, article 184 of the Civil Code, article 23, paragraph 2, Company Act, etc.

(c) The Current Situation of the Case:

This protection center filed a lawsuit on January 26, 2017, and is currently under trial by Shilin district court (case no. 2017 finance word no. 2). At the beginning of the court session on 24 January 2019, the defendant requested the termination of the proceedings. The court has now informed the plaintiff and all the defendants to agree to terminate the proceedings on April 24, 2019. Later, as the Securities and Futures Investors Protection Center recognized the need to renew the lawsuit, they applied for the renewal of the lawsuit on July 23, 2019. On June 11, 2021, the Taiwan Shihlin District Court rejected the lawsuit, and the insurance center applied for compensation. The insurance center has appealed to the Taiwan High Court for this lawsuit.

The Company believes that all the board supervisors of BULL WILL have fulfilled the responsibilities of the board supervisors team, and BULL WILL team shall have the opportunity to win the civil lawsuit. In addition, in accordance with article 39 of the Corporate Governance Best Practice Principles, the Company shall purchase liability insurance for the directors in accordance with their legal liability for the scope of business they carry out during their term of office, so as to reduce and disperse the risk of material damage to the company and shareholders caused by the mistakes or negligence of the directors. The Company is insuring with Cathay Century Insurance policy for US\$ 5 million (about NT\$ 154,000,000). The amount is sufficient to cover the claim of the protection center (NT\$ 113,709,850). So far, the insurance company has paid NT\$ 2,705,739 in advance for the lawyer's fees in accordance with the terms of the policy. It is estimated that the final result of the case will have no significant impact on the company.

(13) Other important risks and countermeasures:

1. The organization and operation of the Company's risk management are based on the development and standards of internal audit and control to strengthen the management of enterprise risks, including risk detection, assessment, reporting and handling, which are very cautious and strict. In order to achieve the purpose of risk control, there are three levels (mechanisms): To achieve risk control and management, there are three levels of mechanism:
First level : the organizer and the officer must be responsible for the consideration, system design, and prevention behind detecting, assessing, and controlling the risks.
Second level: the Legal department of the General Management Office and the department of finance and accounting are responsible for assessing legal and financial risks, respectively. After the first and the second level, based on the significant of the cases and the authority hierarchy of the Company, the cases should be submitted

to General Manager, CEO, and Chairperson for approval and implementation.

Third level: Board of Directors, based on the authority hierarchy of the Company, sends the cases involving major company decision making and planning to the relevant departments for analysis and assessment of information, after which the Directors and Supervisors of the Board review the cases and make the final decisions.

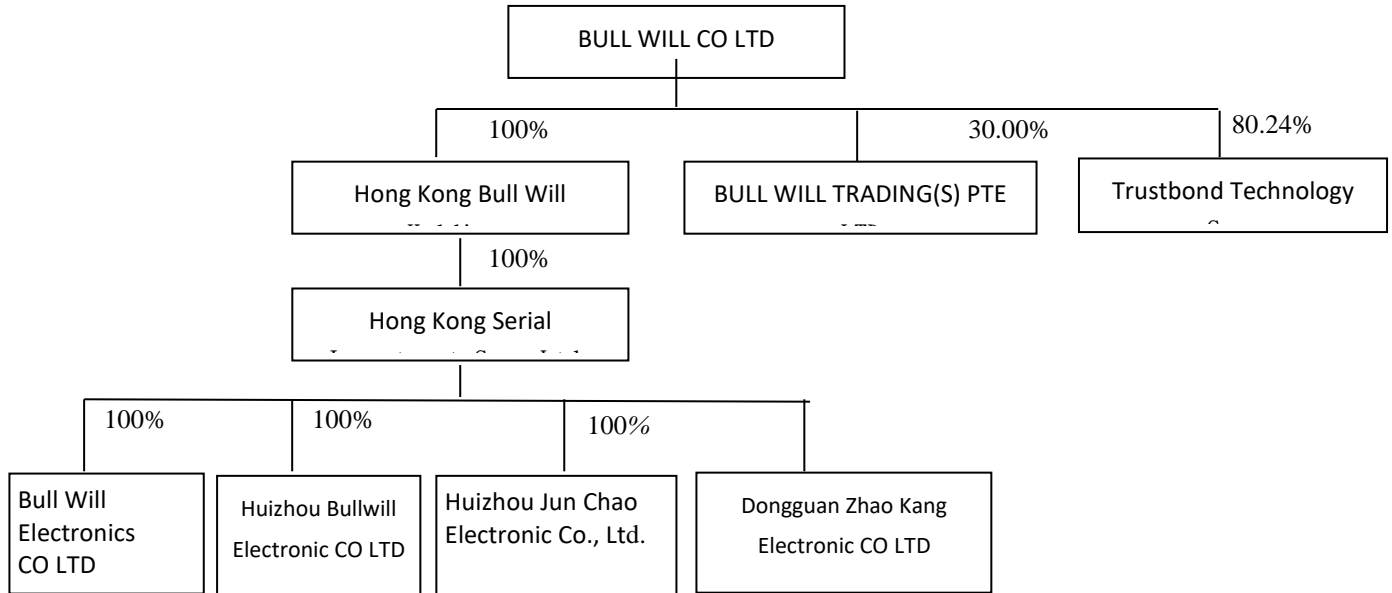
7. Other important matters to report: None.

8. Special Noted Items

- Consolidated business report of affiliated enterprises, consolidated financial statements of affiliated enterprises, and the relationship report

(1) Consolidated Business Report of Affiliated Enterprises

1. Organization Chart of Affiliated Enterprises:



2. Basic Information on Affiliated Enterprises

March 31, 2022

| Enterprise Name | Setup Time | Address | Paid-in capital (\$1,000) | Primary business |
|---|--------------|---|---------------------------|--|
| Hong Kong Bull Will Holdings | March 1995 | 1004AXA Centre,151 Gloucester Road,Wan Chai,Hong Kong | HKD 95,765 USD 355 | General investment |
| Hong Kong Serial Investment Co., Ltd. | March 1995 | 1004AXA Centre,151 Gloucester Road,Wan Chai,Hong Kong | HKD 95,765 USD 355 | General investment |
| BULL WILL Electronics Co., Ltd. (BVI) | January 2007 | OM Chambers, P.O.Box 3152, Road Town, Tortola, British Virgin Islands | HKD 26,550 | General investment |
| Huizhou Chuncho Electronics Corporation | July 1995 | Banqiao Industrial Zone, Taimei Town, Bolou Country, Huizhou City, Guangdong Province | HKD 13,000 | Manufacturer of the Company's products |
| Dongguan Zhao Kang Electronic Co., Ltd. | January 2010 | Fuji Industrial City, Qinghu Industrial Park, Qingxi Town, Dongguan City | HKD 9,000 | Distributor the Company's products |

| | | | | |
|---------------------------------------|---------------|---|-----------|--|
| Huizhou Bullwill Electronic Co., Ltd. | November 2010 | Qike Industrial Park, Banqiao Industrial Zone, Taimei Town, Bolou Country | HKD 5,000 | Manufacturer of the Company's products |
| BULL WILL TRADING(S) PTE LTD | May 2018 | 11 CHANGI NORTH WAY SERIAL I-TECH BUILDING SINGAPORE | SGD 143 | Sand and Gravel Sales |
| Trustbond Technology Corp | August 2009 | 2F., No. 152, Baoqiao Rd., Xindian Dist., New Taipei City | NTD20,000 | Electronic Components Sales |

3. Inferred to be of controlling or subordinate relationships: None.

4. Business scope of the affiliated enterprises as a whole:

- (1) Hong Kong Bull Will Holding CO LTD: it is a holding company established by the Company to control overseas reinvestment, and it has no other business except investment.
- (2) Hong Kong Serial Investment CO LTD: it is a investment company established by the Company to control overseas reinvestment, and it has no other business except investment.
- (3) BULL WILL Electronics Co., Ltd. (BVI): responsible for overseas sales.
- (4) Huizhou Jun Chao Electronic Co., Ltd: responsible for the manufacture of related products in order to support sales.
- (5) Dongguan Zhao Kang Electronic Co., Ltd: responsible for sales in mainland China.
- (6) Huizhou Jun Chao Electronic Co., Ltd.: Responsible for the processing and manufacturing of products in accordance with sales.
- (7) BULL WILL TRADING (S) PTE LTD: Sand and gravel trading.
- (8) Trustbond Technology Corp: Electronic components sales.

5. Information on directors and general manager of affiliated enterprises:

Unit: 1,000 shares; %; March 31, 2022

| Enterprise Name | Position | Name or representative | Shares held | |
|---------------------------------------|----------|------------------------|---------------------------------|----------------|
| | | | Number of shares (1,000 shares) | % shareholding |
| Hong Kong Bull Will Holdings | Director | He I-chin | 11,619 | 100% |
| Hong Kong Serial Investment Co., Ltd. | Director | He I-chin | 11,619 | 100% |
| BULL WILL Electronics Co., Ltd. (BVI) | Director | He I-chin | 2.655 (Note 1) | 100% |

| | | | | |
|--|----------|---------------------|-------|--------|
| Huizhou Chunchao Electronics Corporation | Director | Wu Yuan-liang | -- | 100% |
| Dongguan Zhao Kang Electronic Co., Ltd. | Director | Huang Hung-kang | -- | 100% |
| Huizhou Bullwill Electronic Co., Ltd. | Director | Huang Hung-kang | -- | 100% |
| Trustbond Technology Corp | Director | CHANG CHIEH MIN | 1,605 | 80.24% |
| BULL WILL TRADING(S) PTE LTD | Director | GOH SI HUI VICTORIA | 43 | 30% |

Note: Is the number of shares held by the company; Note 1: face value HK\$ 10,000

6. Operating profile of affiliated enterprises:

December 31, 2021; Unit: NT\$1,000

| Reinvested Businesses | Main Business | Investment Cost | Carrying Value | Investment Shares | | Stock Option Net Value | Market Price | Accounting Handling Method | Most Recent Annual Return on Investment | | Shares of the Company held |
|--|--|-----------------------|----------------|-------------------|---------------------------|------------------------|--------------|----------------------------|---|-----------------------|----------------------------|
| | | | | Shares | Stock Option Percentage % | | | | Investment Profit or Loss | Distribution Dividend | |
| Hong Kong Bull Will Holding CO LTD | General Investment Business | HKD 95,765 USD 355 | (20,633) | 11,619 | 100 | (20,633) | — | Equity Method | 24,272 | — | — |
| Hong Kong Serial Investment Co., Ltd. | General investment | HKD 95,765 USD 355 | (20,634) | 11,619 | 100 | (20,634) | — | Equity Method | 24,273 | — | — |
| BULL WILL Electronics Co., Ltd. (BVI) | General Investment Business | HKD 26,550 | 107 | 3 | 100 | 107 | — | Equity Method | (95) | — | — |
| Huizhou Chunchao Electronics Corporation | Manufacturer of the Company's products | HKD 13,000 | (108,619) | -- | 100 | (108,619) | — | Equity Method | 6,767 | — | — |
| Huizhou Bullwill Electronic Co., Ltd. | Manufacturer of the Company's products | HKD 5,000 | 33,273 | -- | 100 | 33,273 | — | Equity Method | 15,605 | — | — |

| Reinvested Businesses | Main Business | Investment Cost | Carrying Value | Investment Shares | | Stock Option Net Value | Market Price | Accounting Handling Method | Most Recent Annual Return on Investment | | Shares of the Company held |
|---|------------------------------------|-----------------|----------------|-------------------|---------------------------|------------------------|--------------|----------------------------|---|-----------------------|----------------------------|
| | | | | Shares | Stock Option Percentage % | | | | Investment Profit or Loss | Distribution Dividend | |
| Dongguan Zhao Kang Electronic Co., Ltd. | Distributor the Company's products | HKD 9,000 | 37,617 | -- | 100 | 37,617 | — | Equity Method | 41 | — | — |
| BULL WILL TRADING(S) PTE LTD | Sand and Gravel Sales | SGD 43 | 5,068 | 43 | 30 | 5,068 | — | Equity Method | 1,415 | — | — |
| Trustbond Technology Corp | Electronic Component s Sales | NTD 16,704 | 26,422 | 300 | 30 | 17,372 | — | Equity Method | 668 | — | — |

Note: NTD, 1,000 shares where no other currency is specified.

(2) Consolidated Financial Statement of Affiliated Enterprises: the Company that shall be included in the preparation of consolidated financial statements of affiliated enterprises shall be the same as the company that shall be included in the preparation of consolidated financial statements of parent and subsidiary companies in accordance with Financial Accounting Standards Bulletin No. 7, and the related information should be disclosed in the consolidated financial statements of affiliated enterprises. It has been disclosed in the consolidated financial statements of the parent and subsidiary companies, and the Company shall issue a statement and place it on the first page of the consolidated financial statements of the parent company and shall not separately prepare the consolidated financial statements of the affiliated enterprises. Please refer to page 101 of this annual report for the declaration.

2. In the most recent year up until the publication date of the annual report, for any private offerings of securities, the date of approval by shareholders' meeting or Board of Directors, the amount, the reference and reasonableness of pricing, the choice of specific investors, and the necessity for the offering, should be disclosed:

Information of Private Offering of Marketable Securities

(1) 2021 Private Equity Capital Increase Issue of Common Shares

| | |
|---|--|
| Item | 2021 Private Equity Capital Increase Issue of Common Shares Issuing Date: Not issued |
| Types of Private Offering of Marketable Securities | Common Share |
| The Date of Approval by the Board of Directors and the Date and Amount of Approval by the Shareholders' Meeting | Date of the Board Meeting: March 31, 2021; Shareholders' Meeting Date: August 30, 2021 Total Amount Not More Than 8,000,000 Shares |
| Basis and Reasonableness of Pricing | <p>The price of the private common stock is determined based on Financial Examination No. 0990046878, and the reference price of private common stock offering is calculated using either the arithmetic mean of normal closing price of one business day, three business days, or five business days before the pricing date less the ex-right and cash dividends of bonus shares plus the stock price after capital reduction and reverse ex-right or the arithmetic mean of the closing price of the common stock 30 business days before the pricing date less the ex-right and cash dividends of bonus shares plus the stock price after capital reduction and reverse ex-right, whichever is higher. The pricing of private offering shares should not be lower than 80% of the reference price, and the actual price shall be resolved at the shareholders' meeting so the Board of Directors can do pricing based on the price resolved at the shareholders' meeting.</p> <p>The above pricing method is in accordance with the laws and regulations of the competent authority and will be in line with the prevailing market conditions and shall not be less than 80% of the reference price without affecting shareholders' equity. In addition, considering that the Securities and Exchange Act has a three-year restriction on the transfer of privately placed securities, the comprehensive evaluation of the pricing method shall be reasonable.</p> |
| Specific Personnel Selection Method | <p>For the method of selection of specific personnel, the Board of Directors is authorized to select specific personnel based on the primary consideration of bringing direct or indirect benefit to the Company's future operations and meeting the regulations of the competent authority and the Article 43.6 of the Securities and Exchange Act. Meanwhile, it is necessary to satisfy the regulations of Directions for Public Companies Conducting Private Placements of Securities.</p> <p>The company negotiates the introduction of strategic investors, hoping to use his professional and experience, for the company's technology research and development, capacity expansion, brand channels, increase the marginal benefits of vertical or horizontal industrial integration, enhance the value of the company and profit purposes, after the company evaluation, to determine the necessity.</p> <p>The Company's handling the private offering and introduction of strategic investors will consider the principle of maintaining the current management control ownership structure, and the applicant will also negotiate with the company's business philosophy of the same people to participate, so there will be no major changes in management.</p> |
| Necessary Reasons for Private Equity Offering | By measuring the current capital market situation and the timeliness of raising funds, the private placement method has the advantages of quick and easy financing timeliness and limited transfer, which can guarantee the long-term cooperative relationship of strategic alliance. However, if through the public issue of securities to raise funds, it may not be easy to obtain the necessary funds in a |

| | | | | | |
|---|---|------------|---------------------|-------------------------------|--|
| | short period of time. To avoid affecting the normal operation of the company, it is proposed to issue new shares by private placement in accordance with Article 43-6 of the Securities and Exchange Act. | | | | |
| Payment Completion Date | Not Yet Issued | | | | |
| Subscriber Information | Private Offering Object | Conditions | Subscription Amount | Relationship with the Company | Involvement in the Company's Operation |
| | -- | -- | -- | -- | -- |
| Actual Subscription (or Conversion) Price | Unissued | | | | |
| Actual Subscription (or Conversion) Price & Reference Price Difference | -- | | | | |
| Effect of Private Offering on Shareholders' Equity (e.g., increase in accumulated losses) | -- | | | | |
| Private Equity Use and Plan Implementation Progress | -- | | | | |
| Visible Effects of the Private Offering | -- | | | | |

(2) 2022 Private Equity Capital Increase Issue of Common Shares

| | |
|---|---|
| Item | 2022 Private Equity Capital Increase Issue of Common Shares Issuing Date: Not yet issued |
| Types of Private Offering of Marketable Securities | Common Share |
| The Date of Approval by the Board of Directors and the Date and Amount of Approval by the Shareholders' Meeting | Date of the Board Meeting: March 31, 2021; Date of Approval by the Shareholders' Meeting: Not Yet Approved by the Shareholders' Meeting Total Amount Not More Than 8,000,000 Shares |
| Basis and Reasonableness of Pricing | The price of the private common stock is determined based on Financial Examination No. 0990046878, and the reference price of private common stock offering is calculated using either the arithmetic mean of normal closing price of one business day, three business days, or five business days before the pricing date less the ex-right and cash dividends of bonus shares plus the stock price after capital reduction and reverse ex-right or the arithmetic mean of the closing price of the common stock 30 business days before the pricing date less the ex-right and cash dividends of bonus shares plus the stock price after capital reduction and reverse ex-right, whichever is higher. The pricing of private offering shares should not be lower than 80% of the reference price, and the actual price shall be resolved at the shareholders' meeting so the Board of Directors can do pricing based on the price resolved at the shareholders' meeting. The above pricing method is in accordance with the laws and regulations of the competent authority and will be in line with the prevailing market conditions and shall not be less than 80% of the reference price without affecting shareholders' equity. In addition, considering that the Securities and Exchange Act has a three- |

| | | | | | |
|---|---|------------|---------------------|-------------------------------|--|
| | year restriction on the transfer of privately placed securities, the comprehensive evaluation of the pricing method shall be reasonable. | | | | |
| Specific Personnel Selection Method | <p>For the method of selection of specific personnel, the Board of Directors is authorized to select specific personnel based on the primary consideration of bringing direct or indirect benefit to the Company's future operations and meeting the regulations of the competent authority and the Article 43.6 of the Securities and Exchange Act. Meanwhile, it is necessary to satisfy the regulations of Directions for Public Companies Conducting Private Placements of Securities.</p> <p>The company negotiates the introduction of strategic investors, hoping to use his professional and experience, for the company's technology research and development, capacity expansion, brand channels, increase the marginal benefits of vertical or horizontal industrial integration, enhance the value of the company and profit purposes, after the company evaluation, to determine the necessity.</p> <p>The Company's handling the private offering and introduction of strategic investors will consider the principle of maintaining the current management control ownership structure, and the applicant will also negotiate with the company's business philosophy of the same people to participate, so there will be no major changes in management.</p> | | | | |
| Necessary Reasons for Private Equity Offering | <p>By measuring the current capital market situation and the timeliness of raising funds, the private placement method has the advantages of quick and easy financing timeliness and limited transfer, which can guarantee the long-term cooperative relationship of strategic alliance. However, if through the public issue of securities to raise funds, it may not be easy to obtain the necessary funds in a short period of time. To avoid affecting the normal operation of the company, it is proposed to issue new shares by private placement in accordance with Article 43-6 of the Securities and Exchange Act.</p> | | | | |
| Payment Completion Date | Not Yet Issued | | | | |
| Subscriber Information | Private Offering Object | Conditions | Subscription Amount | Relationship with the Company | Involvement in the Company's Operation |
| | -- | -- | -- | -- | -- |
| Actual Subscription (or Conversion) Price | Not Yet Issued | | | | |
| The difference between the actual subscription (transfer) price and the reference price | -- | | | | |
| Effect of Private Offering on Shareholders' Equity (e.g., increase in accumulated losses) | -- | | | | |
| Private Equity Use and Plan Implementation Progress | -- | | | | |
| Visible Effects of the Private Offering | -- | | | | |

3. For the most recent year and up to the date of publication of the annual report, the status of holding or disposing of the Company's shares by a subsidiary: None.

4. Other necessary supplementary notes: None.

9. For the most recent year and up to the date of publication of the annual report, in the event of any matter that has a material impact on shareholders' equity or on securities prices as provided for in Subparagraph 2, Paragraph 3, Article 36 of the act: None.

Appendix 1

2021 Consolidated Financial Report

BULL WILL CO LTD and Subsidiaries
Consolidated Financial Report and CPA Audit Report
2021 and 2020

Office Add: 3F., No. 199, Ruihu St., Neihu Dist., Taipei City
Tel: (02) 87927788

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Statement

For the year 2021 (from January 1, 2021 to December 31, 2021), the Company that is required to be included in the preparation of consolidated financial reports of affiliated enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" is the same as those that are required to be included in the preparation of consolidated financial reports of parent and subsidiary companies in accordance with the International Financial Reporting Standards NO. 10 recognized by the Financial Supervisory Commission. In addition, the related information that should be disclosed in the consolidated financial report of the affiliated enterprises has been disclosed in the previous financial report of the parent and subsidiary company, so the consolidated financial report of the affiliated enterprises will not be prepared separately.

Hereby Declare

Company Name: BULL WILL CO LTD

Chairman of the Board CHANG CHIEH MIN

Date: 29 March 2022

Accountant's Audit Report

BULL WILL CO LTD and subsidiaries for public appraisal:

Audit Opinion

The Consolidated Balance Statement of BULL WILL Co., Ltd and its subsidiaries on December 31, 2021 and 2020, and the Consolidated Composite Income Statement, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to Consolidated Financial Report (including summary of major accounting policies) on January 1 to December 31, 2021 and 2020, has been audited and concluded by our CPA.

In the opinion of our CPA and on the basis of the audit report of our CPA, the Consolidated Financial Report has been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretation, and announcements of interpretations recognized by the Financial Supervisory Commission; they are sufficient to warrant the presentation of the consolidated financial status of BULL WILL Co., Ltd and its subsidiaries for 31 December of the years 2021 and 2020, and the consolidated financial performance and consolidated cash flows for 1 January to 31 December of the years 2021 and 2020.

Basis of Audit Opinion

Our CPA conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our CPA's responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the consolidated financial statements. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants, stayed fully independent of Bull Will Co., Ltd, and its subsidiaries and fulfilled other responsibilities in accordance with the code. Based on the audit report of our CPA, we believe that sufficient and appropriate verification evidence has been obtained to form the basis of our opinion.

Key Audit Items

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2021 and 2020 consolidated financial statements of Bull Will CO LTD and the subsidiaries. Such items have been taken into consideration in the process of auditing the overall consolidated financial reports and forming audit opinions. The accountant does not express opinions on such items separately. Our CPA determined to address the following key auditing matters in the accountant's report:

Income Recognition

The main operating items of the BULL WILL Co., Ltd and its subsidiaries are the sales of

electronic components related products and other businesses. Since the sales of goods are related to the ownership of material risks and rewards that have been transferred to the buyer, the amount of sales can be measured reliably and the future economic benefits are likely to flow into the enterprise, the impact on the financial statements is material. Therefore, the sales revenue of BULL WILL Co., Ltd and its subsidiaries is recognized as one of the main risks for our CPA to conduct the audit of the company's financial report.

Our CPA's primary audit procedures for the above critical items include understanding and testing the effectiveness of the internal control and implementation related to the revenue and collection cycle; analyze the revenue trends of the top ten sales customers and compare the relative changes or differences to evaluate if there are any material anomalies; examine whether management has obtained external evidence that risks and rewards have been transferred to the buyer and sample sales transactions before and after the end of the year to evaluate the correctness of the revenue recognition period.

Please refer to Appendix IV and VI to the financial reports for accounting policies and disclosure of relevant information regarding the recognition of income.

Other Matters

BULL WILL Co., Ltd has prepared the 2021 consolidated financial reports, and we have issued an audit report with unmodified opinion. That report is available for reference.

Responsibility of the Management and the Governing Body for the Consolidated Financial Reports

The responsibilities of the management of BULL WILL Co., Ltd and its subsidiaries is to prepare appropriately stated consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRs), the international Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission. Management is also responsible for maintaining necessary internal control relevant to the preparation of the consolidated financial reports to ensure that the consolidated financial reports are free from material misstatement by fraud or error.

In preparing the consolidated financial reports, the management's responsibility also includes the assessment of the consolidated company's ability to continue as a going concern, the disclosure of relevant matters, and the use of an accounting basis for going concern, unless management intends to liquidate the consolidated company or discontinue business, or there is no practical alternative to liquidation or discontinuation of business.

The management unit (including the supervisors) of the consolidated company has the responsibility to supervise the financial reporting process.

Responsibility of the CPA to Audit Consolidated Financial Reports

The purpose of the accountant's audit of the consolidated financial reports is to obtain reasonable assurance of whether the consolidated financial reports as a whole are substantially misrepresented due to fraud or error, and to issue an audit report. Reasonable assurance refers to a high level of assurance, but there is no guarantee that accountants performing in accordance with the generally accepted auditing standards can detect any material misstatement from the consolidated financial reports. Misrepresentation may be due to fraud or error. A misrepresentation of an individual amount or sum of transfers is considered significant if it is reasonably expected to affect the economic decisions made by consolidated users of financial reports.

In accordance with the generally accepted auditing standards, our CPA exercised professional judgment and maintained professional skepticism throughout the audit. Our CPA also performs the following tasks:

1. To identify and assess the risk of material misrepresentation in consolidated financial reports due to fraud or error. Design and implement appropriate countermeasures against the assessed risks. Sufficient and appropriate verification evidence shall be obtained as the basis of the audit opinion. Since fraud may involve collusion, forgery, intentional omission, misrepresentation, or violation of internal control, the risk of material misrepresentation due to fraud is higher than that due to error.
2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of BULL WILL Co., Ltd and its subsidiaries.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on BULL WILL Co., Ltd and its subsidiaries' ability to continue as a going concern based on the audit evidence we have obtained. If the accountant considers that there is significant uncertainty in such events or circumstances, he/she shall, in the audit report, alert the users of the consolidated financial reports to the disclosure of the consolidated financial reports or amend the audit opinion if such disclosure is inappropriate. The accountant's conclusions are based on the evidence obtained as of the audit report date. However, future events or conditions may cause BULL WILL Co., Ltd and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial reports (including relevant notes), and whether the consolidated financial reports are adequate to express relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence of the financial information of the investee company using the equity method to express an opinion on the consolidated

financial reports. Our CPA is responsible for guiding, supervising and executing the audit cases of the investee company, and for forming the audit opinions on consolidated financial reports.

Matters communicated between the accountant and the governing body, including the limits and time of the planned audit, and major audit findings (including significant deficiencies in internal control identified in the audit process).

The accountant also provides to the governing body that the persons subject to the independence standard of the affiliated CPA firm have complied with the declaration of independence in the code of professional ethics of accountants and communicates with the governing body all the relations and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

We determined the key audit matters of the consolidated financial reports of 2021 of BULL WILL Co., Ltd and its subsidiaries according to matters communicated with those charged with governance. Unless the disclosure of a particular matter is prohibited by statute or, in very rare circumstances, the accountant has decided not to communicate a particular matter in the audit report, as it is reasonably expected that the negative impact of such communication will be greater than the public interest.

Moore Stephens DaHua (Taiwan) CPAs

Andrea Kuo

CPA:

Jessie Young

Securities Authority

Approved Certified Letter No: FSC Audit No. 1040019693

29 March 2022

BULL WILL CO LTD and Subsidiaries
Consolidated Balance Statement
December 31, 2021 and 2020

| | | | | | | | | | | Unit: NT\$ 1,000 | | | | | | | | |
|--------------------|---|----|---------|----|---------|----------------------|---------|--|---------|------------------|--------------------------------|---------|----|----|---------|-----|---------|-----|
| | | | | | | 2021.12.31 | | 2020.12.31 | | | | | | | | | | |
| | | | | | | Amount | | % | | Amount | | % | | | | | | |
| Assets | | | | | | Liability and Equity | | | | | | | | | | | | |
| Current Asset: | | | | | | Current Liability: | | | | | | | | | | | | |
| 1100 | Cash and Cash Equivalents (Note VI (1)) | \$ | 94,039 | 21 | 21,930 | 7 | 2100 | Short-Term Loans (Note VI(12) and VIII) | \$ | 8,000 | 2 | 8,000 | 3 | | | | | |
| 1110 | Financial Assets at Fair Value Through Profit or Loss - | | 6,478 | 2 | 2,345 | 1 | 2130 | Contractual Liabilities - Current (Note VI(21)) | | 1,440 | - | 705 | - | | | | | |
| | Current (Note VI (2)) | | | | | | 2170 | Accounts Payable | | 65,490 | 16 | 37,745 | 13 | | | | | |
| 1120 | Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | | - | - | 49,767 | 17 | 2200 | Other Payables | | 16,838 | 4 | 10,709 | 3 | | | | | |
| | Equity Instrument Investment - Current (Note VI (2)) | | | | | | 2230 | Current Income Tax Liabilities(Note VI(17)) | | 1,916 | 1 | - | - | | | | | |
| 1150 | Net Bills Receivable (Note VI (3)) | | 5,845 | 1 | 255 | - | 2250 | Liability Reserve - Current (Note VI (13)) | | 1,751 | - | 1,465 | 1 | | | | | |
| 1170 | Net Accounts Receivable (Note VI (3)) | | 153,963 | 36 | 78,282 | 27 | 2280 | Lease Liability - Current (Note VI (14)) | | 1,246 | - | 1,861 | 1 | | | | | |
| 1180 | Accounts Receivable - Net Amount of Related Parties (Note VI (3)) and VII) | | 8,444 | 2 | - | - | 2320 | Long-Term Liabilities Due Within One Year (Note VI (15)) | | 7,899 | 2 | 3,333 | 1 | | | | | |
| | | | | | | | 2300 | Other Current Liabilities | | 5,495 | 1 | 2,910 | 1 | | | | | |
| 1200 | Other Accounts Receivable (Note VI (2), (4)) | | 2,005 | 1 | 11,274 | 4 | | | | 110,075 | 26 | 66,728 | 23 | | | | | |
| 1210 | Other Accounts Receivable - Affiliate (Note VI (4) & 7) | | 37,779 | 9 | 71,843 | 25 | | | | | | | | | | | | |
| 1310 | Inventory (Note VI (5)) | | 52,031 | 12 | 19,723 | 7 | | Non-Current Liability: | | | | | | | | | | |
| 1410 | Prepayments | | 2,818 | 1 | 2,176 | 1 | 2540 | Long-Term Loans (Note VI (15)) | | 29,040 | 7 | 5,278 | 2 | | | | | |
| 1476 | Other Financial Assets - Current (Note VIII) | | 150 | - | 150 | - | 2570 | Deferred Income Tax Liabilities (Note VI (17)) | | 1,900 | - | 1,900 | 1 | | | | | |
| 1470 | Other Current Asset | | 123 | - | 170 | - | 2580 | Lease Liability - Non-Current (Note VI (14)) | | - | - | 1,256 | - | | | | | |
| | | | 363,675 | 85 | 257,915 | 89 | 2645 | Refundable Deposits (Note VII) | | 100 | - | - | - | | | | | |
| | | | | | | | | | | 31,040 | 7 | 8,434 | 3 | | | | | |
| | | | | | | | | | | 141,115 | 33 | 75,162 | 26 | | | | | |
| Non-Current Asset: | | | | | | Total Liabilities | | | | | | | | | | | | |
| 1550 | Investments Using Equity Method (Note VI (7)) | | 5,068 | 1 | 3,891 | 2 | | Equity (Note VI (18)): | | | | | | | | | | |
| 1600 | Real Estate, Plant, and Equipment (Note VI (8)) | | 3,563 | 1 | 2,965 | 1 | 3100 | Share Capital | | 161,112 | 38 | 155,072 | 53 | | | | | |
| 1755 | Right-of-Use Assets (Note VI (9)) | | 1,209 | - | 3,067 | 1 | 3140 | Advance Share Capital | | 22,650 | 5 | - | - | | | | | |
| 1760 | Real Estate Investment (Note VI (10)) | | 20,743 | 5 | 20,881 | 7 | 3200 | Capital Surplus | | 47,298 | 11 | 44,054 | 16 | | | | | |
| 1780 | Intangible Assets (Note VI (11)) | | 31,487 | 8 | - | - | 3300 | Retained Earnings: | | | | | | | | | | |
| 1920 | Refundable Deposits (Note VII) | | 631 | - | 544 | - | 3310 | Legal Surplus Reserve | | 822 | - | - | - | | | | | |
| | | | 62,701 | 15 | 31,348 | 11 | 3350 | Retained Earnings | | 7,931 | 2 | 8,221 | 3 | | | | | |
| | | | | | | | | | | 8,753 | 2 | 8,221 | 3 | | | | | |
| | | | | | | | 3400 | Other Equities | | 4,911 | 1 | 6,754 | 2 | | | | | |
| | | | | | | | | The Company's Net Owners' Equity | | 244,724 | 57 | 214,101 | 74 | | | | | |
| | | | | | | | 36xx | Non-Controlling Equity | | 40,537 | 10 | - | - | | | | | |
| | | | | | | | | to the Parent Company | | 285,261 | 67 | 214,101 | 74 | | | | | |
| Total Assets | | | | | | \$ | 426,376 | 100 | 289,263 | 100 | Total Liabilities and Equities | | | \$ | 426,376 | 100 | 289,263 | 100 |

(Please refer to notes of the consolidated financial reports attached)

Chairman of the Board:

Manager:

Accounting Supervisor:

BULL WILL CO LTD and Subsidiaries
Consolidated Statements of Consolidated Profit or Loss
January 1 to December 31, 2021 and 2020

Unit: NT\$ 1,000

| | | 2021 | | 2020 | |
|------|---|-----------------|----------|--------------|----------|
| | | Amount | % | Amount | % |
| 4000 | Operating Income (Note VI (21) & VII) | \$ 371,182 | 100 | 187,504 | 100 |
| 5000 | Operating Cost (Note VI (5) & VII) | (299,953) | (81) | (140,479) | (75) |
| 5900 | Operating Margin | 71,229 | 19 | 47,025 | 25 |
| 6000 | Operating Expenses (Note VI (3), (16), (19) & VII): | | | | |
| 6100 | Selling Expenses | (17,009) | (4) | (12,092) | (6) |
| 6200 | Administration Expenses | (50,249) | (14) | (43,098) | (23) |
| 6300 | Research and Development Expenses | (2,300) | - | (2,231) | (1) |
| 6450 | Expected Credit Impairment Reversal Interest | 1,785 | - | - | - |
| | Total Operating Expenses | (67,773) | (18) | (57,421) | (30) |
| 6900 | Operating Net Profit | 3,456 | 1 | (10,396) | (5) |
| | Non-Operating Income and Expenditures (Note VI (23) & VII) | | | | |
| 7100 | Interest Income | 2,331 | 1 | 3,802 | 1 |
| 7010 | Other Revenue | 1,812 | - | 19,809 | 11 |
| 7020 | Other Profits and Losses | (4,977) | (1) | (6,104) | (3) |
| 7050 | Financial Cost | (577) | - | (225) | - |
| 7060 | Share of Profit or Loss of Affiliated Enterprises Accounted for Using the Equity Method (Note VI (7)) | 1,415 | - | 1,228 | 1 |
| | Total Non-Operating Income and Expenditure | 4 | - | 18,510 | 10 |
| | Net Profit Before Tax on Continuing Operations | 3,460 | 1 | 8,114 | 5 |
| 7950 | Less: Income Tax Expenses (Note VI (17)) | 1,368 | - | 47 | - |
| 8000 | Continuing Operations Net Income for the Current Year | 2,092 | 1 | 8,067 | 5 |
| 8100 | Interest of Suspended Operations | - | - | 154 | - |
| 8200 | Current Net Profit | 2,092 | 1 | 8,221 | 5 |
| 8300 | Other Consolidated Profit or Loss (Note VI (6) & (18)): | | | | |
| 8310 | Items Not to Be Reclassified Into Profit or Loss | | | | |
| 8316 | Unrealized Valuation of Profit or Loss on Equity Instrument Investments Measured at Fair Value Through Other Comprehensive Income | 422 | - | (422) | - |
| | Total Items Not to Be Reclassified Into Profit or Loss | 422 | - | (422) | - |
| 8360 | Items That May Be Subsequently Reclassified as Profit or Loss | | | | |
| 8361 | Exchange Differences on Conversion of the Financial Statements of Foreign Operation | (2,265) | (1) | (1,255) | (1) |
| 8365 | Equity Directly Related to the Group Pending Disposal | - | - | (1) | - |
| 8399 | Income Tax Relating to Items Which May Be Reclassified as Profit or Loss | - | - | 228 | - |
| | Total Items That May Be Subsequently Reclassified as Profit or Loss | (2,265) | (1) | (1,028) | (1) |
| 8300 | Current Other Consolidated Profit or Loss (Net Amount After Tax) | (1,843) | - | (1,450) | (1) |
| | Current Total Comprehensive Profit or Loss | <u>\$ 249</u> | <u>-</u> | <u>6,771</u> | <u>4</u> |
| | Net Profit Attributable to: | | | | |
| 8610 | Owners of the Parent Company | \$ 532 | - | 8,221 | 5 |
| 8620 | Non-Controlling Equity | 1,560 | 1 | - | - |
| | | <u>\$ 2,092</u> | <u>1</u> | <u>8,221</u> | <u>5</u> |
| | Consolidated Profit or Loss Attributable To: | | | | |
| 8710 | Owners of the Parent Company | \$ (1,311) | - | 6,771 | 4 |
| 8720 | Non-Controlling Equity | 1,560 | - | - | - |
| | | <u>\$ 249</u> | <u>-</u> | <u>6,771</u> | <u>4</u> |
| | Earnings Per Share (Unit: NT\$ 1,000) (Note VI (20)) | | | | |
| 9710 | Net Profit of Continuing Business Units | <u>\$ 0.03</u> | | <u>0.52</u> | |
| 9720 | Net Profit of Discontinued Units | <u>\$ -</u> | | <u>0.01</u> | |
| 9750 | Basic Earnings Per Share | <u>\$ 0.03</u> | | <u>0.53</u> | |
| 9810 | Net Profit of Continuing Business Units | <u>\$ 0.03</u> | | <u>0.52</u> | |
| 9820 | Net Profit of Discontinued Units | <u>\$ -</u> | | <u>0.01</u> | |
| 9850 | Diluted Earnings Per Share | <u>\$ 0.03</u> | | <u>0.53</u> | |

(Please refer to notes of the consolidated financial reports attached)

Chairman of the Board:

Manager:

Accounting Supervisor:

BULL WILL CO LTD and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NT\$ 1,000

| | Equity Attributable to Owners of Parent Company | | | | | Other Equity Items | | | | | |
|--|---|-----------------------|-----------------|-----------------------------------|--------------------------------|---|--|--|--|------------------------|--------------|
| | Share Capital | Advance Share Capital | Capital Surplus | Statutory Special Surplus Reserve | Undistributed Surplus Earnings | Difference of Conversion of Financial Statements of Foreign Operating Institutions Foreign Operations | Unrealized Profits (Losses) on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | Equities Directly Related to Groups Pending Disposal | Total Owner's Equity Attributable Total Equity | Non-Controlling Equity | Total Equity |
| Balance as of January 1, 2020 | \$ 1,113,364 | - | 43,702 | - | (958,292) | 6,503 | (306) | 2,007 | 206,978 | - | 206,978 |
| Current Net Profit | - | - | - | - | 8,221 | - | - | - | 8,221 | - | 8,221 |
| Current Other Comprehensive Profit or Loss | - | - | - | - | - | (1,027) | (422) | (1) | (1,450) | - | (1,450) |
| Current Total Comprehensive Profit or Loss | - | - | - | - | 8,221 | (1,027) | (422) | (1) | 6,771 | - | 6,771 |
| Capital Reduction to Cover Losses | (958,292) | - | - | - | 958,292 | - | - | - | - | - | - |
| Share-Based Payment | - | - | 352 | - | - | - | - | - | 352 | - | 352 |
| Balance as of December 31, 2020 | \$ 155,072 | - | 44,054 | - | 8,221 | 5,476 | (728) | 2,006 | 214,101 | - | 214,101 |
| Balance as of January 1, 2021 | \$ 155,072 | - | 44,054 | - | 8,221 | 5,476 | (728) | 2,006 | 214,101 | - | 214,101 |
| Distribution by Resolution of the Regular Shareholders' Meeting: | | | | | | | | | | | |
| Legal Surplus Reserve | - | - | - | 822 | (822) | - | - | - | - | - | - |
| Current Net Profit | - | - | - | - | 532 | - | - | - | 532 | 1,560 | 2,092 |
| Current Other Comprehensive Profit or Loss | - | - | - | - | - | (2,265) | 422 | - | (1,843) | - | (1,843) |
| Current Total Comprehensive Profit or Loss | - | - | - | - | 532 | (2,265) | 422 | - | (1,311) | 1,560 | 249 |
| Other Changes in Equity: | | | | | | | | | | | |
| Disposal of Equity Method Subsidiaries | - | - | - | - | - | 2,006 | - | (2,006) | - | - | - |
| Share-Based Payment | 6,040 | 22,650 | 3,244 | - | - | - | - | - | 31,934 | - | 31,934 |
| Non-Controlling Equity | - | - | - | - | - | - | - | - | - | 38,977 | 38,977 |
| Balance as of December 31, 2021 | \$ 161,112 | 22,650 | 47,298 | 822 | 7,931 | 5,217 | (306) | - | 244,724 | 40,537 | 285,261 |

(Please refer to notes of the consolidated financial reports attached)

Chairman of the Board:

Manager:

Accounting Supervisor:

BULL WILL CO LTD and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: NT\$ 1,000

| | 2021 | 2020 |
|---|------------------|---------------|
| Cash Flow from Operating Activities: | | |
| Net Profit Before Tax | \$ 3,460 | 8,114 |
| Net Profit of Discontinued Units Before Tax | - | 154 |
| Current Net Profit Before Tax | 3,460 | 8,268 |
| Earning Expense Items That Do Not Affect Cash Flow | | |
| Depreciation Expense | 3,391 | 3,907 |
| Amortization Expense | 513 | - |
| Expected Credit Impairment Reversal Interest | (1,785) | - |
| Financial Asset Loss Measured at Fair Value Through Profit and Loss | 372 | 398 |
| Interest Expense | 577 | 225 |
| Interest Income | (2,331) | (3,802) |
| Dividend Revenue | (179) | (13,409) |
| Share-based remuneration cost | 164 | 352 |
| Share of Profit of Associates Accounted for Using the Equity Method | (1,415) | (1,228) |
| Disposal of Subsidiary Interest | - | (251) |
| Total Earning Expense Items | (693) | (13,808) |
| Net Changes in Operating Assets and Liabilities | | |
| And Net Changes in Assets Related to Operating Activities | | |
| Decrease (Increase) in Notes Receivable | (4,046) | 650 |
| Decrease (Increase) in Accounts Receivable (Including Affiliates) | (57,077) | 601 |
| Decrease (Increase) in Accounts Receivable (Including Related Parties) | 43,071 | (2,395) |
| Increase in Inventories | (23,360) | (8,409) |
| Decrease (Increase) in Advance Payments | 2,241 | 359 |
| Decrease (Increase) in Other Current Assets | 428 | (170) |
| And Total Net Changes in Assets Related to Operating Activities | (38,743) | (9,364) |
| And Net Changes in Liabilities Related to Operating Activities | | |
| Increase in Contractual Liabilities | (850) | 696 |
| Increase in Accounts Payable (Including Related Parties) | 14,309 | 4,139 |
| Increase (Decrease) in Other Accounts Payable (Including Related Parties) | 1,879 | (4,397) |
| Liability Reserve - Current Increased | 286 | 120 |
| Increase (Decrease) in Other Current Liabilities | 2,572 | (65) |
| And Total Net Changes in Liabilities Related to Operating Activities | 18,196 | 493 |
| And Total Net Changes in Assets and Liabilities Related to Operating Activities | (20,547) | (8,871) |
| Total Adjusted Items | (21,240) | (22,679) |
| Cash Outflow From Operations | (17,780) | (14,411) |
| Interest Received | 2,588 | 3,802 |
| Income Tax Paid | (348) | (52) |
| Net Cash Outflows From Operating Activities | (15,540) | (10,661) |
| Cash Flow from Investment Activities: | | |
| Obtain the Value of Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | - | (50,189) |
| Dispose of the Value of Financial Assets Measured at Fair Value Through Profit or Loss | 50,189 | - |
| Obtain the Value of Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | (22,016) | (19,039) |
| Dispose of the Value of Financial Assets Measured at Fair Value Through Profit or Loss | 17,511 | 25,329 |
| Dispose of Financial Assets Measured at Amortized Cost | - | 30,080 |
| Dispose of Investments Using Equity Method | - | 1,790 |
| Purchase of Real Estate, Plant, and Equipment | (2,012) | (53) |
| Refundable Deposits Increased | (87) | (2) |
| Collect Other Dividends | 179 | 2,177 |
| Net Cash Inflow (Outflow) From Investment Activities | 43,764 | (9,907) |
| Cash Flow from Financing Activities: | | |
| Short-Term Loan Increased | - | 18,000 |
| Short-Term Loan Decreased | - | (10,000) |
| Long-Term Loan Borrowed | 32,000 | 10,000 |
| Long-Term Loan Repaid | (3,672) | (1,389) |
| Increased Guarantee Deposits Received | 100 | - |
| Lease Principal Repaid | (1,849) | (1,816) |
| Employee Execution of Stock Options | 31,770 | - |
| Acquisition of Subsidiary Stock Options | (11,884) | - |
| Interest Paid | (550) | (223) |
| Net Cash Inflows From Financing Activities | 45,915 | 14,572 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (2,030) | (1,144) |
| Current Cash and Cash Equivalents Increments (Reductions) | 72,109 | (7,140) |
| Beginning Cash and Cash Equivalents Balance | 21,930 | 29,070 |
| Ending Cash and Cash Equivalents Balance | \$ 94,039 | 21,930 |
| Balance of Cash and Cash Equivalents Recorded in Balance Sheet | \$ 94,039 | 21,930 |

(Please refer to notes of the consolidated financial reports attached)

Chairman of the Board:

Manager:

Accounting Supervisor:

BULL WILL CO LTD and Subsidiaries
Notes to Consolidated Financial Reports

December 31, 2021 and 2020

(Unless otherwise noted, the amounts are expressed in thousands of New Taiwanese Dollars)

1. Company History

Approved by the Ministry of Economics Affairs, Bull Will CO LTD (the Company) was established on December 20, 1993 and the registered address is 3F., No. 199, Ruihu St., Neihu Dist., Taipei City. The consolidated financial statements of the Company consist of the interests of the Company and its subsidiaries (hereinafter referred to as the "consolidated company") and the interests of the consolidated company in its affiliates and jointly controlled individuals. The Company is the direct parent company of the consolidated company.

The Company's main business items are electronic materials and parts production, processing, import and export, trading businesses, and so on.

In July 2001, the Company was approved by Securities and Futures Commission, Ministry of Finance to go public and begin selling stock. In June 2003, Securities and Futures Commission, Ministry of Finance approved the Company's shares to be listed on the Over-the-Counter Markets. On September 17, 2003, the Company became listed on the Taiwan OTC Exchange.

2. Approval Date and Procedures of Financial Reports

This consolidated financial report has been approved and released by the Board of Directors on March 29, 2022.

3. Application of Newly Issued and Revised Guidelines and Interpretations

(1) The following revised International Financial Reporting Standards apply to the consolidated financial reports of the consolidated company as of January 1, 2021, and there is no material impact.

- Revision of IFRS 4 - "Temporary Exemption From the Extension of IFRS 9"
- Revision of IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - "Interest Rate Benchmark Reform - Phase Two"

The following revised International Financial Reporting Standards apply to the consolidated financial reports of the consolidated company as of April 1, 2021, and there is no material impact.

- Revision of IFRS 16 "COVID-19 Related Rental Concession after June 30, 2021"

(2) The impact of IFRS recognition has not yet been adopted by the Financial Regulatory Commission.

The Company evaluates that the following revised IFRS, effective from 1 January 2021, will not cause a material change to the individual financial reports.

- Revision of IAS 16 - "Real Estate, Plant, and Equipment -

Price Before Reaching the Intended Use Condition”

- Amendment to IAS 37 "Onerous Contract - Cost of Performing Contractual Obligations”
- Annual Improvements to IFRS 2018-2020 Cycle
- Revision of IFRS 3 “Reference to the Conceptual Framework”

(3) Newly published and revised standards and interpretations not yet endorsed by the FSC.

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

| Newly Issued or Revised Standards | Major Amendments | Effective Date Announced by the Board |
|---|--|---------------------------------------|
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current” | The amendment is intended to improve the consistency of the application of the standard to assist enterprises in determining whether debts or other liabilities on the balance sheet at the date of liquidation shall be classified as current (or likely to mature within one year) or non-current. The amendment also clarifies the classification of liabilities that may be converted into equity. | 2023 January 1 |
| Amendment to IAS 12 "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction” | The amendment limits the scope of the recognition exemption so that it no longer applies where the initial recognition of the transaction results in an equivalent amount of tax and a temporary difference is deductible. | 2023 January 1 |

The consolidated company is continuously evaluating the impact of the above standards and interpretation on the consolidated company's financial position and results of operations, and the impact will be disclosed upon completion of the evaluation.

The consolidated company expects that the following new and revised standards, which have not yet been approved, will not have a material impact on the consolidated financial reports.

- Revision of IFRS 10 and IAS 28 "Sale or Contribution of Assets Between Investors and Their Affiliates or Joint Ventures”
- Revision of IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendment to IAS 37 "Onerous Contract - Cost of Performing Contractual Obligations”
- Amendment to IAS 1 “Disclosure of Accounting Policies”
- Amendment to IAS 8 “Definition of Accounting Estimates”

4. Summary Statement of Major Accounting Policies

The major accounting policies adopted for preparing these consolidated financial reports are described below:

(1) Compliance Statement

This consolidated financial report is prepared in accordance with IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins.

(2) Preparation Foundation

Aside from financial assets (liabilities), which are measured at fair value through profit or loss, financial assets available for sale, which are financial instruments measured at fair value, and the defined benefit liabilities, which are recognized by the net value of the pension fund assets less the current value of defined benefit obligation, this consolidated financial statement has been prepared on a historical cost basis.

The following critical accounting policies are consistently applicable to the entire period that this consolidated financial statement covers.

3. Some material accounting estimations are used in preparing financial statements based on IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins. When applying the Company's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and complexity, or accounts associated with material assumption and estimation in the consolidated financial statements. Please refer to Appendix V attached.

(3) Consolidation Basis

1. Principles for Consolidated Financial Statements Preparation

- (1) The consolidated company incorporates all subsidiaries into the entities these consolidated financial statements are prepared for. The subsidiaries refer to entities controlled by the consolidated company (including structure entities). When the consolidated company is exposed to variable rewards from participating in that entity or entitled to rights to said variable rewards and the consolidated company has the power and ability to affect said rewards of that entity, the consolidated company controls said entity. The subsidiaries are included into the consolidated financial reports since the day the consolidated company acquire their control and the consolidation ends on the day their control is lost.
- (2) The transactions, balance, and unrealized profit or loss generated between the subsidiaries of the consolidated company had been eliminated. Necessary adjustment of accounting policies of the subsidiary has been made so it is consistent with policies of the consolidated company.

- (3) Profit or loss and other consolidated income components are attributable to owners of the parent company and non-controlling interests. Consolidated income is also attributable to owners of the parent company and non-controlling interests, even if this results in the non-controlling equity having a deficit balance.
- (4) If the change of shareholding in the subsidiary does not result in loss of control (transactions with non-controlling interests), it shall be treated as an equity transaction, i.e., a transaction with the owner. The difference between adjustment of non-controlling equity and the fair value of the consideration paid or received is directly recognized in equity.
- (5) When the consolidated company loses its control over a subsidiary, the remaining investment of the previous subsidiary should be re-measured at the fair value and be treated as the fair value of the initially recognized financial asset or the cost of initially recognized invested associates or joint ventures. The difference between the fair value and the carrying amount is recognized in profit or loss. For all amounts of a subsidiary previously recognized in other consolidated income, the accounting treatment is based on the same principle as if the consolidated company directly disposes the related assets or liabilities. That is, if the amount is previously recognized as a profit or loss of other consolidated income, it should be reclassified as income when the related assets or liabilities are disposed. Moreover, when the Company loses the control over the subsidiary, such profit or loss shall be reclassified into income from equity. When disposing related assets, the profit or loss are directly transferred into retained earnings.

2. Subsidiaries Included in Consolidated Financial Report

| Investment Company | | Business Transaction | Percentage of Equity | | Explanation |
|------------------------------------|------------------------------------|--|----------------------|------------|-------------|
| Name | Subsidiary Name | Amount | Held | | |
| | | Nature | 2021.12.31 | 2020.12.31 | |
| The Company | Hong Kong Bull Will Holding CO LTD | Holding Company | 100.00% | 100.00% | |
| The Company | Trustbond Technology Corp | Electronic Component Sales | 30.00% | - | Note 2 |
| Hong Kong Bull Will Holding CO LTD | Hong Kong Serial Investment CO LTD | Holding Company | 100.00% | 100.00% | |
| Hong Kong Serial Investment CO LTD | BULL WILL Electronics CO LTD | Electronic Components Trading | 100.00% | 100.00% | |
| Hong Kong Serial Investment CO LTD | Huizhou Jun Chao Electronic CO LTD | Electronic components production and sales | 100.00% | 100.00% | |
| Hong Kong Serial | Dongguan Zhao Kang | Electronic Components | 100.00% | 100.00% | |

| Investment Company | | Business Transaction | Percentage of Equity | | Explanation |
|--------------------|-----------------------------|-----------------------|----------------------|------------|-------------|
| Name | Subsidiary Name | Amount | Held | | |
| | | Nature | 2021.12.31 | 2020.12.31 | |
| Investment CO LTD | Electronic CO LTD | Trading | | | |
| Hong Kong Serial | Huizhou Bullwill Electronic | Electronic components | 100.00% | 100.00% | |
| Investment CO LTD | CO LTD | production and sales | | | |
| Hong Kong Serial | Huizhou Bai Qin Electronics | Electronic components | - | 100.00% | Note 1 |
| Investment CO LTD | CO LTD | production and sales | | | |

Note 1: On January 26, 2021, the consolidated company completed the cancellation of Huizhou Bai Qin Electronics Co., Ltd.

Note 2: On September 17, 2021, the consolidated company's board of directors resolved to acquire the equity interest from the shareholders of Trustbond Technology Corp. The base date was set as October 1, 2021, and the share purchase contract was signed on September 23, 2021, for a total consideration of NT\$ 55,682 thousand, with the first installment of NT\$ 16,704 thousand paid on October 1, 2021. The second to fifth installments of NT\$ 38,978 thousand will be paid on January 31, 2022, 2023, 2024 and 2025, respectively, based on the pre-tax profit for the years 2021 to 2024. On October 4, 2021, the Economic Development Department of New Taipei City Government approved the company registration of Trustbond Technology Corp.

3. Subsidiaries Not Included in the Current Consolidated Financial Statements: None

(4) Foreign Currency Conversion

Accounts listed in the financial statements of the consolidated company are based on the money (i.e., functional currency) of the primary economic environment where the entity operates. The consolidated financial statements are presented in the "New Taiwan dollar", the functional currency of the consolidated company, as the presentation currency.

1. Foreign Currency Transactions and Balances

- (1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and aside from deferring those satisfying cash flow risk management and net investment investment to other consolidated income, the resulting exchange differences are recognized in profit or loss.
- (2) The balance of foreign currency monetary assets and liabilities shall be appraised and adjusted according to the spot exchange rate on the balance sheet date, conversion differences resulting from adjustments are recognized as current profits and losses.
- (3) Foreign currency monetary assets and liabilities balance is adjusted by the spot exchange rate on the balance sheet date, and it is measured at fair value through profit or loss, and therefore, exchange differences generated from the adjustment

were recognized as profit or loss. For those measured at fair value through consolidated income, exchange differences generated from adjustments are recognized in other consolidated income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.

(5) Assets and Liabilities Are Classified into Current and Non-Current Categories

1. Assets shall be classified as current assets if they meet any of the following conditions:

- (1) The asset is expected to be realized or intended to be sold or consumed during the normal operating cycle.
- (2) Held primarily for trading purposes.
- (3) Those expected to be realized in 12 months after the balance sheet date.
- (4) Cash and cash equivalents, excluding assets to be exchanged or used to pay off liabilities in at least twelve months after the balance sheet date.

The consolidated company classifies all assets not meeting the above criteria as non-current assets.

2. Liabilities shall be classified as current liabilities if they meet any of the following conditions:

- (1) Expected to be settled in the normal operating cycle.
- (2) Held primarily for trading purposes.
- (3) Liabilities that are to be paid off within 12 months after the balance sheet date.
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. The terms of liabilities, which may lead to the issuance of equity instruments at the option of the counterparty, shall not affect its classification.

The consolidated company classifies all liabilities that do not meet the above criteria as non-current.

(6) Cash and Cash Equivalents

1. On the consolidated company's Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, cash in bank, other short-term, highly liquid investments that are due in three months starting from the acquisition date, and overdrafts from banks that can be readily repaid and is part of the overall cash management. Overdrafts from banks are listed in the short-term borrowings of current liability on the balance sheet.
2. Cash equivalents refer to short-term and highly liquid investments satisfying the following conditions:
 - (1) Those can be readily converted to fixed cash.
 - (2) Those whose value is minimally affected by interest rate fluctuation.

(7) Financial Assets Measured at Fair Value Through Other Consolidated Income

1. It refers to an irrevocable choice made at the time of the original recognition to report changes in the fair value of equity instrument investments that are not held for trade to other consolidated profit or loss; or an investment in a debt instrument that simultaneously meets the following conditions:
 - (1) Financial assets held under the operating model with the purposes of collecting contract cash flow and for sales.
 - (2) Cash flows generated at specific dates by the contract terms and conditions of said financial assets and are fully used for paying the principals for outstanding principals.
2. The consolidated company adopts settlement date accounting for financial assets that are measured at fair value through other consolidated profit or loss and satisfying the transaction convention.
3. The consolidated company at the initial recognition measures at fair value plus transaction costs. Afterward, it is measured at fair value.
 - (1) Changes in the fair value of equity instruments are recognized in other consolidated profit or loss, and before the de-recognition, the accumulated interest or lost previously recognized in other consolidated profit or loss should not be reclassified to income but to be transferred to retained earning. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the amount of dividends can be reliably measured, the consolidated company shall recognize the amount under profit or loss as dividend income.
 - (2) Changes in the fair value of debt instruments are recognized in other consolidated profit or loss, and the impairment losses, interest income, and profit or loss on exchange rate of foreign currency exchange are recognized in profit or loss, and at de-recognition, the accumulated profit or loss previously recognized in other consolidated profit or loss will be reclassified from equity to profit or loss.

(8) Financial Assets at Fair Value Through Profit or Loss

It refers to financial assets not measured at amortized cost or measured at fair value through other consolidated profit or loss are measured at fair value through profit or loss. In order to eliminate or materially reduce improper accounting matching at the time of original recognition, the consolidated company may irrevocably designate financial assets that meet the requirements of measuring at fair value through after-amortized cost or other consolidated profit or loss as financial assets measured at fair value through profit or loss at the time of original recognition.

Such assets are subsequently measured at fair value and the net interest or loss (including any dividend and interest income) is recognized as profit or loss.

(9) Accounts Receivable and Bills

1. It refers to accounts and bills which, under contract, are entitled to receive unconditionally the amount of consideration for the transfer of goods or services.
2. For short-term accounts receivable and bills without interest payment. Since the discounting effect is not significant, the consolidated company is measured at the original invoice value.

(10) Financial Asset Impairments

For debt instrument investment measured at fair value through other consolidated profit or loss, financial assets measured at amortized cost, and accounts receivable or contract assets, rents receivable, loan commitments, financial guarantee contracts, and others containing a significant financial component, the consolidated company on each balance sheet day will consider all reasonable and verifiable information (including prospective information) to routinely measure allowance losses for expected credit loss amount for 12 months for those without significant increase in credit risk after the original recognition. For those with a significant increase in the credit risk after the original recognition, the allowance losses are measured according to the expected credit loss amounts for the life time. For accounts receivable that does not contain a significant financing component, the Group measures the loss allowance at an amount equal to lifetime expected credit loss amounts.

(11) De-Recognition of Financial Assets

If the consolidated company will de-recognize a financial asset if one of the following conditions is met:

1. The contractual rights for cash flows from the financial asset expire.
2. Transfer of contractual rights to receive cash flows from financial assets, and transfer of almost all risks and rewards of ownership of financial assets.
3. Almost all risks and returns from financial asset ownerships are neither transferred nor retained but the control of the financial assets are not kept.

(12) Inventories

The consolidated company's inventory carry-over is evaluated by the average method. The final inventory is evaluated by cost or the net realizable value whichever is lower. The net realizable value refers to the estimated sale price in the normal course of business, less relevant cost and sale expenses required until the completion of the work. When comparing the cost of inventories and the net realizable value, it is done item by item. The amount of inventory reduced from cost to net realized value is recognized as current cost of sold goods.

(13) Group Pending Disposal

When the carrying amount of the group for disposal is mainly recovered through sale

transactions instead of continuous use and is highly likely to be classified as the group pending disposal upon sale and measured at either the carrying amount net of the cost to sell or fair value net of the cost to sell whichever is lower.

(14) Investments/Affiliated Enterprises Using the Equity Method

1. Affiliated enterprises refer to entities the consolidated company has material effects but without control. In general, the term refers to entities which the Group holds directly or indirectly more than 20% of voting shares. The consolidated company's investment on affiliated enterprises is measured at the equity method, recognized by cost at the acquisition, including goodwill recognized at the acquisition, less the accumulated impairment losses generated from subsequent evaluation.
2. The consolidated company recognizes the share of profit or loss after acquiring an affiliated enterprise in profit or loss, and as for the share of other consolidated profit or loss after the acquisition, it is recognized in other consolidated profit or loss. If the consolidated company's share of loss of any affiliated enterprise becomes equal to or greater than its equity of that affiliated enterprise (including other unsecured accounts receivable), the consolidated company will not recognize any further loss, unless a legal obligation or constructive obligation arise for the consolidated company or if the consolidated company has made payment for the affiliated enterprise.
3. When an affiliated enterprise issues new shares, if there is any change in the investment ratio because consolidated company does not subscribe or acquire the shares proportionally and the effect is material, then the increase/decrease of the net value of said equity shall be reflected by adjusting the "additional paid-in capital" and "investment measured at the equity method." If said change lowers down the investment ratio, then aside from the aforementioned adjustment, any gain or loss previously recognized in the "other consolidated profit or loss" related to the reduction of said ownership equity that should be reclassified to losses when the related assets or liabilities are disposed, said interest and loss should be reclassified to profit or loss according to the reduced proportion.
4. The unrealized profit or loss arise from transaction between the consolidated company and the affiliated enterprises have been discharged according to the percent equity of affiliated enterprises. Unless evidence shows that the assets transferred by said transaction have been impaired, unrealized losses will be discharged, too. Necessary adjustment of accounting policies of the affiliated enterprises has been made so it is consistent with policies of the consolidated company.
5. When the consolidated company loses its major effect on an affiliated enterprise, the remaining investment of the previous associate should be re-measured at the fair value. The difference between the fair value and the carrying amount is recognized in profit or loss. All amounts previously recognized as other consolidated profit or loss related to the affiliated enterprises will be accounted for on the same basis as if the consolidated

company had directly disposed of the related assets or liabilities, i.e., interests or losses previously recognized as other consolidated profit or loss will be reclassified as profit or loss at the time of disposal of the related assets or liabilities. If it still has a material impact on the affiliated enterprises, only the amount previously recognized in other consolidated profit or loss shall be transferred out on a pro rata basis in accordance with the above method.

(15) Lease

1. Judgment of Lease

The consolidated company assesses at the date of formation whether the contract is or includes a lease, if the contract assigns control over the use of the identified asset for a period of time in exchange for consideration. To assess whether the contract is a lease, the consolidated company will assess the following items:

- (1) The contract relates to the use of an identified asset which is specified in the contract or is implicitly specified by virtue of being available for use and whose entity can distinguish or represent substantially all of the capacity. An asset is not an identifiable asset if the supplier has a material right to replace it.
- (2) And has the right to obtain virtually all the economic benefits arising from the use of the identified assets throughout the life of the use.
- (3) And obtains the right to dominate the use of the identified assets if one of the following conditions is met:
 - The customer has the right to direct the use of the identified assets and the purposes for which they are used throughout the use life.
 - The relevant decisions regarding how and for what purpose the asset will be used are determined in advance, and:
 - The customer has the right to operate the asset throughout the life of its use, and the supplier has no right to change such operation instructions; or
 - The way in which the customer designs the asset predetermines how and for what purpose it will be used throughout its life.

On the date of formation of the lease or when reassessing whether the contract covers the lease, the consolidated company shall apportion the consideration in the contract to the individual lease components on a relatively separate price basis. However, in the case of leasing the land and the building, the consolidated company elects not to distinguish between the non-leasehold components and treats the leasehold component and the non-leasehold component as a single leasehold component.

2. Lessee

The consolidated company recognizes the right-of-use assets and lease liabilities on the commencement date of the lease. The right-of-use assets are initially measured at cost, which includes the original measured amount of the lease liability. Adjustment

of any lease payments made on or before the commencement date of the lease, adding to the original direct costs incurred and the estimated costs of dismantling, removing and restoring the underlying asset to its location or the underlying asset, excluding any lease inducements received.

The subsequent depreciation of the right-of-use assets at the beginning of the lease is made by the straight-line method when the useful life of the right-of-use assets expires or when the lease term expires earlier. In addition, the consolidated company regularly evaluates whether there is any impairment of the right-of-use assets and deals with any impairment losses that have been incurred, and adjusts the right-of-use assets in the event of re-measurement of the lease liabilities.

Lease liabilities are measured in terms of the present value of outstanding lease payments at the commencement date of the lease. If the implied lease rate is easy to determine, the discount rate is that rate; if not, the consolidated company's incremental borrowing rate is used. In general, the consolidated company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measure of lease liabilities include:

- (1) Fixed payments, including substantial fixed payments;
- (2) Variable lease payments subject to an index or rate, the index or rate on the commencement date of the lease is used as the original measure;
- (3) Guarantee amount of salvage value expected to be paid; and
- (4) The price at which the purchase option or lease termination option is reasonably determined to be exercised or the penalty to be paid.

Lease liabilities are subsequently accrued interest on an effective interest basis and measured in the following circumstances:

- (1) There is a change in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) There is a change in the expected residual value guaranteed amount paid;
- (3) There is a change in the evaluation of the purchase option of the underlying asset;
- (4) There is a change in the estimate of whether or not to exercise the extension or termination option changes the assessment of the duration of the lease;
- (5) Modification of the subject, scope or other terms of the lease.

When the lease liability is remeasured as a result of the foregoing changes in the index or rate used to determine lease benefits, changes in the guaranteed residual value amount, and changes in the evaluation of the option to purchase, extend, or terminate, if the book amount of the right-of-use assets is adjusted accordingly, and when the carrying amount of the right-of-use assets is reduced to zero, the remaining remeasured amount shall be recognized as the profit or loss.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-of-use assets is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasured amount of the lease liability is

recorded in the profit or loss.

The consolidated company shall separately present the right-of-use assets and lease liabilities which do not meet the definition of investment real estate in the balance sheet as separate items.

For short-term leases and leases of low-value target assets, the consolidated company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the relevant lease payments as expenses on a straight-line basis during the lease life.

3. Lessor

The consolidated company as a lessor involves the classification of almost all the risks and rewards of the lease contract on the date of the lease, depending on whether or not it is transferred to the ownership of the underlying asset. If so, it is classified as financial lease; otherwise, it is classified as business lease. In the evaluation, the consolidated company considers certain relevant indicators, including whether the lease term covers a major part of the economic life of the target asset.

If the agreement contains leasehold and non-leasehold components, the consolidated company will use the consideration in the apportionment agreement as specified in IFRS 15.

Assets held under a financial lease shall be expressed as financial lease receivable in terms of the net amount of leasing investment. The original direct costs arising from the negotiation and arrangement of the business lease are included in the net investment in the lease. Net leasing investment is apportioned as interest income over the lease term in a form that reflects a fixed rate of return over the term. For business leases, the consolidated company shall recognize the lease payments received as rental income during the lease term on a straight-line basis.

(16) Real Estate, Plant, and Equipment

1. Real estate, plant and equipment shall be recorded on the basis of acquisition cost and capitalized relevant interest during the period of purchase and construction.
2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the consolidated company, and the cost of this item can be reliably measured. The carrying amount of the reset portion shall be derecognized. All other assembly and maintenance costs are recognized as current profits and losses when incurred.
3. In the subsequent measurement of the cost of real estate, plant and equipment, except for the depreciation of land, depreciation shall be calculated on a straight-line method according to the estimated useful life. Depreciation of real estate, plant and equipment, if significant, shall be itemized separately. The consolidated company reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year,

and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment.

The useful lives of assets are listed below:

| | |
|--------------------------|------------|
| Machinery Equipment | 3-5 Years |
| Transportation Equipment | 5 Years |
| Office Equipment | 3-10 Years |
| Leasehold Improvement | 5 Years |
| Other Equipment | 2-6 Years |

(17) Investment Real Estate

Investment real estate is recognized by acquisition cost, and cost model is adopted for subsequent measurement. Except for land, depreciation shall be carried out by the straight-line method according to the estimated useful life, which shall be 50 years.

(18) Impairment of Non-Financial Assets

On the balance sheet date, the consolidated company estimates the recoverable amount of the assets with indicator of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount means the fair value of an asset minus the cost of disposal or the value of its use, whichever is higher. With the exception of goodwill, where the impairment of an asset recognized in a previous year does not exist or is reduced, the impairment loss shall be reversed, provided that the carrying amount of the asset added by the reversal impairment loss shall not exceed the carrying amount of the asset after depreciation or amortization if the impairment loss is not recognized.

(19) Loans

1. The amount of the loan at the time of the initial recognition shall be measured at the fair value after deducting the transaction cost, and any difference between the price (after deducting the transaction cost) and the redemption value shall be measured at the amortized cost during the loan period by the effective interest method.
2. Where it is likely that part or all of the line of credit will be withdrawn, the cost shall be recognized as the transaction cost of the line of credit and shall be deferred until such time as the effective interest rate is adjusted. Where it is unlikely that part or all of the line of credit will be drawn, such charges are recognized as advances and amortized over the period in which the line is relevant.

(20) Accounts Payable and Bills

Accounts and bills payable refer payment obligations from acquiring goods or labor from vendors in the normal course of business. Accounts and bills payable is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts receivable without interest payment, because of insignificant effect of discounting, they are subsequently measured at the original invoice amount.

(21) Liability Reserve

Liability reserve is a current statutory or constructive obligation arising from a past event. It is likely that resources of economic benefit will be required to discharge the obligation and the amount of the obligation will be recognized when the estimate is reliable. Liability reserve is measured by the best estimated present value of the expenditure required to meet the obligation at the balance sheet date. The discount rate is the pretax discount rate reflecting the current market assessment of the time value of money and the specific risks of liabilities. Discounted amortization is recognized as interest expense. Future operating losses shall not be recognized as liabilities. Future operating losses shall not be recognized as liability reserves.

(22) Employee Benefits

1. Short-Term Employee Benefits

Short-term employee benefits are measured in terms of expected non-discounted payments and are recognized as expenses at the time-of-service delivery.

2. Pensions

Defined Contribution Plan

For defined contribution plans, the amount of the pension fund to be contributed is recognized as the current pension cost on an accrual basis. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

3. Termination Benefits

Termination benefits are provided when the employer terminates the employment of the employee prior to normal retirement or when the employee decides to accept the company's offer of benefits in exchange for the termination of employment. The consolidated company is no longer able to withdraw the offer of termination benefits or when the earlier relevant restructuring costs are recognized, the expense is recognized. Benefits not expected to be fully settled twelve months after the balance sheet date shall be discounted.

4. Bonus Plan of Employees and Consideration of Directors and Supervisors

Bonus plan of employees and consideration of directors, and supervisors are recognized as expenses and liabilities where there is a legal or constructive obligation and the amount is reasonably estimated. If there is any difference between the actual

allotment amount and the resolved amount subsequently decided by the board of shareholders, the changes shall be treated as accounting estimates.

(23) Employee Share-Based Payment

A share-based payment agreement with equity settlement is the labor services provided to employees on the basis of the fair value of the equity commodities to which they are entitled, it is recognized as a cost of remuneration during the vesting period and relatively adjusted as an interest. The fair value of an equity commodities shall reflect the impacts of the vesting and non-vesting market conditions. The recognized remuneration costs are adjusted in line with the expected quantity of awards in line with the conditions of service and non-market value vesting, until the final recognized amount is recognized by the vested quantity obtained on the vested date.

(24) Income Tax

1. Income tax expenses include current and deferred income taxes. Except for income tax related to items included in other comprehensive profits and losses or directly included in the equity, income tax shall be recognized in the profits and losses.
2. The current income tax of the consolidated company shall be calculated on the basis of the tax rate which has been legislated or substantially legislated on the balance sheet date in the country where the operation and taxable income are generated. The management shall periodically assess the status of the income tax declaration in respect of the applicable income tax laws and regulations, and, where applicable, shall estimate the income tax liabilities according to the taxes expected to be paid to the tax authorities. There is an additional tax of unappropriated earnings according to the Income Tax Act, and after the earning distribution is approved at the shareholders' meeting held in the year following the year the earnings are generated, the tax expense of undistributed earnings shall be recognized based on the actual condition of earning distribution.
3. For deferred tax, the balance sheet liability method is adopted, and it is recognized using the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred income tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) is affected at the time of the transaction. For temporary differences generated from investing in subsidiaries and associates, they are not recognized if the Company is capable of controlling the time point of reversal of the temporary differences and the temporary differences may not be reversed in the foreseeable future. Deferred income tax shall be subject to the tax rate (and tax law) which is enacted or substantially enacted on the balance sheet date, and which is expected to apply when the deferred income tax asset is realized or the deferred income tax liability is satisfied.

4. Deferred income tax assets are recognized on the basis that temporary differences are likely to be used to offset future taxable income and are reassessed on each balance sheet date for unrecognized and recognized deferred income tax assets.
5. The current income tax assets and current income tax liabilities shall be offset against each other when there is a statutory enforcement right to offset the amount of current income tax assets and liabilities, and there is an intention to repay or simultaneously realize the assets and liabilities on a net basis. When there is a legal enforcement right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer or different taxpayer of income tax levied by the same tax authority, but each tax payer intends to pay off the assets and liabilities on a net basis or at the same time, then the deferred income tax assets and liabilities shall be offset against each other.
6. The tax preference for equipment or technology acquisition, research and development expenditures and equity investments adopts income tax deduction accounting.
7. The "Income Basic Tax Act" came into force on January 1, 2006. The basis of calculation shall be the amount of taxable income calculated in accordance with the provisions of the Income Tax Act, and the tax deduction or exemption enjoyed by the Income Tax Act and other laws, and the basic tax shall be calculated according to the tax rate prescribed by the Executive Yuan. In comparison with the amount of tax calculated according to the provisions of the Income Tax Act, the higher the base tax is, the income tax of the current year shall be paid. The Company has taken its impact into account in the current income tax.

(25) Customer Contractual Revenue

Revenue is measured in consideration of the anticipated right to obtain for the commodity transferred, the consolidated company recognizes income when control of the commodity is transferred to the customer and performance obligations are met.

1. Sales of Commodities

The consolidated company recognizes income when control of the product is transferred to the customer. The control transfer of the product means that the product has been delivered to the customer and there is no unfulfilled obligation that will affect the customer's acceptance of the product. The delivery customer has accepted the product according to the transaction terms, the date at which the risk of obsolescence and loss has been transferred to the customer and when the consolidated company has objective evidence that all acceptance conditions have been met.

The consolidated company shall recognize accounts receivable at the time of delivery of commodities, since the consolidated company has the right to receive consideration unconditionally at that time.

2. Financial Components

The time between when the consolidated company expects to transfer the goods

to the customer and when the customer pays for the goods is no more than one year. Therefore, the consolidated company does not adjust the time value of the currency at the transaction price.

3. Customer Contracts Obtaining Cost

The incremental costs incurred by the consolidated company in obtaining the customer contracts are recognized as expenses at the time of occurrence, although they are expected to be recoverable, but the period of the relevant contracts is less than one year.

(26) Business Merger

1. The consolidated company adopts the acquisition method to carry on the business merger. The merged consideration shall be calculated on the basis of the fair value of the transferred assets, liabilities incurred or assumed and the equity instruments issued, the consideration transferred includes the fair value of any assets and liabilities arising from the contingent consideration agreement. Costs related to acquisition are recognized as expenses when incurred. The identifiable assets and liabilities acquired in the business merger shall be measured at the fair value on the acquisition date. On the basis of individual acquisition transactions, the consolidated company chooses to measure the non-controlling equity of the acquiree at fair value or at the ratio of the non-controlling equity to the identifiable net assets of the acquiree.
2. The transfer consideration, any non-controlling equity of the acquiree, and the total fair value of any equity previously held by the acquiree at the date of acquisition shall be recognized as goodwill if it exceeds the share of the consolidated company in the fair value of the identifiable net assets acquired. If the difference is less than the fair value of the identifiable net assets acquired by the consolidated company (purchased cheaply), the difference shall be directly recognized as the current profit and loss.

(27) Operating Departments

The consolidated company's operating department information is reported in a consistent manner with the internal management reports provided to key operations decision makers. The primary operational decision maker is responsible for allocating resources to the operating department and evaluating its performance. The identified primary operational decision maker of the consolidated company is the board of directors.

(28) Earnings Per Share

The consolidated company is listed as belonging to the basic and diluted earnings per share of ordinary equity holders of the consolidated company. The basic earnings per share of the consolidated company shall be calculated by dividing the profits and losses attributable to the ordinary equity holders of the consolidated company by the weighted average number of common shares outstanding in the current period. The diluted earnings per share are calculated after adjusting for the effect of all potential diluted common shares

on the profits and losses attributable to holders of the consolidated company's common shares and the weighted average number of outstanding common shares. The potential dilution of common shares of the consolidated company is to provide employees with employee stock option warrants.

5. Major Sources of Accounting Errors in Judgment, Assumptions and Estimates

In preparing the consolidated company's consolidated financial statements, the management has used its judgment to determine the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations of future events based on the current situation on the balance sheet date. Material accounting estimates and assumptions may differ from actual results and will be assessed and adjusted on an ongoing basis taking into account historical experience and other factors. Please refer to the following descriptions of material accounting judgments, estimates and assumptions with uncertainty:

(1) Important judgment of accounting policy: no such case.

(2) Significant accounting estimates and assumptions

The accounting estimates made by the consolidated company are based on reasonable expectations of future events based on the current situation on a specific date, but the actual results may differ from the estimates. For estimates and assumptions regarding the risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year, please refer to Note VI (5), impairment assessment of inventory.

6. Explanation of Important Accounting Items

(1) Cash and Cash Equivalents

| | <u>2021.12.31</u> | <u>2020.12.31</u> |
|--------------|-------------------|-------------------|
| Petty Cash | \$ 912 | 2,157 |
| Bank Deposit | 93,127 | 19,773 |
| Total | <u>\$ 94,039</u> | <u>21,930</u> |

Disclosure of Interest Rate Risk and Sensitivity Analysis of the Financial Assets and Liabilities of the Consolidated Company. Please refer to Note VI (24) for details.

(2) Financial Products

Financial Assets

| | <u>2021.12.31</u> | <u>2020.12.31</u> |
|---|-------------------|-------------------|
| Financial Assets at Fair Value Through Profit or Loss | \$ 6,478 | 2,345 |
| Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | \$ - | 49,767 |
| Current | <u>\$ 6,478</u> | <u>52,112</u> |

1. Financial assets measured at fair value through other consolidated gains and losses are by resolution of the Board of Directors of the consolidated company on August 7, 2020, the consolidated company purchased 530 thousand new special shares B shares of Strek Corporation Company Limited ("Strek Company") at approximately NT\$ 93 each. The total investment amount is NT\$ 50,189 thousand (Thai baht 53,000 thousand) and signed the investment contract with Strek Company on the same day, which agreed: (1) The dividend of the special share B share shall be at least 8% of the agreed net after-tax profit of the special share in Thailand, but not less than NT\$ 9,361 thousand (\$10,080 thousand in Thai Baht, with an interest rate of about 19%). (2) The consolidated company shall have the right to force the redemption of the investment shares by Strek within eight months from the date of signing but no later than the original offering price.
2. In view of the above investment, the consolidated company entered into a guarantee contract with Serial System LTD on August 7, 2020. In the event that Strek Company fails to redeem its shares, Serial System LTD is willing to acquire all of the special shares of Strek held by the consolidated company at the original offering price. The consolidated company intends to transfer the entire special shares of Strek Company on 31 March 2021 to Serial System LTD at the original issue price of Thai Baht \$53,000 thousand subject to the guaranteed agreement, and received them on March 31, 2021.
3. On December 25, 2020, the shareholders of Strek Company approved a proposed dividend of NT\$ 13,104 thousand (Thai baht 14,000 thousand) to the consolidated company and received a dividend of NT\$ 1,872 thousand on December 31, 2020. The remaining amount was recorded under other receivables. It was fully recovered on March 31, 2021.
4. Disclosure of Interest Rate Risk and Sensitivity Analysis of the Financial Assets and Liabilities of the Consolidated Company. Please refer to Note VI (24) for details.

(3) Bills Receivable and Accounts Receivable

| | 2021.12.31 | 2020.12.31 |
|---------------------------------------|-------------------|-------------------|
| Bills Receivable | \$ 5,845 | 255 |
| Accounts Receivable | 154,399 | 80,503 |
| Accounts Receivable - Related Parties | 8,444 | - |
| Minus: Allowance for Bad Debts | (436) | (2,221) |
| | \$ 168,252 | 78,537 |

- (1) The consolidated company uses a simplified approach to estimate expected credit losses for all bills receivable and accounts receivable, i.e., the expected credit loss measure over the life period, for this purpose. Such bills receivable and accounts receivable are grouped according to the common credit risk characteristics of the ability on behalf of the customer to pay all amounts due under the terms of the contract and have been incorporated into forward-looking information. The expected credit loss analysis of bills receivable and accounts receivable of the consolidated company is as follows:

| December 31, 2021 | | | |
|--------------------------|--|---|--|
| | Carrying Amount of Bills Receivable and Accounts Receivable | Weighted Average Expected Credit Loss Rate | Allowance Duration Expected Credit Loss |
| Not Overdue | \$ 162,070 | -% | - |
| Under 31 Days | 6,612 | 6.50% | 430 |
| 1 to 3 Months | 6 | 100.00% | 6 |
| 3 to 6 Months | - | -% | - |
| Over 6 Months | - | -% | - |
| | \$ 168,688 | | 436 |

| December 31, 2020 | | | |
|--------------------------|--|---|--|
| | Carrying Amount of Bills Receivable and Accounts Receivable | Weighted Average Expected Credit Loss Rate | Allowance Duration Expected Credit Loss |
| Not Overdue | \$ 78,147 | -% | - |
| Under 31 Days | 2,605 | 85% | 2,215 |
| 1 to 3 Months | 6 | 100% | 6 |
| 3 to 6 Months | - | -% | - |
| Over 6 Months | - | -% | - |
| | \$ 80,758 | | 2,221 |

- (2) The consolidated company's statement of changes in bills receivable and allowance for doubtful accounts for the years 2021 and 2020 is as follows:

| | 2021 | 2020 |
|--------------------------|----------------------|---------------------|
| Opening Balance | \$ 2,221 | 2,221 |
| Impairment Loss Reversal | (1,785) | - |
| Ending Balance | <u><u>\$ 436</u></u> | <u><u>2,221</u></u> |

- (3) Guarantee

On December 31, 2021 and 2020, the consolidated company's bills receivable and accounts are not secured for long-term loans and financing lines.

- (4) On 16 July 2019, the court decided that OTE Power Corp should pay NT\$ 13,650 thousand to the Company and acquired the notes of debt of OTE Power Corp on 18 October 2019. Accounts receivable of the consolidated company amounted to NT\$ 13,650 thousand, which had been fully set aside for bad debts in the previous year and was fully written off in 2019. Moreover, in the year 2020, \$1,003 thousand of the deposit of OTE Power Corp with the court was obtained and credited to other income.

- (4) Other Receivables

| | 2021.12.31 | 2020.12.31 |
|---|-------------------------|----------------------|
| Other Receivables | \$ 2,005 | 11,274 |
| Other Accounts Receivable - Related Parties | 37,779 | 71,843 |
| | <u><u>\$ 39,784</u></u> | <u><u>83,117</u></u> |

- (5) Inventories

| | 2021.12.31 | 2020.12.31 |
|--|-------------------------|----------------------|
| Raw Materials | \$ 6,959 | 11,707 |
| Work in Progress | 11,126 | 8,903 |
| Finished Good | 121,666 | 100,284 |
| Subtotal | 139,751 | 120,894 |
| Minus: Allowance for Inventory Valuation and Obsolescence Losses | (87,720) | (101,171) |
| Total | <u><u>\$ 52,031</u></u> | <u><u>19,723</u></u> |

In 2021, NT\$ 14,063 thousand of inventory loss due to obsolescence and turnaround related provision for inventory decline value and impact of evaluation of inventory decline loss were recognized and NT\$ 13,317 thousand of inventory decline recovery benefit was recognized and NT\$ 1,870 thousand of inventory decline recovery benefit was recognized and reported as cost of goods sold in 2020 due to inventory write-down and net realizable value.

As of December 31, 2021 and 2020, none of the consolidated company's inventories has been provided as pledge guarantees.

(6) Group Pending Disposal

The consolidated company has been approved by the board of directors to liquidate Huizhou Bai Qin Company on July 28, 2016, and has started to deal with relevant matters. The assets and liabilities related to Huizhou Bai Qin Company have been transferred to the group to be disposed of, and are expressed as a closed business unit in accordance with the definition of a closed business unit. The liquidation was canceled and completed on January 26, 2021.

December 31, 2021 and 2020, the details of the assets and liabilities of the groups pending disposal are as follows:

| Item | 2021.12.31 | 2020.12.31 |
|---|------------|------------|
| Accumulated Gains or Expenses Related to the Group to for Sale and Recognized as Other Comprehensive Profits and Losses Exchange Differences on Conversion of the Financial Statements of Foreign Operation | \$ - | 2,006 |

(7) Investment Credits Using the Equity Method

1. Affiliated Enterprise

| Name of Investee | Primary Business | Set Up and Operating Site | Carrying Amount | | Percentage of Equity Held | |
|-------------------------------|-----------------------|---------------------------|-----------------|------------|---------------------------|------------|
| | | | 2021.12.31 | 2020.12.31 | 2021.12.31 | 2020.12.31 |
| BULL WILL TRADING(S) PTE LTD. | Sand and Gravel Sales | Singapore | \$ 5,068 | 3,891 | 30.00% | 30.00% |

(1)The consolidated Company sold BULL WILL TRADING(S) PTE LTD in 2020. The disposal price of 18.95% of the equity is SGD 85,000 thousand (NT\$ 1,790 thousand), which has been completed in the second quarter of 2020, resulting in disposal investment benefit of NT\$ 251 thousand, which has been recognized under other benefits and losses.

(2)If the affiliated enterprises of the consolidated company using the equity method are individual and insignificant, their aggregate financial information is as follows, which refers to the amount contained in the consolidated financial report of the consolidated company:

| | 2021 | 2020 |
|--|-----------------|---------------|
| Ending Summary Carrying Amount of the Interests of Individual Non-materially Affiliated Enterprises \$ | 16,892 | 12,969 |
| Shares Attributable to the Consolidated Company: \$ | 5,068 | 3,891 |
| Current Net Profit: | \$ 1,415 | 1,228 |
| Other Consolidated Profit or Loss: | (238) | (116) |
| Total Consolidated Profit or Loss: | \$ 1,177 | 1,112 |

3. Guarantee

As of December 31, 2021 and 2020, no equity method investments of the consolidated company have been provided as pledge guarantees.

(8) Real Estate, Plant and Equipment

A breakdown of the changes in cost, depreciation and impairment of real estate, plant, and equipment of the consolidated company is as follows:

| | Machinery Equipment | Transportation Equipment | Office Equipment | Leasehold Improvement | Other Equipment | Total |
|---------------------------------|--------------------------------|-------------------------------------|-----------------------------|----------------------------------|----------------------------|---------------|
| Cost or Identified Cost: | | | | | | |
| Balance as of January 1, 2021 | \$ 15,994 | 1,029 | 20,485 | 10,122 | 26,278 | 73,908 |
| Added in Current Period | 20 | - | 886 | 34 | 1,072 | 2,012 |
| Impact of Exchange Rate Changes | (93) | (4) | (14) | (81) | (24) | (216) |
| Balance as of December 31, 2021 | \$ 15,921 | 1,025 | 21,357 | 10,075 | 27,326 | 75,704 |
| Balance as of January 1, 2020 | \$ 15,918 | 1,022 | 20,460 | 9,986 | 26,237 | 73,623 |
| Added | 29 | - | 24 | - | - | 53 |
| Disposed | (111) | - | (22) | - | - | (133) |
| Impact of Exchange Rate Changes | 158 | 7 | 23 | 136 | 41 | 365 |
| Balance as of December 31, 2020 | \$ 15,994 | 1,029 | 20,485 | 10,122 | 26,278 | 73,908 |

| | Machinery Equipment | Transportation Equipment | Office Equipment | Leasehold Improvement | Other Equipment | Total |
|---|--------------------------------|-------------------------------------|-----------------------------|----------------------------------|----------------------------|---------------|
| Depreciation and Impairment Losses | | | | | | |
| Balance as of January 1, 2021 | \$ 15,891 | 1,004 | 18,156 | 9,669 | 26,223 | 70,943 |
| Current Depreciation | 82 | 25 | 1,076 | 186 | 41 | 1,410 |
| Impact of Exchange Rate Changes | (93) | (4) | (13) | (78) | (24) | (212) |
| Balance as of December 31, 2021 | \$ 15,880 | 1,025 | 19,219 | 9,777 | 26,240 | 72,141 |
| Balance as of January 1, 2020 | \$ 15,540 | 899 | 17,072 | 9,308 | 25,978 | 68,797 |
| Current Depreciation | 308 | 99 | 1,084 | 232 | 206 | 1,929 |
| Disposed | (111) | - | (22) | - | - | (133) |
| Impact of Exchange Rate Changes | 154 | 6 | 22 | 129 | 39 | 350 |
| Balance as of December 31, 2020 | \$ 15,891 | 1,004 | 18,156 | 9,669 | 26,223 | 70,943 |
| Carrying Amount Value: | | | | | | |
| December 31, 2021 | \$ 41 | - | 2,138 | 298 | 1,086 | 3,563 |
| December 31, 2020 | \$ 103 | 25 | 2,329 | 453 | 55 | 2,965 |

No real estate, plant, and equipment of the consolidated company has been provided as pledge guarantees as 31 December 2021 and 2020.

(9) Right-of-Use Assets

The changes in the cost, depreciation and impairment of leased premises and buildings etc. of the consolidated company are as follows :

| | Houses and Buildings | Total |
|---|---------------------------------|--------------|
| Cost of Right-of-Use Assets: | | |
| Balance as of January 1, 2021 | \$ 5,210 | 5,210 |
| Impact of Exchange Rate Changes | (36) | (36) |
| Balance as of December 31, 2021 | \$ 5,174 | 5,174 |
| Balance as of January 1, 2020 | \$ 5,777 | 5,777 |
| Added | 674 | 674 |
| Expired | (1,293) | (1,293) |
| Impact of Exchange Rate Changes | 52 | 52 |
| Balance as of December 31, 2020 | \$ 5,210 | 5,210 |
| Depreciation and Impairment Losses of Right-of-Use Assets: | | |
| Balance as of January 1, 2021 | \$ 2,143 | 2,143 |
| Depreciation | 1,843 | 1,843 |
| Impact of Exchange Rate Changes | (21) | (21) |
| Balance as of December 31, 2021 | \$ 3,965 | 3,965 |

| | Houses and Buildings | Total |
|---------------------------------|---------------------------------|---------------------|
| Balance as of January 1, 2020 | \$ 1,590 | 1,590 |
| Expired | (1,293) | (1,293) |
| Depreciation | 1,840 | 1,840 |
| Impact of Exchange Rate Changes | 6 | 6 |
| Balance as of December 31, 2020 | <u><u>\$ 2,143</u></u> | <u><u>2,143</u></u> |
| Accounting Value: | | |
| December 31, 2021 | <u><u>\$ 1,209</u></u> | <u><u>1,209</u></u> |
| December 31, 2020 | <u><u>\$ 3,067</u></u> | <u><u>3,067</u></u> |

(10) Investment Real Estate

The details of the changes in the investment real estate of the consolidated company are as follows:

| | Land | Houses and Buildings | Total |
|---|-------------------------|---------------------------------|----------------------|
| Cost or Identified Cost: | | | |
| Balance as of January 1, 2021 | \$ 16,203 | 7,062 | 23,265 |
| Balance as of December 31, 2021 | <u><u>\$ 16,203</u></u> | <u><u>7,062</u></u> | <u><u>23,265</u></u> |
| Balance as of January 1, 2020 | \$ 16,203 | 7,062 | 23,265 |
| Balance as of December 31, 2020 | <u><u>\$ 16,203</u></u> | <u><u>7,062</u></u> | <u><u>23,265</u></u> |
| | Land | Houses and Buildings | Total |
| Accumulated Depreciation and Impairment: | | | |
| Balance as of January 1, 2021 | \$ - | 2,384 | 2,384 |
| Depreciation Expense | - | 138 | 138 |
| Balance as of December 31, 2021 | <u><u>\$ -</u></u> | <u><u>2,522</u></u> | <u><u>2,522</u></u> |
| Balance as of January 1, 2020 | \$ - | 2,246 | 2,246 |
| Depreciation Expense | - | 138 | 138 |
| Balance as of December 31, 2020 | <u><u>\$ -</u></u> | <u><u>2,384</u></u> | <u><u>2,384</u></u> |
| Book Value | | | |
| Balance as of December 31, 2021 | <u><u>\$ 16,203</u></u> | <u><u>4,540</u></u> | <u><u>20,743</u></u> |
| Balance as of December 31, 2020 | <u><u>\$ 16,203</u></u> | <u><u>4,678</u></u> | <u><u>20,881</u></u> |

Rental Revenue and Direct Operating Expenses of Investment Real Estate

| | 2021 | 2020 |
|--|----------------------|-------------------|
| Rental Revenue From Investment Real Estate | <u><u>\$ 751</u></u> | <u><u>780</u></u> |
| Direct Operating Expenses Incurred in the Current Period for Investment Real Estate with Rental Income | <u><u>\$ 293</u></u> | <u><u>293</u></u> |

The fair values of the investment real estate of the consolidated company as at December 31, 2021 and 2020 are respectively NT\$ 36,144 thousand and NT\$ 31,500 thousand. The fair values are based on market evidence of the transaction prices of similar real estate.

As of December 31, 2021, the investment real estate of the consolidated company is used as security for other short-term borrowings, please refer to Note VIII. At December 31, 2020, no pledge guarantee has been provided for the investment real estate of the consolidated company.

(11) Intangible Assets

The details of the changes in the intangible asset of the consolidated company are as follows:

| | Goodwill | Other Intangible Assets | Total |
|---|------------------|--|---------------|
| Cost or Identified Cost: | | | |
| Balance as of January 1, 2021 | \$ - | - | - |
| Business Merger This Year Acquires | 17,637 | 14,363 | 32,000 |
| Balance as of December 31, 2021 | \$ 17,637 | 14,363 | 32,000 |
| Balance as of January 1, 2020 | \$ - | - | - |
| Balance as of December 31, 2020 | \$ - | - | - |
| Accumulated Amortization and Impairment | | | |
| Balance as of January 1, 2021 | \$ - | - | - |
| Amortization Expense | - | 513 | 513 |
| Balance as of December 31, 2021 | \$ - | 513 | 513 |
| Balance as of January 1, 2020 | \$ - | - | - |
| Balance as of December 31, 2020 | \$ - | - | - |
| Book Value | | | |
| Balance as of December 31, 2021 | \$ 17,637 | 13,850 | 31,487 |
| Balance as of December 31, 2020 | \$ - | - | - |

On September 17, 2021, the consolidated company's board of directors resolved to acquire the equity interest from the shareholders of Trustbond Technology Corp. The base date was set as October 1, 2021, and the share purchase contract was signed on September 23, 2021, for a total consideration of NT\$ 55,682 thousand, with goodwill of NT\$ 17,637 thousand and other intangible assets of NT\$ 14,363 thousand were generated.

(12) Short-Term Loan

| | 2021.12.31 | 2020.12.31 |
|-----------------------|-------------|------------|
| Unsecured Bank Loan | \$ 8,000 | 8,000 |
| Unused Credit | 30,000 | - |
| Interest Rate Collars | 1.00%~3.50% | 2.47% |

Details of the situation in which the assets of the consolidated company are set up as collateral for short-term borrowing are described in Note VIII.

(13) Liability Reserve

| | Liability Reserve of Employee Benefits |
|---------------------------------|---|
| Balance as of January 1, 2021 | \$ 1,465 |
| Current Added Liability Reserve | 286 |
| Balance as of December 31, 2021 | \$ 1,751 |
| Balance as of January 1, 2020 | \$ 1,345 |
| Current Added Liability Reserve | 120 |
| Balance as of December 31, 2020 | \$ 1,465 |

(14) Lease Liabilities

The carrying amount of the consolidated company's leasing liabilities is as follows:

| | 2021.12.31 | 2020.12.31 |
|-------------|------------|------------|
| Current | \$ 1,246 | 1,861 |
| Non-Current | - | 1,256 |
| | \$ 1,246 | 3,117 |

For maturity analysis, please refer to Note VI (24) Financial Instruments.

The amount of lease recognized in profit or loss is as follows:

| | 2021 | 2020 |
|--|----------|-------|
| Interest Expense of Lease Liabilities | \$ 62 | 107 |
| Expense of Short-Term Leases | \$ 2,271 | 2,151 |
| Expense of Leasing an Asset of Low Value | \$ 456 | 424 |

The amount of the lease recognized in the cash flow statement is as follows:

| | 2021 | 2020 |
|---------------------------------|----------|-------|
| Total Cash Outflow from Leasing | \$ 1,849 | 1,816 |

(15) Long-Term Loan

| | 2021.12.31 | 2020.12.31 |
|---------------------------------|----------------------|-------------------|
| Unsecured Bank Loan | \$ 36,939 | 8,611 |
| Minus: Part Due Within One Year | (7,899) | (3,333) |
| Total | \$ 29,040 | 5,278 |
| Unused Credit | \$ - | - |
| Interest Rate Collars | 1.000%~1.845% | 1.655% |

(16) Employee Benefits

Defined Contribution Plan

In accordance with the provisions of the Labor Pension Act, the definitional contribution plan of the consolidated company shall be allocated to the labor pension individual account of the Bureau of Labor Insurance at a contribution rate of 6% of the monthly wages of the labors. Under the scheme, there is no statutory or constructive obligation on the part of the consolidated company to pay any additional amount after a fixed contribution has been made to the Bureau of Labor Insurance. The consolidated company expects to determine pension costs under the pension scheme of NT\$ 1,043 thousand and NT\$ 990 thousand respectively in 2021 and 2020, which have been allocated to the Bureau of Labor Insurance.

(17) Income Tax

1. Income Tax Expense

The income tax expense of the consolidated company in 2021 and 2020 is detailed as follows:

| | 2021 | 2020 |
|--|-----------------|-------------|
| Current Income Tax Expense (Interest) | | |
| Current Generation | \$ 1,370 | 61 |
| Occurrence of Previous Years | (2) | (7) |
| Deferred Income Tax Expense (Interest) | | |
| Occurrence and Reversal of Temporary Differences | (13,555) | (134) |
| Original Occurrence and Reversal of Tax Losses | 13,555 | 134 |
| Income Tax Expense (Interest) | \$ 1,368 | 47 |

The details of income tax (expense) interests recognized under other consolidated profit or loss of the consolidated company in 2021 and 2020 are as follows:

| | 2021 | 2020 |
|--|-------------|-------------|
| Items That May Be Subsequently Reclassified as Profit or Loss | | |
| Exchange Differences on Conversion of the \$ Financial Statements of Foreign Operation | - | 228 |

The relationship between income tax expense (interest) and pre-tax net profit of the consolidated company in 2021 and 2020 is adjusted as follows:

| | 2021 | 2020 |
|--|-----------------|--------------|
| Net Profit Before Tax | \$ 3,460 | 8,114 |
| Income Tax Calculated According to the Domestic Tax Rate at the Locality of the Consolidated Company | \$ 2,405 | 2,077 |
| Impact Number of Income Tax Rate Difference | - | (380) |
| Surtax on Undistributed Retained Earnings | 54 | - |
| Permanent Difference | (16,842) | 205 |
| Occurrence of Previous Years | (2) | (7) |
| Changes in Tax Losses on Deferred Tax Assets Not Recognized | 13,147 | 134 |
| Changes of Temporary Differences Not Recognized | 2,606 | (1,982) |
| | \$ 1,368 | 47 |

3. Deferred Income Tax Assets and Liabilities

(1) Unrecognized Deferred Income Tax Assets

Items not recognized as deferred income tax assets of the consolidated company are as follows:

| | 2021.12.31 | 2020.12.31 |
|----------------------------------|-------------------|-------------------|
| Deductible Temporary Differences | \$ 106,388 | 104,311 |
| Levy Loss | \$ 56,410 | 42,988 |

According to the provisions of the Income Tax Act, tax loss shall be deducted from the net profit of the preceding ten years after the approval of the tax inspection authority. This item has not been recognized as a deferred income tax asset because it is unlikely that the Company will have sufficient tax income to cover the temporary difference in the future.

As of December 31, 2021, the Company has not recognized the tax loss on deferred income tax assets. The deduction period is as follows:

| Deficiency Year | Deficits Not Yet Deducted | Final Year of Deduction |
|------------------------|----------------------------------|--------------------------------|
| Approvals in 2016 | \$ 13,407 | 2026 |
| Approvals in 2017 | 27,403 | 2027 |
| Approvals in 2018 | 57,654 | 2028 |
| Approvals in 2019 | 115,804 | 2029 |
| Declarations in 2020 | 274 | 2030 |
| Estimates in 2021 | 67,776 | 2031 |
| Total | \$ 282,318 | |

(2) Recognized Deferred Income Tax Assets and Liabilities

The changes of deferred tax assets (liabilities) in 2021 and 2020 are as follows:

2021

| | Opening Balance | Recognized as Profit or Loss | Recognized in Other Consolidated Profit or Loss | Ending Balance |
|--|----------------------------|---|--|---------------------------|
| Temporary Differences | | | | |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | \$ (1,900) | - | - | (1,900) |
| Deferred Income Tax Expense | | - | - | |
| Net Deferred Income Tax | \$ (1,900) | | | (1,900) |
| The information expressed in the balance sheet is as follows: | | | | |
| Deferred Income Tax Liabilities | \$ (1,900) | | | (1,900) |

2020

| | Opening Balance | Recognized as Profit or Loss | Recognized in Other Consolidated Profit or Loss | Ending Balance |
|--|----------------------------|---|--|---------------------------|
| Temporary Differences | | | | |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | \$ (2,128) | - | 228 | (1,900) |
| Deferred Income Tax Expense | | - | 228 | |
| Net Deferred Income Tax | \$ (2,128) | | | (1,900) |
| The information expressed in the balance sheet is as follows: | | | | |
| Deferred Income Tax Liabilities | \$ (2,128) | | | (1,900) |

4. Income Tax Approval Status

The business income tax settlement declaration of the consolidated company has been approved by the tax inspection authority until 2019.

(18) Capital and Other Equities

1. Share Capital

December 31, 2021 and 2020, the total rated share capital of the Company is NT\$ 2,050,000 thousand, with NT\$ 10 par value per share in the amount of 205,000 thousand shares. All issued shares are 111,336 thousand common shares. The proceeds of all issued shares have been collected.

On June 18, 2020, the Company decided by the Board of Shareholders that in order to make up the losses and improve the financial structure, the paid-up capital will be reduced by NT\$ 958,292 thousand, and the issued shares will be cancelled by 95,829 thousand shares, with a capital reduction ratio of about 86.07176%. The capital reduction plan has been approved by the Financial Supervisory Commission, and July 22, 2020 is taken as the base date for the capital reduction, and the capital change registration shall be approved by the competent authority on August 5, 2020.

From January 1 to December 31, 2021, the Company converted 2,104 thousand shares due to employee stock options. The total amount of shares received during the year from employee stock options conversion is NT\$ 31,770 thousand, of which NT\$ 6,040 thousand has been converted into common share and the change registration has been completed. As of December 31, 2021, the amount of advance proceeds pending change registration amounted to \$22,650 thousand and 1,500 thousand shares.

2. Capital Surplus

The Company's capital reserve balance is as follows:

| | 2021.12.31 | 2020.12.31 |
|--|-------------------|-------------------|
| Common Share Capital Premium | \$ 38,603 | 35,341 |
| Compensatory Cost Recognized for Employee Stock Option | 8,695 | 8,713 |
| Total | \$ 47,298 | 44,054 |

In accordance with the provisions of the Company Act, after the capital reserves need to be first used to cover losses, the company may issue new shares or cash out of the realized capital reserves according to the proportion of the shareholders' original shares. The term "realized capital reserves" as mentioned in the preceding paragraph includes the excess of income from issuing shares above par value and income from receiving gifts. The total amount of the capital reserve that may be allocated as capital in accordance with the issuer's standards for handling the issue of securities shall not exceed 10% of the paid-up capital.

3. Retained Earnings

The company's earnings distribution or loss allocation and compensation shall be made at the end of each half fiscal year. Where the earnings distribution is made in cash, the board of directors shall make a resolution and report to the shareholders' meeting in accordance with Article 228-1 and Item 5 of Article 240 of the Company Act, without submitting it to the shareholders' meeting for recognition.

If there is net profit after tax of the current period in the company's annual general accounts, the accumulated losses (including the adjustment of undistributed surplus amount) shall be made up first, and 10% shall be contributed as the legal surplus reserve according to law; except when the legal surplus accumulated has reached the total paid-in capital of the Company. Next, allocating or reversing the special earnings reserve as required by law or by the competent authority. For the remaining earnings, together with undistributed earnings at the beginning of the period (including the adjusting the non-distributed amount of earnings), the Board of Directors shall propose earnings distribution at the shareholders' meeting.

The dividend policy of the Company is based on the current and future development plan, considering the investment environment, capital needs and foreign competition conditions, and considering the equities of shareholders and other factors, so as to allocate no less than 30% of the distributable surplus to shareholders every year. However, if the accumulated distributable surplus is less than 10% of the paid-in share capital, it may not be distributed. Dividends may be paid in cash or shares to shareholders, in which the cash dividend shall not be less than 50% of the total dividend.

4. Surplus Earnings Distribution

- (1) On August 30, 2021 and June 18, 2020, the shareholders' meeting approved the 2020 earnings distribution plan and the 2019 profit and loss compensation plan respectively, and no amount of dividends was distributed to the owners.
- (2) Information on the Company's surplus earnings distribution plan for the past year can be found at the Market Observation Post System.

5. Other Equities (Net Amount After Tax)

| | Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | Exchange Differences on Conversion of the Financial Statements of Foreign Operation | Equity Directly Related to the Group Pending Disposal | Total |
|---|---|--|--|--------------|
| January 1, 2020 | \$ (306) | 6,503 | 2,007 | 8,204 |
| Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | (422) | - | - | (422) |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | - | (1,027) | (1) | (1,028) |
| Balance as of December 31, 2020 | <u>\$ (728)</u> | <u>5,476</u> | <u>2,006</u> | <u>6,754</u> |
| January 1, 2021 | \$ (728) | 5,476 | 2,006 | 6,754 |
| Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | 422 | - | - | 422 |
| Dispose of Profit or Loss of Foreign Operation and Classify Them Into Profit or Loss | - | 2,006 | (2,006) | - |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | - | (2,265) | - | (2,265) |
| Balance as of December 31, 2021 | <u>\$ (306)</u> | <u>5,217</u> | <u>-</u> | <u>4,911</u> |

6. Non-Controlling Equity

| | 2021 | 2020 |
|--|------------------|-------------|
| Opening Balance | \$ - | - |
| Acquisition of Subsidiary | 38,977 | - |
| Shares Attributable to Non-Controlling Equity | | |
| Net Profit on Non-controlled Equity | 1,560 | - |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | - | - |
| Ending Balance | <u>\$ 40,537</u> | <u>-</u> |

(19) Share-Based Payment Plan

Employees of the Company may receive a share-based payment as part of the reward scheme; the transaction in which an employee provides services as consideration for the acquisition of equity is a share-based payment transaction for the delivery of equity.

Employee Share-Based Payment Plan

On May 27, 2019, the Company was approved by the competent authority to issue an Employee Stock Option Warrants of 9,000 thousand units, with each unit entitled to subscribe for 1 common share of the Company. The above employee stock options were granted in full on June 10, 2019 to employees who are officially incorporated in the Japan Company on the basis of subscription eligibility and to full-time employees of the Company who directly or indirectly hold more than 50% of the voting shares of the same invested company. The duration of the stock options is seven years, and the holder of the warrants may exercise a certain percentage of the stock options granted upon the expiration of two years.

The fair value of the options is assessed on the basis of the Black-Scholes-Merton option pricing model at the date of issue, and the parameters and assumptions are set by taking into account the terms and conditions of the contract.

The plan offers stock options for seven years and does not provide a cash settlement option. In the past, the Company has not been in the practice of granting stock options in respect of such programs on a cash settlement basis.

The information related to the aforesaid share-based payment plan is as follows:

| Stock Option Warrant Issuing Date | Issuing Unit Total Number | Ending Total Outstanding Units | Number of Shares for Subscription | The Date on Which Subscribers May Commence to Exercise | Subscription Price (NT\$) | Performance Method |
|-----------------------------------|---------------------------|--------------------------------|-----------------------------------|--|---------------------------|--------------------|
| 2019.6.10 | 9,000 Thousand Units | 8,500 Thousand Units | 8,500,000 | 2021.6.10 | \$15.10 | Issuing New Shares |

For the share-based payment plan, the pricing model and assumptions used are as follows:

| | Issued Stock Option Warrants on June 10 2019 |
|--------------------------------|--|
| Expected Dividend Rate | 0.00% |
| Expected Price Volatility | 35.08% |
| Risk-Free Interest Rate | 0.613%~0.635% |
| Stock Option Expected Duration | 4.5 years, 5 years, 5.5 years |

The expected duration of employee stock options is based on historical information and current expectations and may not necessarily correspond to actual performance. Expected volatility is the historical volatility of a period close to the duration of the option assumed to represent the future trend, although it may not necessarily correspond to actual future results.

Details of the aforementioned stock option plan are as follows:

| | 2021 | | 2020 | |
|--|--|---|--|---|
| | Outstanding Quantity (Unit) | Weighted Average Exercise Price (NT\$) | Outstanding Quantity (Unit) | Weighted Average Exercise Price (NT\$) |
| Outstanding Employee Stock Options on January 1 | 8,500 | \$15.10 | 8,800 | \$2.10 |
| Current Granted Employee Stock Options | - | - | - | - |
| Current Lost Employee Stock Options | - | - | (300) | - |
| Current Exercised Employee Stock Options | (2,104) | 15.10 | - | - |
| Outstanding Employee Stock Options on December 31 | <u>6,396</u> | 15.10 | <u>8,500</u> | \$15.10 |
| Executable Employee Stock Options on December 31 | 2,146 | \$15.10 | - | - |

Information of employee stock options issued on May 27, 2019 outstanding as of December 31, 2021 is as follows:

| Outstanding Employee Stock Options | | |
|---|-----------------------|--|
| Issuing Date | Exercise Price | Weighted Average Expected Residual Duration (Years) |
| 2019.6.10 | \$15.10 | 6 |

The Company's authorized employee share-based payment plan costs are as follows:

| | 2021 | 2020 |
|--|-------------|-------------|
| Expense Recognized as a Result of Share-based Payment Transactions | 164 | 352 |
| (All of them are based on share-based payment of equity settlement) | | |

(20) Earnings Per Share

| | <u>2021</u> | <u>2020</u> |
|---|----------------|---------------|
| Basic Earnings Per Share | | |
| Net Profit Attributable to the Company's Common Shareholders of Going Concern Units | \$ 532 | 8,067 |
| Interest of Suspended Operations | - | 154 |
| Net Profit Attributable to the Company's Common Shareholders | <u>\$ 532</u> | <u>8,221</u> |
| Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares) | <u>15,590</u> | <u>15,507</u> |
| Basic Earnings Per Share (NT\$) | | |
| Net Profit of Going Concern Units | \$ 0.03 | 0.52 |
| Interest of Suspended Operations | - | 0.01 |
| Total Basic Earnings Per Share (NT\$) | <u>\$ 0.03</u> | <u>0.53</u> |
| Diluted Earnings Per Share | | |
| Net Profit Attributable to the Company's Common Shareholders of Going Concern Units | \$ 532 | 8,067 |
| Interest of Suspended Operations | - | 154 |
| Net Profit Attributable to the Company's Common Shareholders | <u>\$ 532</u> | <u>8,221</u> |
| Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares) | 15,590 | 15,507 |
| Effect of Employee Stock Option | 3,491 | - |
| Effect of Employee Consideration | - | 16 |
| Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares) | <u>19,081</u> | <u>15,523</u> |
| Diluted Earnings Per Share (NT\$) | | |
| Net Profit of Going Concern Units | <u>\$ 0.03</u> | <u>0.52</u> |
| Net Profit of Discontinued Units | - | 0.01 |
| Total Basic Earnings Per Share (NT\$) | <u>\$ 0.03</u> | <u>0.53</u> |

The weighted average number of outstanding common shares in 2020 has been retroactively adjusted according to the ratio of capital reduction to cover losses of 86.07176% made on July 22, 2020.

(21) Customer Contractual Revenue

The consolidated company's revenue from customer contracts for 2021 and 2020 is broken down as follows:

| | <u>2021</u> | <u>2020</u> |
|------------------------------|----------------|----------------|
| Electronic Component Revenue | \$ 370,900 | 184,300 |
| Other Revenue | 282 | 3,204 |
| | <u>371,182</u> | <u>187,504</u> |

2. Details of Customer Contract Revenue:

| Revenue Recognition Time Point | 2021 | 2020 |
|--|------------|---------|
| Commodities That Are Transferred at a Certain Time Point | \$ 371,182 | 187,504 |

3. Contractual liabilities:

| | 2021.12.31 | 2020.12.31 |
|-----------------|------------|------------|
| Commodity Sales | \$ 1,440 | 705 |

(22) Employee Consideration

In accordance with the Articles of Association of the Company, if the Company has profit in the year (the profit refers to the profit before deducting the consideration of the assigned employees and the consideration of the director), it shall allocate no more than 5% of the consideration of the employees and the consideration of the director separately. However, if the company has accumulated deficiency (including adjusting the amount of undistributed surplus earnings), it shall reserve the amount of compensation in advance. The said employee consideration can be paid in the form of stock or cash, and the recipient of the payment include employees of subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned considerations of directors/supervisors can only be paid in the form of cash.

The consideration of the Company's employee and the consideration of the directors are estimated according to the ratio of the net profit before tax for the current period less the consideration of the employee and the consideration of the directors. If there is any change in the amount after the publication of the annual financial report, it shall be treated according to the change of accounting estimation and be recorded in the next year. In 2021 and 2020, the estimated consideration for employees and directors is NT\$ 49 thousand and NT\$ 29 thousand, NT\$ 447 thousand and NT\$ 268 thousand, respectively.

There is no difference between the amount of the aforementioned resolution and the amount of the Company's account expenses. Information on the consideration of our employees and directors and supervisors can be found at the Market Observation Post System.

(23) Non-Operating Income and Expenditure

1. Interest Income

The details of the consolidated company's interest revenue for the years 2021 and 2020 are as follows:

| | 2021 | 2020 |
|-------------------------------|----------|-------|
| Bank Deposit Interest Revenue | \$ 81 | 238 |
| Other Interest Revenues | 2,250 | 3,564 |
| | \$ 2,331 | 3,802 |

2. Other Revenue

The details of the consolidated company's other revenues for the years 2021 and 2020 are as follows:

| | 2021 | 2020 |
|---|------------------------|----------------------|
| Rental Revenue | \$ 1,351 | 1,312 |
| Dividend Revenue | 179 | 13,409 |
| Revenue of Court Enforcement of Creditors' Rights | - | 2,003 |
| Others | 282 | 3,278 |
| | <u>1,812</u> | <u>20,002</u> |
| Minus: Other Revenue of Closed Units | - | (193) |
| | <u>\$ 1,812</u> | <u>19,809</u> |

3. Other Profits and Losses

The details of the consolidated company's other interests and losses for the years 2021 and 2020 are as follows:

| | 2021 | 2020 |
|---|--------------------------|-----------------------|
| Net Loss on Foreign Currency Exchange | \$ (6,599) | (5,295) |
| Financial Asset Loss Measured at Fair Value Through Profit and Loss | (372) | (398) |
| Interests of Disposal of Investment | 2,419 | 251 |
| Others | (425) | (662) |
| | <u>\$ (4,977)</u> | <u>(6,104)</u> |

4. Financial Cost

The details of the consolidated company's financial cost for the years 2021 and 2020 are as follows:

| | 2021 | 2020 |
|---------------------------------------|----------------------|-------------------|
| Interest Expense on Bank Loans | \$ 515 | 118 |
| Interest Expense on Lease Liabilities | 62 | 107 |
| | <u>\$ 577</u> | <u>225</u> |

(24) Financial Instrument

1. Credit Risk

(1) Exposure of Credit Risk

The carrying amount of a financial asset represents the maximum credit exposure amount.

(2) Concentration of Credit Risk

The Company's accounts receivable is mainly from payments for goods from selling goods to customers, all divisions of the Company comply with the credit risk

policies, procedure, and control for managing credit risk. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty's financial condition, credit rating by credit rating institutions, past transaction experiences, current economic environment, and the Company's internal evaluation criteria. According to the experience of collecting payments from customers, the Company management's evaluation showed no major credit risk.

2. Liquidity Risk

The following table shows the contract maturity dates of financial liabilities, including estimated interest but excluding the effect of net agreements.

| | Carrying Amount | Contract Cash Flow | Within 12 Months | 1 to 2 Years | 2 to 5 Years | Over 5 Years |
|---|--------------------------|-----------------------|-----------------------|---------------------|----------------------|-----------------|
| December 31, 2021 | | | | | | |
| Non-Derivative Financial Liabilities | | | | | | |
| Floating Interest Rate Instrument | \$ 44,939 | 46,603 | 16,504 | 9,144 | 20,955 | - |
| Non-Interest-Bearing Liabilities | 82,328 | 82,328 | 82,328 | - | - | - |
| Lease Liability | 1,246 | 1,260 | 1,260 | - | - | - |
| | <u>\$ 128,513</u> | <u>130,191</u> | <u>100,092</u> | <u>9,144</u> | <u>20,955</u> | <u>-</u> |
| December 31, 2020 | | | | | | |
| Non-Derivative Financial Liabilities | | | | | | |
| Floating Interest Rate Instrument | \$ 16,611 | 17,032 | 11,659 | 3,415 | 1,958 | - |
| Non-Interest-Bearing Liabilities | 48,454 | 48,454 | 48,454 | - | - | - |
| Lease Liability | 3,117 | 3,193 | 1,924 | 1,269 | - | - |
| | <u>\$ 68,182</u> | <u>68,679</u> | <u>62,037</u> | <u>4,684</u> | <u>1,958</u> | <u>-</u> |

The consolidated company does not expect the timing of the occurrence of cash flows through the maturity date analysis will be significantly earlier or the actual amount will significantly differ.

3. Currency Risk

(1) Exposure of Currency Risk

The financial assets and liabilities of the consolidated company exposed to material foreign exchange risk are as follows:

| (Unit: Foreign Currency/NT\$ 1,000) | | | | | | | |
|-------------------------------------|---------------------|------------------|-------|---------------------|------------------|-------|---------|
| | 2021.12.31 | | | 2020.12.31 | | | |
| | Foreign Currency | Exchange Rate | NT\$ | Foreign Currency | Exchange Rate | NT\$ | |
| <u>Financial Assets</u> | | | | | | | |
| Monetary Items | | | | | | | |
| USD | \$ | 5,046 | 27.67 | 139,623 | 4,356 | 28.48 | 124,059 |
| RMB | | 12,109 | 4.345 | 52,614 | 8,093 | 4.38 | 35,447 |
| HKD | | 8 | 3.551 | 28 | 11 | 3.625 | 40 |
| SGD | | 233 | 20.46 | 4,767 | 1 | 21.58 | 22 |
| Non-Monetary | | | | | | | |
| Items | | | | | | | |
| THB | | - | - | - | 12,000 | 0.939 | 11,268 |
| <u>Financial Liabilities</u> | | | | | | | |
| <u>Monetary Items</u> | | | | | | | |
| USD | | 704 | 27.67 | 19,480 | 432 | 28.48 | 12,303 |
| RMB | | 6,084 | 4.345 | 26,435 | 4,466 | 4.38 | 19,561 |
| HKD | | 2 | 3.551 | 7 | 8 | 3.625 | 29 |

(2) Sensitivity Analysis

The exchange rate risk of the consolidated company mainly derives from the foreign currency conversion profit or loss of cash and cash equivalents, accounts receivable, and accounts payable, etc. valued in foreign currency. On December 31, 2021 and 2020, if the NT\$ depreciates or appreciates by 5% against the USD, RMB, HKD, KRW, and SGD, and all other factors remain unchanged, the net profit for 2021 and 2020 would increase or decrease by NT\$ 7,556 thousand and NT\$ 6,384 thousand respectively. The two analyses were based on the same basis.

Due to the variety of functional currencies of the consolidated company, the conversion profit or loss information of monetary items is disclosed by integrated method. Foreign currency conversion losses (including realized and unrealized) for 2021 and 2020 were NT\$ 6,599 thousand and NT\$ 5,295 thousand respectively.

4. Interest Rate Analysis

The interest rate exposure of the financial assets and financial liabilities of the consolidated company is indicated in the liquidity risk management in this note.

The following sensitivity analysis is based on the risk of interest rate spike of both derivative and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the outstanding amount of liabilities at the reporting

period is outstanding throughout the year. The rate of change used by the consolidated company to report the interest rate to the principal management is 1% increase or decrease of the interest rate, which also represents the management's assessment of the reasonable range of possible changes in the interest rate.

If interest rates increase or decrease by 1% as at the reporting date, all other variables being unchanged, the net profit of the consolidated company in 2021 and 2020 will be increased or reduced by NT\$ 449 thousand and NT\$ 166 thousand, mainly due to variable interest rate borrowings of the consolidated company.

5. Information of Fair Value

(1) Categories of Financial Instrument and Fair Value

The carrying amount and fair value (where the fair value level information is included, but the carrying amount of a financial instrument which is not measured by the fair value is a reasonable approximation of the fair value, and where there is unquoted price in the active market and the fair value cannot be reliably measured, the fair value information is not required to be disclosed) of the financial assets and financial liabilities of the consolidated company are listed as follows:

| | 2021.12.31 | | | | |
|---|--------------------|------------|---------|---------|-------|
| | Carrying Amount | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial Assets at Fair Value Through Profit or Loss | | | | | |
| Domestic & Foreign TWSE-Listed (OTC- Listed) Stocks | \$ 6,478 | 6,478 | - | - | 6,478 |

| | 2020.12.31 | | | | |
|---|--------------------|------------|---------|---------|--------|
| | Carrying Amount | Fair Value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets at Fair Value Through Profit or Loss | | | | | |
| Domestic & Foreign TWSE-Listed (OTC- Listed) Stocks | \$ 2,345 | 2,345 | - | - | 2,345 |
| Equity Instrument Investments Measured at Fair Value Through Other Comprehensive Income | | | | | |
| Preferred Stock Shares | \$ 49,767 | - | - | 49,767 | 49,767 |

(2) Fair Value Evaluation Techniques for Financial Instruments Measured at Fair Value
(2.1) Non-Derivative Financial Instruments

If a financial instrument has an open quotation in the active market, the open offered price in the active market shall be taken as its fair value. The market prices announced by the TPEX of the central government and the major exchanges judged to be popular securities are the basis of the fair value of listed (counter) equity instruments and debt instruments with active open market quotations.

For financial instruments with no active market, their fair value is estimated by the discounted cash flow model according to the category and nature. The main assumption is that the expected future cash flows to be received by investors are measured by the current exchange rate of foreign currency.

(3) Transition Between Level 1 and Level 2

There is no material transfer of fair value measures between Level 1 and Level 2 for 2021 and 2020 of the consolidated company.

(4) Schedule of Changes to Level 3

| Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | Equity Instruments Without Public Quotation |
|--|--|
| 2020.1.1 | \$ - |
| Acquisition | 50,189 |
| Recognized in Other Consolidated Profit or Loss | (422) |
| 2020.12.31 | \$ 49,767 |
| Disposed | (50,189) |
| Recognized in Other Consolidated Profit or Loss | 422 |
| 2021.12.31 | \$ - |

(5) Significant Unobservable Input Value Information for Level 3 of Fair Value Level

Unquoted equity instrument investment measured at fair value adopts the asset method, which evaluates the overall value of the enterprise according to the assets and liabilities of the target and makes a consolidated assessment taking into account non-control reduction and liquidity risk.

(25) Financial Risk Management

1. Summary

The consolidated company is exposed to the following risks as a result of the use of financial instruments:

- (1) Credit Risk
- (2) Liquidity Risk
- (3) Market Risk

This note provides information on the risks of the consolidated company and the consolidated company's objectives, policies, and procedures for measuring and managing risks. For further quantitative disclosures, please refer to these notes in the consolidated financial statements.

2. Risk Management Framework

The financial risk management objectives of the consolidated company are mainly to manage market risks, credit risks and liquidity risks related to operational activities, and to identify, measure and manage such risks according to policies and risk preferences. The consolidated company has established appropriate policies, procedures and internal controls for financial risk management in accordance with the relevant standards, and the important financial activities shall be reviewed by the board of directors in accordance with the relevant standards and internal control system.

During the implementation of the financial management activities, the

consolidated company shall strictly comply with the relevant provisions of financial risk management.

In order to reduce and manage related financial risks, the consolidated company is committed to analyzing, identifying and evaluating the possible adverse effects of related financial risk factors on the financial of the consolidated company, and proposing relevant solutions to avoid the adverse factors arising from financial risks.

3. Market Risk

The market risk of the consolidated company is the risk that the fair value or cash flow of the financial instrument may fluctuate due to the change of the market price. Market risk mainly includes exchange rate risk, interest rate risk and other price risk.

In practice, it is rare for a single risk variable to change independently, and the changes of each risk variable are usually correlated. However, the following risk sensitivity analysis does not consider the interaction of related risk variables.

A. Currency Risk

The exchange rate risk of the consolidated company is mainly related to business activities (the currency used for revenue or expenses is different from the functional currency of the consolidated company) and the net investment of foreign operating institutions.

The foreign currency receivable of the consolidated company is the same as part of the foreign currency payable, and a considerable part of the position will produce a natural hedging effect. In addition, the net investment of foreign operating institutions is strategic investment, therefore, the consolidated company did not hedge against this.

The exchange rate risk of the consolidated company mainly comes from cash, accounts receivable, accounts receivable - affiliate net amount, other receivables, other receivables - related party, bank loan, accounts payable and other payables denominated in foreign currencies, which generate foreign currency conversion profit or loss at the time of conversion.

B. Interest Rate Risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market interest rates. The interest rate risk of the consolidated company mainly comes from floating rate loans. The consolidated company manages interest rate risk by maintaining an appropriate floating rate portfolio. The consolidated company regularly assesses risk aversion in line with interest rate views and established risk preference to ensure the most cost-effective risk aversion strategy is adopted.

4. Credit Risk

Credit risk refers to the risk that the trading counterparty fails to fulfill its

obligations contained in the contract and causes financial loss. The credit risk of the consolidated company is caused by business activities (mainly notes receivable and accounts) and financial activities (mainly bank deposits and various financial instruments).

All units of the consolidated company follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all trading counterparties is based on the financial position of the trading counterparty, the rating of the credit rating agency, the previous trading experience, the current economic environment and the internal rating criteria of the consolidated company.

The receivables of the consolidated company mainly refer to the payment for sales goods to be received from customers. According to the past collection experience of customers, the management of the consolidated company evaluates that there is no significant credit risk.

The finance department of the consolidated company shall manage the credit risk of bank deposits, fixed income securities and other financial instruments in accordance with the consolidated company policy. There is no significant credit risk due to the fact that the consolidated company's trading object is determined by internal regulatory procedures and is a bank with good credit standing and investment grade financial institutions, corporate organizations and government agencies.

5. Liquidity Risk

Liquidity risk refers to the risk that the consolidated company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations.

The consolidated company manages and maintains sufficient positional cash and equivalent cash to support the operations of the combined company and mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises the use of the bank's financing line and ensures compliance with the terms of the loan agreement.

Bank loan is an important source of liquidity for the consolidated company. As of December 31, 2020 and 2019, the consolidated company has no untapped bank financing credit. As of December 31, 2021 and 2020, the consolidated company's untapped bank financing credit was NT\$ 46,602 thousand (US\$ 600 thousand and NT\$ 30,000 thousand) and NT\$ 0 thousand.

(26) Capital Management

The Company's capital management objectives are to secure the Company's ability to continue as a going concern, maintain the optimal capital structure for reducing the cost of capital, and to provide returns to our shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares or sell assets to reduce the liabilities. The

Company manages the assets by routinely evaluating the debt to assets ratio. The capital of the Company is the "total equity" shown in the balance sheet, which is equal to the total assets minus the total liabilities.

As of December 31, 2021, the Company's approach to capital management has not changed.

(27) Changes in Liabilities Arising from Financing Activities

The consolidated company's liabilities from financing activities are adjusted as follows:

| | 2021.1.1 | Cash Flow | Non-Cash Flow | 2021.12.31 |
|---|------------------|------------------|----------------------|-------------------|
| Short-Term Loan | \$ 8,000 | - | - | 8,000 |
| Lease Liability | 3,117 | (1,849) | (22) | 1,246 |
| Long-Term Liabilities | 8,611 | 28,328 | - | 36,939 |
| Liabilities Arising from Financing Activities | \$ 19,728 | 26,479 | (22) | 46,185 |

| | 2020.1.1 | Cash Flow | Non-Cash Flow | 2020.12.31 |
|---|-----------------|------------------|----------------------|-------------------|
| Short-Term Loan | \$ - | 8,000 | - | 8,000 |
| Lease Liability | 4,202 | (1,816) | 731 | 3,117 |
| Long-Term Liabilities | - | 8,611 | - | 8,611 |
| Liabilities Arising from Financing Activities | \$ 4,202 | 14,795 | 731 | 19,728 |

(28) Business Merger

Acquisition of Trustbond Technology Corp

The consolidated company signed the equity purchase and purchase agreement on September 23, 2021 with a total equity price of NT\$ 55,682 thousand. The first installment of NT\$ 16,704 thousand was paid on October 1, 2021 to acquire 30% equity of Trustbond Technology Corp (hereinafter referred to as Trustbond). The second to fifth installments of NT\$ 38,978 thousand will be paid on January 31, 2022, 2023, 2024 and 2025 respectively, adjusted for pre-tax earnings from 2021 to 2024. Trustbond was established in Taiwan, mainly engaged in the sales of electronic components. The main reason for the consolidated company to acquire Trustbond was to expand the scope of business of the group through Trustbond.

The fair values of the identifiable assets and liabilities of Trustbond at the acquisition date were as follows:

| | Fair Value at the Acquisition Date |
|--------------------------------|---|
| Assets | |
| Cash and Cash Equivalents | \$ 4,821 |
| Bills Receivable | 1,544 |
| Accounts Receivable | 25,263 |
| Inventories | 8,948 |
| Prepayments | 2,883 |
| Other Current Asset | 381 |
| | <u>43,840</u> |
| Liabilities | |
| Contractual Liabilities | 1,585 |
| Accounts Payable | 13,436 |
| Other Payables | 4,223 |
| Current Income Tax Liabilities | 901 |
| Other Current Liabilities | 13 |
| | <u>20,158</u> |
| Identifiable Net Assets | <u><u>\$ 23,682</u></u> |

The amount of goodwill and other intangible assets of Trustbond is as follows:

| | |
|---|------------------------|
| Cash Consideration | \$55,682 |
| Less: Fair Value of Identifiable Net Assets | <u>(23,682)</u> |
| Goodwill and Other Intangible Assets | <u><u>\$32,000</u></u> |

The above goodwill and other intangible assets of NT\$ 32,000 thousand include expected synergies, human team, and customer relationship values resulting from the acquisition.

Since the acquisition date, Trustbond has generated income of NT\$ 97,012 thousand and net profit before tax of NT\$ 3,385 thousand for the consolidated company. Had the merger occurred earlier this year, it would have generated revenue of NT\$ 282,673 thousand and net profit before tax of NT\$ 14,486 thousand for the consolidated company.

The related transaction costs have been expensed and included in administration expenses.

7. Transactions with Related Parties

(1) Parent Company and Ultimate Controller
BULL WILL CO LTD (The Company)

(2) Name and Relationship of Related Parties

| Name of Related Parties | Relationship With the Company |
|---|--|
| Serial System LTD (Serial System) | A Company That Adopts the Equity Method to Evaluate a Consolidated Company |
| BULL WILL TRADING PTE LTD (BWTS) | Related Enterprises |
| Serial System CO LTD (Serial System) | Company Also Controlled by Serial System |
| Serial Investment CO LTD (Serial Investment) | Company Also Controlled by Serial System |
| Serial System (Hong Kong) LTD (Serial System (HK)) | Company Also Controlled by Serial System |
| Serial System (Singapore) LTD (Serial System Singapore) | Company Also Controlled by Serial System |
| Serial Microelectronics Information Limited (Serial Microelectronics Information) | Company Also Controlled by Serial System |
| NULINE MARKETING SINGAPORE PTE LTD (NULINE) | Other Related Parties |

(3) Major Transactions with Related Parties

1. Operating Income

Major sales amount of the consolidated company to its related parties is as follows:

| Name of Related Parties | 2021 | 2020 |
|--------------------------------|---------------|-------------|
| Related Enterprises | \$ 583 | 128 |

The sale price and credit conditions of the consolidated company's sales to related parties are comparable to those of ordinary transactions.

2. Purchase

The amount of purchase by the consolidated company from its related parties is as follows:

| Name of Related Parties | 2021 | 2020 |
|--------------------------------|--------------|-------------|
| Related Enterprises | \$ 15 | 43 |

There is no material difference in terms of payment for purchases made by the consolidated company to related parties.

3. Receivables From Related Parties

The details of accounts receivable by the consolidated company's related parties are as follows:

| Accounting Items | Name of Related Parties | 2021.12.31 | 2020.12.31 |
|-------------------------|-------------------------------------|-------------------|-------------------|
| Accounts Receivable | Serial System Singapore | 66 | - |
| Accounts Receivable | Serial Microelectronics Information | 8,378 | - |
| Other Receivables | Serial System | \$ 27,766 | 57,157 |
| Other Receivables | BWTS | 10,013 | 14,686 |
| | | \$ 46,223 | 71,843 |

4. Transactions with Other Related Parties

| Accounting Items | Name of Related Parties | 2021 | 2020 |
|---|-------------------------------------|-------------|-------------|
| Rental Expense | Serial System Investment | \$ 2,258 | 2,258 |
| Other Revenues - Interest Revenues | Serial System | 1,556 | 2,827 |
| Other Revenues - Interest Revenues | Affiliated Enterprise | 694 | 737 |
| Other Revenues - Rental Revenues | Serial System (Hong Kong) | - | 533 |
| Other Revenues - Rental Revenues | Serial Microelectronics Information | 600 | - |
| Other Profits and Losses - Disposition Investment Profits and Losses (Note) | NULINE | - | 251 |

Note: Please refer to Note VI (7) for the explanation of disposition of investment transactions.

| Accounting Items | Name of Related Parties | 2021.12.31 | 2020.12.31 |
|-----------------------------|-------------------------------------|-------------------|-------------------|
| Refundable Deposits | Serial System Investment | \$ 358 | 358 |
| Guarantee Deposits Received | Serial Microelectronics Information | 100 | - |

5. Property Transactions

The details of the sale of financial assets by the consolidated company to related parties are as follows:

| Name of Related Parties | Number of Shares Traded | Trading Target | Carrying Amount | Disposal Price |
|------------------------------------|--|--|----------------------------|---------------------------|
| Serial System | 530 thousand shares | Strek Corporation Company Limited Preferred Stock | \$ 50,189 | 50,189 |

The financial assets measured at fair value through other comprehensive income - liquidity of the combined Company was sold to Serial System in 2021, please refer to Note VI (2).

(4) Major Management Transactions

Major management returns include:

| | 2021 | 2020 |
|------------------------------|-----------------|--------------|
| Short-Term Employee Benefits | \$ 9,649 | 6,385 |
| Benefits After Retirement | 183 | 186 |
| Share-Based Payment | 46 | 352 |
| | \$ 9,878 | 6,923 |

8. Pledged Asset

The book value of the assets pledged by the consolidated company is detailed as follows:

| Asset Name | Target of Pledge Guarantees | 2021.12.31 | 2020.12.31 |
|------------------------|------------------------------------|-------------------|-------------------|
| Other Financial Assets | Fuel on Credit Purchase and Import | \$ 150 | 150 |
| - Current | Goods Released Before Tax | | |
| Investment Real Estate | Other Short-Term Loan Collaterals | 20,743 | - |
| | | \$ 20,893 | 150 |

9. Major contingent liabilities and unrecognized contractual commitments: None.

10. Major casualty losses: None.

11. Major events after the reporting period: None.

12. Others

- (1) The functions of employee benefits, depreciation, depletion, and amortization expenses are summarized as follows:

| Function | 2021 | | | 2020 | | |
|------------------------------------|----------------------|--------------------------|--------|----------------------|--------------------------|--------|
| | Under Operating Cost | Under Operating Expenses | Total | Under Operating Cost | Under Operating Expenses | Total |
| Employee Benefits Expenses | | | | | | |
| Salary Expenses | 22,866 | 33,582 | 56,448 | 16,948 | 26,769 | 43,717 |
| Labor and Health Insurance Expense | 1,615 | 3,434 | 5,049 | 461 | 2,145 | 2,606 |
| Pension Expenses | - | 1,043 | 1,043 | - | 990 | 990 |
| Remuneration of Directors | - | 596 | 596 | - | 838 | 838 |
| Other Employee Benefits Expenses | 70 | 1,063 | 1,133 | 39 | 877 | 916 |
| Depreciation Expense | 1,245 | 2,146 | 3,391 | 1,057 | 2,850 | 3,907 |
| Amortization Expense | - | 513 | 513 | - | - | - |

- (2) Securities and Futures Investors Protection Center on February 17, 2017 in accordance with Securities Investor and Futures Trader Protection Act sued Ho Qing-yi, the previous person in charge of the consolidated company, and related people for violating the Securities and Exchange Act and requested for a compensation of NT\$ 113,710 thousand. The consolidated company has purchased the liability insurance according to Article 39 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for an insurance amount of USD 5,000 thousand. By letter from the court on 1 May 2019, the two parties agreed to suspend the proceedings on 24 April 2019. Due to the necessity of continuing the lawsuit, Securities and Futures Investors Protection Center applied for continuing the lawsuit on July 23, 2019. Continuing the lawsuit, on June 11, 2021, the Shilin District Court rejected the claim of the insurance center for compensation. The insurance center has appealed to the Taiwan High Court against this lawsuit.
- (3) In 2021, COVID-19 spread all over the world, causing some subsidiaries, customers, and suppliers to implement quarantine and travel restrictions. The Company evaluated that there was no major impact on the overall business and financial aspects of COVID-19, and that there were no concerns about the continuing ability, impairment of assets, and financing risk.

13. Additional Disclosure Items

(1) Information on Material Transactions

In 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the consolidated company shall disclose the following information concerning major transaction items:

1. Capital loan to others: Please refer to Table I for details.
2. Endorsement for others: None.
3. Marketable securities held period end (excluding investments in subsidiaries, associates, and joint ventures): See Schedule II for details.
4. Accumulated amount of NT\$ 300 million or paid-in capital of more than 20% in the purchase or sale of the same marketable securities: See Schedule III for details.
5. Amount of real estate acquired up to NT\$ 300 million or more than 20% of the paid-in capital: No such situation: None.
6. Disposal of real estate up to nt\$ 300 million or more than 20% of paid-in capital: Please refer to Table II for details: None.
7. The amount of purchase and sale with related parties up to NT\$ 100 million or more than 20% of the paid-in capital: See Schedule IV for details.
8. Receivables from affiliates of NT\$ 100 million or more than 20% of the paid-in capital: See Schedule V for details.
9. Engage in derivatives trading: None.
10. Business relations and important transactions between parent and subsidiary companies: See Schedule VI for details.

(2) Information related to the reinvestment business:

In 2021, the reinvestment business information of the consolidated company is as follows (excluding the invested companies in mainland China): See Schedule VII for details.

(3) Mainland China investment information: See Schedule VIII for details.

(4) Information of major shareholders: See Schedule IX for details.

14. Department Information

(1) General Information

The major business activities of the consolidated company in 2021 and 2020 were the processing of electronic materials and parts, the import and export of electronic materials and parts, and the sale of television sets, etc. The consolidated company reporting departments include Bull Will Group Incorporation (Bull Will), Bull Will Electronics CO LTD (Bull Will Electronics), Huizhou Jun Chao Electronic CO LTD (Huizhou Jun Chao), Huizhou Bull Will Electronics CO LTD (Huizhou Bull Will), and 6 reporting departments including the closed departments and others.

(2) Information on the profit and loss, assets, liabilities and the basis of measurement and

adjustment of the department to be reported

Consolidated company operating department information and adjustment as follows:

Unit: NT\$ 1,000

| 2021 | Bull Will | Bullwill Electronic CO LTD | Huizhou Chunchao | Huizhou Bullwill | Closed Departments | Others | Adjustment and Elimination | Total |
|---|-------------------|----------------------------------|---------------------|---------------------|-----------------------|----------------|----------------------------------|----------------|
| Revenue | | | | | | | | |
| From External Revenue | \$ 184,612 | - | 3,374 | 83,464 | - | 99,732 | - | 371,182 |
| From Inter- Departmental Revenue | 1,166 | - | 102,085 | 2,403 | - | 358 | (106,012) | - |
| Interest Income | 2,307 | - | 4 | 10 | - | 10 | - | 2,331 |
| Total Revenue | \$ 188,085 | - | 105,463 | 85,877 | - | 100,100 | (106,012) | 373,513 |
| Interest Expense | \$ (491) | - | (55) | - | - | (31) | - | (577) |
| Depreciation and Amortization | (1,532) | - | (1,850) | (9) | - | - | (513) | (3,904) |
| Investment (Loss) | | | | | | | | |
| Profit Recognized by the Equity Method | 26,354 | - | - | - | - | 46,591 | (71,530) | 1,415 |
| Major Profits and Expense Losses: | | | | | | | | |
| Investment | | | | | | | | |
| Profit/Loss | - | - | - | - | - | 2,419 | - | 2,419 |
| Disposed | | | | | | | | |
| Exchange | (8,449) | (95) | 3,009 | 243 | - | (666) | (641) | (6,599) |
| Profit or Loss | | | | | | | | |
| Departmental Profit and Loss | \$ 532 | (95) | 6,767 | 15,605 | - | 51,326 | (72,043) | 2,092 |
| Investment | | | | | | | | |
| Credits Using the Equity Method | \$ 22,440 | - | - | - | - | 70,997 | (88,369) | 5,068 |
| Capital | | | | | | | | |
| Expenditures on Non-Current Assets | | | | | | | | |
| Assets of the Department to Be Reported | \$ 341,248 | 9,295 | 30,915 | 70,647 | - | 191,793 | (217,522) | 426,376 |
| Liabilities | | | | | | | | |
| Investment | | | | | | | | |
| Loan by Equity Method | \$ (20,633) | - | - | - | - | (129,254) | 149,887 | - |
| Liabilities of the Department to Be Reported | \$ 96,524 | 9,188 | 139,534 | 37,375 | - | 169,020 | (310,526) | 141,115 |

| 2020 | Bull Will | Bullwill Electronic CO LTD | Huizhou Chunchao | Huizhou Bullwill | Closed Departments | Others | Adjustment and Elimination | Total |
|---|-------------------|----------------------------------|---------------------|---------------------|-----------------------|----------------|----------------------------------|----------------|
| Revenue | | | | | | | | |
| From External Revenue | \$ 138,483 | - | 3,013 | 42,718 | - | 3,290 | - | 187,504 |
| From Inter- Departmental Revenue | 38,994 | - | 72,790 | 612 | - | 129 | (112,525) | - |
| Interest Income | 3,759 | - | 6 | 20 | - | 17 | - | 3,802 |
| Total Revenue | \$ 181,236 | - | 75,809 | 43,350 | - | 3,436 | (112,525) | 191,306 |
| Interest Expense | \$ (130) | - | (95) | - | - | - | - | (225) |
| Depreciation and Amortization | (1,551) | - | (2,355) | (1) | - | - | - | (3,907) |
| Investment (Loss) | | | | | | | | |
| Profit Recognized by the Equity Method | 9,914 | - | - | - | - | 18,091 | (26,777) | 1,228 |
| Major Profits and Expense Losses: | | | | | | | | |
| Investment | | | | | | | | |
| Profit/Loss Disposed | - | - | - | - | - | 251 | - | 251 |
| Exchange Profit or Loss | (11,611) | 302 | 7,531 | 531 | - | (2,396) | 348 | (5,295) |
| Departmental Profit and Loss | \$ 8,221 | 293 | (434) | 10,138 | 154 | 16,780 | (26,931) | 8,221 |
| Investment | | | | | | | | |
| Credits Using the Equity Method | \$ 3,891 | - | - | - | - | 55,957 | (55,957) | 3,891 |
| Capital Expenditures on Non-Current Assets | 411 | - | 133 | - | - | - | - | 544 |
| Assets of the Department to Be Reported | \$ 309,872 | 9,632 | 15,674 | 39,845 | - | 112,287 | (198,047) | 289,263 |
| Liabilities | | | | | | | | |
| Investment | | | | | | | | |
| Loan by Equity Method | \$ (42,941) | - | - | - | - | (159,167) | 202,108 | - |
| Liabilities of the Department to Be Reported | \$ 95,771 | 9,426 | 131,962 | 21,973 | - | 160,164 | (344,134) | 75,162 |

(3) For information on products and services, refer to Note VI (21).

(4) Regional Information

The information on the differences between the consolidated company is as follows, where revenue is classified based on the geographical location of the customers, while non-current assets are classified based on the geographical location of the assets.

| <u>Regions</u> | <u>2021</u> | <u>2020</u> |
|--------------------------------------|--------------------------|-----------------------|
| Net revenue from external customers: | | |
| Taiwan | \$ 156,878 | 57,516 |
| Asia | 189,546 | 129,016 |
| Europe | 24,033 | 972 |
| USA | 725 | - |
| | <u>\$ 371,182</u> | <u>187,504</u> |

| | | |
|--------------------|-------------------------|----------------------|
| | <u>2021</u> | <u>2020</u> |
| Non-Current Asset: | | |
| Taiwan | \$ 23,005 | 23,566 |
| Asia | 33,997 | 3,347 |
| | <u>\$ 57,002</u> | <u>26,913</u> |

(5) Important Customer Information

The details of the consolidated company's single customer whose sales amount reaches more than 10% of the net sales revenue in 2021 and 2020 are as follows:

| | | |
|-----------|--------------------------|--------------------------|
| | <u>2021.12.31</u> | <u>2020.12.31</u> |
| Company A | \$ 43,778 | 23,682 |
| Company B | 40,801 | 22,982 |
| Company C | 26,436 | 17,751 |

Notes (continue) to the Consolidated Financial Statements of BULL WILL CO LTD and Subsidiaries

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule I: Capital Loan to Others

Unit: NT\$ 1,000

| Number | Company Providing the Loan | Loan Object | Current Items | A Related Party or Not | Current Maximum Balance | Ending Balance (Credits Approved by the Board of Directors) | Actual Dealing Amount | Interest Rate Collars % | Capital Loan and Total Quota | Business Transactio n Amount | Reasons Necessary for Short-Term Capital Financing | Itemized Allowance Amount for Bad Debts | Collaterals Name | | Capital Loan and Ceiling to Each Individual | Capital Loan and Total Ceiling | Note |
|--------|----------------------------------|------------------------------------|----------------------|---------------------------------|-------------------------------|--|-----------------------------|----------------------------------|---------------------------------------|------------------------------------|---|--|---------------------|---|---|--------------------------------------|------|
| 0 | BULL WILL CO LTD | BULL WILL TRADING(S) PTE LTD | Other Receivables | Yes | 14,265 | 9,685 | 9,685 | 6.0% | 2 | - | Operating Turnover | - | - | - | 97,890 | 97,890 | |
| 0 | BULL WILL CO LTD | SERIAL SYSTEM LTD | Other Receivables | Yes | 57,060 | 27,670 | 27,670 | 4.8% | 2 | - | Operating Turnover | - | - | - | 97,890 | 97,890 | |

Note 1: For individual objects, the loan and limit shall not exceed 40% of the total net value of the Company. The loan and limit shall be limited to 40% of the total net value of the Company.

Note 2: The nature of capital loan shall be: 1. Is a business associate or; 2. It is necessary for short-term financing.

Notes (continue) to the Consolidated Financial Statements of BULL WILL CO LTD and Subsidiaries
(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule II: Marketable Securities Held at the End of the Period

Unit: NT\$ 1,000

| Holding Company | Type and Name of Marketable Securities | Relationship With Issuer of Marketable Securities | Accounting Subjects | Ending | | | | Note |
|------------------|--|---|--|-----------------------|-----------------|------------------------|------------|--------|
| | | | | Shares (1,000 shares) | Carrying Amount | Shareholding Ratio (%) | Fair Value | |
| BULL WILL CO LTD | Stocks - | | | | | | | |
| | HIM International Music INC | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 10 | 901 | - | 901 | Note I |
| | Chenbro Micom CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 10 | 780 | - | 780 | " |
| | Soonest Express CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 3 | 232 | - | 232 | " |
| | ACES ELECTRONICS CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 21 | 1,092 | - | 1,092 | " |
| | KYE SYSTEMS CORP | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 20 | 260 | - | 260 | " |
| | Avertronics INC | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 18 | 602 | - | 602 | " |
| | TAITIEN Electronics CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 15 | 629 | - | 629 | " |
| | HOTAI FINANCE CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 5 | 461 | - | 461 | " |
| | High-Tek Harness Enterprise CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 5 | 102 | - | 102 | " |
| | Ting SIN CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 30 | 692 | - | 692 | " |
| | INPAQ TECHNOLOGY CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 10 | 727 | - | 727 | " |
| | Japan Bull Will Group Incorporation | - | Financial Assets Measured at Fair Value Through Other Comprehensive Income - Non-Current | - | - | 18 | - | |

Note I: The market price is the closing price on December 31, 2021.

Notes (continue) to the Consolidated Financial Statements of BULL WILL CO LTD and Subsidiaries

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule III: Accumulated amount of NT\$ 300 million or paid-in capital of more than 20% in the purchase or sale of the same marketable securities.

Unit: NT\$ 1,000 / thousand shares

| Purchase/ Sale Companies | Type and Name of Marketable Securities (Note 1) | Accounting Subjects | Name of Transaction Object (Note 2) | Relationship (Note 2) | Beginning | | Purchase (Note 3) | | Sale (Note 3) | | | | Ending | |
|--------------------------------|--|---|--|--------------------------|-----------|--------|-------------------|--------|---------------|---------------|------------------|--------------------------------|--------|--------|
| | | | | | Shares | Amount | Shares | Amount | Shares | Sale Price | Carrying Cost | Disposal Profit and Loss | Shares | Amount |
| BULL WILL CO LTD | Strek Corporation Company Limited Preferred Stock | Financial Assets Measured at Fair Value Through Other Comprehensive Income - Current | - | - | 530 | 50,189 | - | 0 | 530 | 50,189 | 50,189 | 0 | 0 | 0 |

Note 1: The term "securities" as used in this schedule refers to the marketable securities derived from stocks, bonds, beneficiary certificates and the above items.

Note 2: Investors who use the equity method in securities accounts are required to fill in these two columns. The remainder are exempted.

Note 3: The accumulative purchase and sale amount shall be calculated separately according to the market price whether it is NT\$ 300 million or 20% of the paid-up capital.

Note: 4 Paid-in capital means the paid-in capital of the parent company. Where there is no face value of the issuer's shares or the face value of each share is not NT\$ 10, the transaction amount of 20% of the paid-in capital shall be calculated as 10% of the equity of balance sheet vested in the owner of the parent company.

Notes (continue) to the Consolidated Financial Statements of BULL WILL CO LTD and Subsidiaries

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule IV: The amount of purchase and sale with related parties up to NT\$ 100 million or more than 20% of the paid-in capital.

Unit: NT\$ 1,000

| Purchase (Sale) Companies | Name of Transaction Object | Relationship | Transaction Status | | | | Status and Reasons Why Trading Terms Are Different from Ordinary Trading Terms Different Circumstances and Reasons | | Bills and Accounts Receivable (Payable) | | Note |
|------------------------------|--|--------------|--------------------|--------|---|------------------|---|------------------|--|--|------|
| | | | Purchase (Sale) | Amount | The Ratio (%) of Total Purchase (Sale) | Credit Period | Unit Price | Credit Period | Balance | The Ratio % of Bills and Accounts Receivable (Payable) | |
| BULL WILL CO LTD | Huizhou Jun Chao Electronic CO LTD | Subsidiary | Purchase | 49,479 | 16.81% | Normal | Normal | Normal | - | -% | |

Note: The foregoing transactions were written off at the time of preparation of the consolidated financial statements.

Notes (continue) to the Consolidated Financial Statements of BULL WILL CO LTD and Subsidiaries

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule V: Receivables from affiliates of NT\$ 100 million or more than 20% of the paid-in capital:

Unit: NT\$ 1,000

| Company With Accounts Receivable | Name of Transaction Object | Relationship | Balance of Accounts Receivable From Related Parties | Turnover Rate | Overdue Receivables from Related Parties | | Amount to Be Collected After the Period of Receivables From Related Parties | Itemized Allowance Amount for Bad Debts |
|--|---------------------------------------|--------------|---|------------------|---|--------------------|---|--|
| | | | | | Amount | Handling Method | Ending Recovered Amount | |
| BULL WILL CO LTD | Huizhou Jun Chao Electronic CO LTD | Subsidiary | 38,066 | 0.00% | - | - | - | - |

Note: The foregoing transactions were written off at the time of preparation of the consolidated financial statements.

Notes (continue) to the Consolidated Financial Statements of BULL WILL CO LTD and Subsidiaries
(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule VI: Business Relations and Important Transactions Between Parent and Subsidiary Companies

Unit: NT\$ 1,000

| Number (Note 1) | Transactor Name | Transaction Subject | Relationship With the Transactor (Note 2) | Transacting Status | | | |
|--------------------|--------------------------------------|--------------------------------------|--|---------------------|--------------------|--|--|
| | | | | Account | Amount (Note 3) | Transacting Condition | Percentage of the Consolidated Total Revenue or Total Assets |
| | January 1 to December 31 | | | | | | |
| 0 | BULL WILL CO LTD | Hong Kong Bull Will Holding CO LTD | 1 | Other Receivables | 44 | Collection and Payment On Behalf of Others, etc. | 0.01% |
| 0 | BULL WILL CO LTD | Huizhou Bullwill Electronic CO LTD | 1 | Operating Income | 441 | Trading Conditions Are the Same as General Trading | 0.12% |
| 0 | BULL WILL CO LTD | Huizhou Bullwill Electronic CO LTD | 1 | Sales Return | (56) | Trading Conditions Are the Same as General Trading | -0.02% |
| 0 | BULL WILL CO LTD | Huizhou Bullwill Electronic CO LTD | 1 | Accounts Receivable | 632 | — | 0.15% |
| 0 | BULL WILL CO LTD | Huizhou Bullwill Electronic CO LTD | 1 | Other Receivables | 229 | Collection and Payment On Behalf of Others, etc. | 0.05% |
| 0 | BULL WILL CO LTD | Huizhou Jun Chao Electronic CO LTD | 1 | Operating Income | 52,124 | Trading Conditions Are the Same as General Trading | 14.04% |
| 0 | BULL WILL CO LTD | Huizhou Jun Chao Electronic CO LTD | 1 | Sales Return | (41) | Trading Conditions Are the Same as General Trading | -0.01% |
| 0 | BULL WILL CO LTD | Huizhou Jun Chao Electronic CO LTD | 1 | Accounts Receivable | 38,066 | — | 8.93% |
| 0 | BULL WILL CO LTD | Huizhou Jun Chao Electronic CO LTD | 1 | Prepayments | 44,057 | — | 10.33% |
| 0 | BULL WILL CO LTD | Dongguan Zhao Kang Electronic CO LTD | 1 | Operating Income | 541 | Trading Conditions Are the Same as General Trading | 0.15% |
| 0 | BULL WILL CO LTD | Dongguan Zhao Kang Electronic CO LTD | 1 | Accounts Receivable | 378 | — | 0.09% |
| 0 | BULL WILL CO LTD | Dongguan Zhao Kang Electronic CO LTD | 1 | Prepayments | 401 | — | 0.09% |
| 0 | BULL WILL CO LTD | Trustbond Technology Corp | 1 | Operating Income | 240 | Trading Conditions Are the Same as General Trading | 0.06% |
| 0 | BULL WILL CO LTD | Trustbond Technology Corp | 1 | Other Revenue | 1,200 | — | 0.32% |
| 0 | BULL WILL CO LTD | Trustbond Technology Corp | 1 | Accounts Receivable | 252 | — | 0.06% |
| 0 | BULL WILL CO LTD | Trustbond Technology Corp | 1 | Other Receivables | 1,260 | Collection and Payment On Behalf of Others, etc. | 0.30% |
| 1 | Hong Kong Serial Investment CO LTD | BULL WILL Electronics CO LTD | 3 | Other Receivables | 9,188 | Collection and Payment On Behalf of Others, etc. | 2.15% |
| 1 | Hong Kong Serial Investment CO LTD | Huizhou Bullwill Electronic CO LTD | 3 | Other Receivables | 6,430 | Collection and Payment On Behalf of Others, etc. | 1.51% |
| 1 | Hong Kong Serial Investment CO LTD | Huizhou Jun Chao Electronic CO LTD | 3 | Other Receivables | 1,229 | Collection and Payment On Behalf of Others, etc. | 0.29% |
| 2 | BULL WILL Electronics CO LTD | Huizhou Bullwill Electronic CO LTD | 3 | Other Receivables | 743 | Collection and Payment On Behalf of Others, etc. | 0.17% |
| 2 | BULL WILL Electronics CO LTD | Huizhou Jun Chao Electronic CO LTD | 3 | Other Receivables | 8,419 | Collection and Payment On Behalf of Others, etc. | 1.97% |
| 2 | BULL WILL Electronics CO LTD | Dongguan Zhao Kang Electronic CO LTD | 3 | Other Receivables | 62 | Collection and Payment On Behalf of Others, etc. | 0.01% |
| 3 | Huizhou Bullwill Electronic CO LTD | Dongguan Zhao Kang Electronic CO LTD | 3 | Accounts Receivable | 602 | — | 0.14% |
| 3 | Huizhou Bullwill Electronic CO LTD | Huizhou Jun Chao Electronic CO LTD | 3 | Operating Income | 92 | Trading Conditions Are the Same as General Trading | 0.02% |
| 3 | Huizhou Bullwill Electronic CO LTD | Huizhou Jun Chao Electronic CO LTD | 3 | Accounts Receivable | 1 | — | 0.00% |
| 3 | Huizhou Bullwill Electronic CO LTD | Huizhou Jun Chao Electronic CO LTD | 3 | Other Receivables | 7,230 | Collection and Payment On Behalf of Others, etc. | 1.70% |
| 3 | Huizhou Bullwill Electronic CO LTD | Dongguan Zhao Kang Electronic CO LTD | 3 | Operating Income | 2,834 | Trading Conditions Are the Same as General Trading | 0.76% |
| 3 | Huizhou Bullwill Electronic CO LTD | Dongguan Zhao Kang Electronic CO LTD | 3 | Sales Return | (524) | Trading Conditions Are the Same as General Trading | -0.14% |
| 4 | Huizhou Jun Chao Electronic CO LTD | BULL WILL CO LTD | 2 | Operating Income | 101,444 | Trading Conditions Are the Same as General Trading | 27.33% |
| 4 | Huizhou Jun Chao Electronic CO LTD | BULL WILL CO LTD | 2 | Sales Return | (10) | Trading Conditions Are the Same as General Trading | 0.00% |
| 4 | Huizhou Jun Chao Electronic CO LTD | Huizhou Bullwill Electronic CO LTD | 3 | Operating Income | 318 | Trading Conditions Are the Same as General Trading | 0.09% |
| 4 | Huizhou Jun Chao Electronic CO LTD | Huizhou Bullwill Electronic CO LTD | 3 | Sales Return | (34) | Trading Conditions Are the Same as General Trading | -0.01% |
| 4 | Huizhou Jun Chao Electronic CO LTD | Huizhou Bullwill Electronic CO LTD | 3 | Accounts Receivable | 4 | — | 0.00% |
| 4 | Huizhou Jun Chao Electronic CO LTD | Huizhou Bullwill Electronic CO LTD | 3 | Other Receivables | 5,866 | Collection and Payment On Behalf of Others, etc. | 1.38% |
| 4 | Huizhou Jun Chao Electronic CO LTD | Dongguan Zhao Kang Electronic CO LTD | 3 | Operating Income | 367 | Trading Conditions Are the Same as General Trading | 0.10% |
| 5 | Dongguan Zhao Kang Electronic CO LTD | BULL WILL CO LTD | 2 | Operating Income | 358 | Trading Conditions Are the Same as General Trading | 0.10% |
| 5 | Dongguan Zhao Kang Electronic CO LTD | Huizhou Bullwill Electronic CO LTD | 3 | Other Receivables | 3,867 | Collection and Payment On Behalf of Others, etc. | 0.91% |
| 5 | Dongguan Zhao Kang Electronic CO LTD | Huizhou Jun Chao Electronic CO LTD | 3 | Accounts Receivable | 42 | — | 0.01% |
| 5 | Dongguan Zhao Kang Electronic CO LTD | Huizhou Jun Chao Electronic CO LTD | 3 | Other Receivables | 31,556 | Collection and Payment On Behalf of Others, etc. | 7.40% |

Note 1: Information about the business transactions between the parent company and the subsidiary company shall be indicated in the number column respectively. The number shall be entered as follows:
1. Enter 0 for parent company.
2. The subsidiaries shall be numbered in numerical order starting from the Arabic numeral 1.

Note 2: There are three types of relationships with a trader, just mark the category:

1. Parent company vs subsidiary company.
2. Subsidiary company vs parent company.
3. Subsidiary company vs subsidiary company

Note 3: This Schedule discloses only one-way transaction information which has been written off in the consolidated financial statements.

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule VII: Name of investee, location and other relevant information (excluding mainland Chinese investees):

Unit: NT\$ 1,000

| Name of Investment Company | Name of Investee | Location | Main Business Items | Original Investment Amount | | Held at the End of the Period | | | The Investee' s Current Profit or Loss | Investment (Loss) and Profit Recognized | Note |
|------------------------------------|------------------------------------|------------------------|---|------------------------------|------------------------------|-------------------------------|---------|-----------------|--|---|-----------------------------------|
| | | | | End of the Current Period | End of Last Year | Number of Share: | Ratio % | Carrying Amount | | | |
| BULL WILL CO LTD | Hong Kong Bull Will Holding CO LTD | Hong Kong | General Investment Business | 385,105 (95,765 355) | 385,105 (95,765 355) | 11,619 | 100 | (20,633) | 24,272 | 24,272 | Subsidiary |
| | Trustbond Technology Corp | Taiwan | Electronic Component Sales | 16,704 | 0 | 300 | 30 | 17,372 | 12,814 | 668 | Subsidiary Note |
| | BULL WILL TRADING(S) PTE LTD | Singapore | Sand and Gravel Sales | 959 (43) | 959 (43) | 43 | 30 | 5,068 | 4,978 | 1,415 | Companies Using the Equity Method |
| Hong Kong Bull Will Holding CO LTD | Hong Kong Serial Investment CO LTD | Hong Kong | General Investment Business | 385,097 (95,765 355) | 385,097 (95,765 355) | 11,619 | 100 | (20,634) | 24,273 | 24,273 | Subsidiary |
| Hong Kong Serial Investment CO LTD | BULL WILL Electronics CO LTD | British Virgin Islands | Agent for the Company' s Products and Manufacturing | 106,660 (26,550) | 106,660 (26,550) | 3 | 100 | 107 | (95) | (95) | Subsidiary |

Note: The Company acquired 30% equity of Trustbond Technology Corp in 2021 and completed the registration of change.

Notes (continue) to the Consolidated Financial Statements of BULL WILL CO LTD and Subsidiaries
(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule VIII: Investment Information on Mainland China

1. Name of the invested company in mainland China, main business items, paid-up capital, investment method, capital inward and outward remittance, investment profit and loss, book value of the ending investment, and investment profit and loss repatriated:

Unit: NT\$ 1,000

| Name of Investee Company in Mainland China Company Name | Main Business Item | Paid-Up Capital | Investment Method | Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Current Period | Amount of Investment Remitted or Recovered in the Current Period | | Accumulated Investment Amount Remitted from Taiwan at the Ending of the Current Period | The Investee's Current Profit or Loss | Shareholding Ratio of the Company's Direct or Indirect Investments | Investment Profit or Loss Recognized at Current Period | Ending Investment Book Value | Investment Income Remitted to Taiwan as of the Current Period remitted back | Note |
|---|--|----------------------|-------------------|---|--|-----------|--|---------------------------------------|--|--|------------------------------|---|------|
| | | | | | Remitted | Recovered | | | | | | | |
| Huizhou Chuncho Electronics CO., LTD | Agent for the Company's Products and Manufacturing | 51,403 (13,000) | (II) | 47,151 (12,050) | 0 | 0 | 47,151 (12,050) | 6,767 | 1 | 6,767 | (108,619) | 0 | |
| Dongguan Zhao Kang Electronic CO LTD | Agent for the Company's Products and Manufacturing | 35,738 (9,000) | (II) | 35,738 (9,000) | 0 | 0 | 35,738 (9,000) | 41 | 1 | 41 | 37,617 | 0 | |
| Huizhou Bullwill Electronic CO LTD | Company's Products and Manufacturing | 19,102 (5,000) | (II) | 19,102 (5,000) | 0 | 0 | 19,102 (5,000) | 15,605 | 1 | 15,605 | 33,273 | 0 | |

Note 1: The current investment profits and losses are recognized on the basis of financial statements verified by accountants.

Note 2: Investment methods can be divided into the following four categories, simply mark the category:

- (I)Through the third region remittance investment mainland company.
- (II)Reinvest in the mainland company by establishing a company through the third region investment.
- (III)Reinvest in mainland by reinvesting in existing companies in the third region.
- (IV)Other methods.

2.Investment Ceiling in Mainland China:

| Aggregate Amount at the End of the Period Remitted from Taiwan Amount of Investment in Mainland China | The MOEAIC Approved Investment Amount | According to the Regulations of the MOEAIC Investment Ceiling in Mainland China |
|---|---------------------------------------|---|
| 278,272 (USD 700 , HKD 72,910) | 278,272 (USD 700 , HKD 72,910) | 146,834 |

Notes (continue) to the Consolidated Financial Statements of
BULL WILL CO LTD and Subsidiaries
(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule IX: Information of Major Shareholders

| Shares | | |
|---|-------------|--------------------|
| Name of Major Shareholders | Shares Held | Shareholding Ratio |
| Shun-Fa Zhuo | 3,788,481 | 21.64% |
| Mega International Commercial Bank was entrusted with the custody of the investment account of Serial | 2,666,474 | 15.23% |
| Fu-Tian Xie | 1,559,963 | 8.91% |

Note: (1) The information of major shareholders in this table refers to the information calculated by the company on the last business day at the end of each quarter of the total number of common shares and special shares held by the company which have been delivered without physical registration (including treasury stocks) by the shareholders. As for the capital stock recorded in the company's financial report and the number of shares actually delivered without physical registration, the calculation basis may be different or has differences.

Note: (2) If the above information belongs to the shareholders who have entrusted their shares to the trust, it is revealed by the trustor who opened a special trust account with the trustee. As for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus the shares they have delivered to the trust and have the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider stock rights declaration.

Appendix 2

2021 Independent Financial Report

BULL WILL CO LTD
Parent Company Only Financial Report and Independent
Accountant's Report
2021 and 2020

Office Add: 3F., No. 199, Ruihu St., Neihu Dist., Taipei City
Tel: (02) 87927788

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Accountant's Audit Report

TO: BULL WILL CO LTD

Audit Opinion

The Consolidated Balance Statement of BULL WILL Co., Ltd on December 31, 2021 and 2020, and the Composite Income Statement, Statement of Changes in Equity, Statement of Cash Flow, and Notes to Individual Financial Report (including summary of major accounting policies) on January 1 to December 31, 2021 and 2020, has been audited and concluded by our CPA.

In the opinion of the CPA, and on the basis of the audit report of the CPA, the above individual financial statements have been prepared in all material respects in accordance with the criteria for the preparation of financial statements of securities issuers and are sufficient to give the financial position of the Company as of 31 December 2021 and 2020, as well as the financial performance and cash flow for 2021 and 2020 from 1 January to 31 December.

Basis of Audit Opinion

Our CPA conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the individual financial report. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants, stayed fully independent of Bull Will Co., Ltd, and fulfilled other responsibilities in accordance with the code. Based on the audit report of our CPA, we believe that sufficient and appropriate verification evidence has been obtained to form the basis of our opinion.

Key Audit Items

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2021 and 2020 consolidated financial statements of Bull Will CO LTD. Such items have been taken into consideration in the process of auditing the overall financial reports and forming audit opinions. The accountant does not express opinions on such items separately. Our CPA determined to address the following key auditing matters in the accountant's report:

Income Recognition

The main operating items of the BULL WILL Co., Ltd are the sales of electronic components related products and other businesses. Since the sales of goods are related to the ownership of material risks and rewards that have been transferred to the buyer, the amount of sales can be measured reliably and the future economic benefits are likely to flow into the enterprise, the impact on the financial statements is material. Therefore, the sales revenue of BULL WILL Co., Ltd is

recognized as one of the main risks for our CPA to conduct the audit of the company's financial report.

Our CPA's primary audit procedures for the above critical items include understanding and testing the effectiveness of the internal control and implementation related to the revenue and collection cycle; analyze the revenue trends of the top ten sales customers and compare the relative changes or differences to evaluate if there are any material anomalies; examine whether management has obtained external evidence that risks and rewards have been transferred to the buyer and sample sales transactions before and after the end of the year to evaluate the correctness of the revenue recognition period.

Please refer to Appendix IV and VI to the financial reports for accounting policies and disclosure of relevant information regarding the recognition of income.

Responsibility of the Management and the Governing Body for the Individual Financial Reports

The responsibility of the BULL WILL CO LTD management is to prepare individual financial reports in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal controls related to the preparation of individual financial reports, so as to ensure that there is no material misrepresentation of individual financial reports due to fraud or error.

Management when preparing parent company only financial reports is also responsible for evaluating BULL WILL's ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting unless management intends to liquidate BULL WILL CO LTD to cease the operations, or to liquidate or to have no feasible alternatives but to do so.

Those charged with governance (including the supervisors) of BULL WILL CO LTD are responsible for supervising BULL WILL CO LTD's financial reporting procedure.

Responsibility of the Accountant to Audit Individual Financial Reports

The purpose of the accountant's audit of the individual financial reports is to obtain reasonable assurance of whether the individual financial reports as a whole are substantially misrepresented due to fraud or error, and to issue an audit report.

Reasonable assurance refers to a high level of assurance, but there is no guarantee that accountants performing in accordance with the generally accepted auditing standards can detect any material misstatement from the parent company only financial reports. Misrepresentation may be due to fraud or error. A misrepresentation of an individual amount or sum of transfers is considered significant if it is reasonably expected to affect the economic decisions made by individual users of financial reports.

In accordance with the generally accepted auditing standards, our CPA exercised professional judgment and maintained professional skepticism throughout the audit. Our CPA also performs the following tasks:

7. To identify and assess the risk of material misrepresentation in individual financial reports due to fraud or error. Design and implement appropriate countermeasures against the assessed risks. Sufficient and appropriate verification evidence shall be obtained as the basis of the audit opinion. Since fraud may involve collusion, forgery, intentional omission, misrepresentation, or violation of internal control, the risk of material misrepresentation due to fraud is higher than that due to error.
8. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BULL WILL CO LTD's internal control.
9. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
10. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on BULL WILL Co., Ltd's ability to continue as a going concern based on the audit evidence we have obtained. If the accountant considers that there is significant uncertainty in such events or circumstances, he/she shall, in the audit report, alert the users of the individual financial reports to the disclosure of the individual financial reports or amend the audit opinion if such disclosure is inappropriate. The accountant's conclusions are based on the evidence obtained as of the audit report date. However, future events or conditions may cause BULL WILL CO LTD, to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the individual financial reports (including relevant notes), and whether the individual financial reports are adequate to express relevant transactions and events.
12. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the BULL WILL CO LTD to express an opinion on the parent company only financial reports. Our CPA is responsible for guiding, supervising and executing the audit cases of the investee company, and for forming the audit opinions on individual financial reports.

Matters communicated between the accountant and the governing body, including the limits and time of the planned audit, and major audit findings (including significant deficiencies in internal control identified in the audit process).

The accountant also provides to the governing body that the persons subject to the independence standard of the affiliated CPA firm have complied with the declaration of independence in the code of professional ethics of accountants, and communicates with the governing body all the relations and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

We determined the key audit matters of the financial reports of 2021 of BULL WILL Co., Ltd according to matters communicated with those charged with governance. Unless the disclosure of a particular matter is prohibited by statute or, in very rare circumstances, the accountant has decided not to communicate a particular matter in the audit report, as it is reasonably expected that the negative impact of such communication will be greater than the public interest.

Moore Stephens DaHua (Taiwan) CPAs

Andrea Kuo

CPA:

Jessie Young

Securities Authority

Approved Certified Letter No: FSC Audit No. 1040019693

29 March 2022

BULL WILL CO LTD
Balance Sheet
December 31, 2021 and 2020

Unit: NT\$ 1,000

| | | 2021.12.31 | | 2020.12.31 | | | | 2021.12.31 | | 2020.12.31 | |
|---------------------------|--|------------|-----|------------|-----|-------------------------------|---|------------|-----|------------|-----|
| | | Amount | % | Amount | % | | | Amount | % | Amount | % |
| Assets | | | | | | Liability and Equity | | | | | |
| Current Asset: | | | | | | Current Liability: | | | | | |
| 1100 | Cash and Cash Equivalents (Note VI (1)) | \$ 65,529 | 19 | 9,669 | 3 | 2100 | Short-Term Loans (Note VI (10)) | \$ 8,000 | 2 | 8,000 | 3 |
| 1110 | Financial Assets at Fair Value Through Profit or Loss - Current (Note VI (2)) | 6,478 | 2 | 2,345 | 1 | 2130 | Contractual Liabilities - Current (Note VI (19)) | - | - | 705 | - |
| 1120 | Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss Equity Instrument Investment - Current (Note VI (2)) | - | - | 49,767 | 16 | 2170 | Accounts Payable | 33,552 | 10 | 21,866 | 7 |
| 1150 | Net Bills Receivable (Note VI (3)) | 809 | - | 255 | - | 2200 | Other Payables | 7,576 | 2 | 7,111 | 2 |
| 1170 | Net Accounts Receivable (Note VI (3)) | 85,123 | 25 | 55,826 | 18 | 2220 | Other Payables - Related Party (Note VII) | - | - | 100 | - |
| 1180 | Accounts Receivable - Receivable-Net Value of Related Parties (Note VI (3) & VII) | 47,771 | 14 | 75,601 | 24 | 2230 | Current Income Tax Liabilities (Note VI (15)) | 370 | - | - | - |
| 1200 | Other Accounts Receivable (Note VI (4)) | 1,673 | - | 11,273 | 4 | 2250 | Liability Reserve - Current (Note VI (11)) | 1,491 | - | 1,201 | - |
| 1210 | Other Accounts Receivable - Affiliate (Note VI (4)) | 39,312 | 12 | 72,608 | 24 | 2280 | Lease Liability - Current (Note VI (12)) | 86 | - | 339 | - |
| 1310 | Inventory (Note VI (5)) | 4,088 | 1 | 4,406 | 1 | 2320 | Long-Term Liabilities Due Within One Year (Note VI (13)) | 4,042 | 1 | 3,333 | 1 |
| 1410 | Prepayments (Note VII) | 44,545 | 13 | 106 | - | 2300 | Other Current Liabilities | 5,457 | 2 | 2,911 | 1 |
| 1476 | Other Financial Assets - Current (Note VIII) | 150 | - | 150 | - | | | 60,574 | 17 | 45,566 | 14 |
| | | 295,478 | 86 | 282,006 | 91 | | | | | | |
| Non-Current Asset: | | | | | | Non-Current Liability: | | | | | |
| 1550 | Investments Using Equity Method (Note VI (6)) | 22,440 | 7 | 3,891 | 1 | 2540 | Long-Term Loans (Note VI (13)) | 13,235 | 4 | 5,278 | 2 |
| 1600 | Real Estate, Plant, and Equipment (Note VI (7)) | 2,092 | 1 | 2,264 | 1 | 2570 | Deferred Income Tax Liabilities (Note VI (15)) | 1,900 | 1 | 1,900 | 1 |
| 1755 | Right-of-Use Assets (Note VI (8)) | 84 | - | 421 | - | 2580 | Lease Liability - Non-Current (Note VI (12)) | - | - | 86 | - |
| 1760 | Investment Real Estate - Net Amount (Note VI (8)) | 20,743 | 6 | 20,881 | 7 | 2645 | Refundable Deposits (Note VII) | 100 | - | - | - |
| 1920 | Refundable Deposits (Note VII) | 411 | - | 409 | - | 2650 | Credit Balance of Investments Using Equity Method (Note VI (6)) | 20,715 | 6 | 42,941 | 14 |
| | | 45,770 | 14 | 27,866 | 9 | | | 35,950 | 11 | 50,205 | 17 |
| | | | | | | | | 96,524 | 28 | 95,771 | 31 |
| Total Assets | | | | | | Total Liabilities | | | | | |
| | | \$ 341,248 | 100 | 309,872 | 100 | Equity (Note VI (16)): | | | | | |
| | | | | | | 3100 | Share Capital | 161,112 | 47 | 155,072 | 50 |
| | | | | | | 3140 | Advance Share Capital | 22,650 | 7 | - | - |
| | | | | | | 3200 | Capital Surplus | 47,298 | 14 | 44,054 | 14 |
| | | | | | | 3300 | Retained Earnings: | | | | |
| | | | | | | 3310 | Legal Surplus Reserve | 822 | - | - | - |
| | | | | | | 3350 | Retained Earnings | 7,931 | 3 | 8,221 | 3 |
| | | | | | | | | 8,753 | 3 | 8,221 | 3 |
| | | | | | | 3400 | Other Equities | 4,911 | 1 | 6,754 | 2 |
| | | | | | | | Total Equity | 244,724 | 72 | 214,101 | 69 |
| | | | | | | | Total Liabilities and Equities | \$ 341,248 | 100 | 309,872 | 100 |

(Please read the notes of the individual financial report in the end)

Chairman of the Board:

Manager:

Accounting Supervisor:

Composite Income Statement
January 1 to December 31, 2021 and 2020

Unit: NT\$ 1,000

| | 2021 | | 2020 | |
|---|-------------------|-------------|-----------------|-------------|
| | Amount | % | Amount | % |
| 4000 Operating Income (Note VI (19) & VII) | \$ 185,778 | 100 | 139,574 | 100 |
| 5000 Operating Cost (Note VI (5) & VII) | (164,244) | (88) | (106,203) | (76) |
| 5900 Operating Margin | <u>21,534</u> | <u>12</u> | <u>33,371</u> | <u>24</u> |
| 5910 Unrealized Loss From Sale | (867) | - | (849) | (1) |
| 5920 Realized Profit From Sale | 849 | - | 848 | 1 |
| Operating Margin | <u>21,516</u> | <u>12</u> | <u>33,370</u> | <u>24</u> |
| 6000 Operating Expenses (Note VI (3), (14), (17) & VII) | | | | |
| 6100 Selling Expenses | (10,563) | (6) | (10,941) | (8) |
| 6200 Administration Expenses | (31,292) | (17) | (30,039) | (22) |
| 6300 Research and Development Expenses | (2,300) | (1) | (2,231) | (2) |
| 6450 Expected Credit Impairment Reversal Interest | 1,785 | 1 | - | - |
| Total Operating Expenses | <u>(42,370)</u> | <u>(23)</u> | <u>(43,211)</u> | <u>(32)</u> |
| 6900 Operating Net Loss | <u>(20,854)</u> | <u>(11)</u> | <u>(9,841)</u> | <u>(8)</u> |
| Non-Operating Income and Expenditures (Note VI (21) & VII): | | | | |
| 7100 Interest Income | 2,307 | 1 | 3,759 | 3 |
| 7010 Other Revenue | 2,789 | 1 | 16,929 | 12 |
| 7020 Other Profits and Losses | (9,205) | (5) | (12,417) | (9) |
| 7050 Financial Cost | (491) | - | (130) | - |
| 7060 Share of Profits and Losses of Subsidiaries and Affiliated Enterprises Recognized by the Equity Method (Note VI (6)) | 26,354 | 14 | 9,914 | 7 |
| Total Non-Operating Income and Expenditure | <u>21,754</u> | <u>11</u> | <u>18,055</u> | <u>13</u> |
| Net Profit Before Tax on Continuing Operations | <u>900</u> | <u>-</u> | <u>8,214</u> | <u>5</u> |
| 7950 Less: Income Tax Expenses (Interest) (Note VI (15)) | 368 | - | (7) | - |
| 8000 Current Net Profit | <u>532</u> | <u>-</u> | <u>8,221</u> | <u>5</u> |
| 8300 Other Consolidated Profit or Loss (Note VI (6) & (15)): | | | | |
| 8310 Items Not to Be Reclassified Into Profit or Loss | | | | |
| 8316 Unrealized Valuation of Profit or Loss on Equity | 422 | - | (422) | - |
| Unrealized Valuation of Profit or Loss | | | | |
| Total Items Not to Be Reclassified Into Profit or Loss | <u>422</u> | <u>-</u> | <u>(422)</u> | <u>-</u> |
| 8360 Items That May Be Subsequently Reclassified as Profit or Loss | | | | |
| 8361 Exchange Differences on Conversion of the Financial Statements of Foreign Operation | (2,265) | (1) | (1,256) | (1) |
| 8399 Income Tax Relating to Items Which May Be Reclassified as Profit or Loss | - | - | 228 | - |
| Total Items That May Be Subsequently Reclassified as Profit or Loss | <u>(2,265)</u> | <u>(1)</u> | <u>(1,028)</u> | <u>(1)</u> |
| 8300 Current Other Consolidated Profit or Loss (Net Amount After T | (1,843) | (1) | (1,450) | (1) |
| Current Total Comprehensive Profit or Loss | <u>\$ (1,311)</u> | <u>(1)</u> | <u>6,771</u> | <u>4</u> |
| Earnings Per Share (Unit: NT\$ 1,000) (Note VI (18)) | | | | |
| 9750 Basic Earnings Per Share | <u>\$ 0.03</u> | | <u>0.53</u> | |
| 9850 Diluted Earnings Per Share | <u>\$ 0.03</u> | | <u>0.53</u> | |

(Please read the notes of the individual financial report in the end)

Chairman of the Board:

Manager:

Accounting Supervisor:

BULL WILL CO LTD
Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NT\$ 1,000

| | | | | Retained Earnings | | Other Equity Items | | |
|--|---------------|-----------------------|-----------------|-----------------------------------|--|---|--|--------------|
| | Share Capital | Advance Share Capital | Capital Surplus | Statutory Special Surplus Reserve | Undistributed Surplus Earnings (Or Accumulated Deficits to Be Covered or to cover losses)) | Difference of Conversion of Financial Statements of Foreign Operating Institutions Foreign Operations | Unrealized Profits (Losses) on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | Total Equity |
| Balance as of January 1, 2020 | \$ 1,113,364 | - | 43,702 | - | (958,292) | 8,510 | (306) | 206,978 |
| Current Net Profit | - | - | - | - | 8,221 | - | - | 8,221 |
| Current Other Comprehensive Profit or Loss | - | - | - | - | - | (1,028) | (422) | (1,450) |
| Current Total Comprehensive Profit or Loss | - | - | - | - | 8,221 | (1,028) | (422) | 6,771 |
| Capital Reduction to Cover Losses | (958,292) | - | - | - | 958,292 | - | - | - |
| Other Changes in Equity: | | | | | | | | |
| Share-Based Payment | - | - | 352 | - | - | - | - | 352 |
| Balance as of December 31, 2020 | \$ 155,072 | - | 44,054 | - | 8,221 | 7,482 | (728) | 214,101 |
| Balance as of January 1, 2021 | \$ 155,072 | - | 44,054 | - | 8,221 | 7,482 | (728) | 214,101 |
| Distribution by Resolution of the Regular Shareholders' Meeting: | | | | | | | | |
| Legal Surplus Reserve | - | - | - | 822 | (822) | - | - | - |
| Current Net Profit | - | - | - | - | 532 | - | - | 532 |
| Current Other Comprehensive Profit or Loss | - | - | - | - | - | (2,265) | 422 | (1,843) |
| Current Total Comprehensive Profit or Loss | - | - | - | - | 532 | (2,265) | 422 | (1,311) |
| Other Changes in Equity: | | | | | | | | |
| Share-Based Payment | 6,040 | 22,650 | 3,244 | - | - | - | - | 31,934 |
| Balance as of December 31, 2021 | \$ 161,112 | 22,650 | 47,298 | 822 | 7,931 | 5,217 | (306) | 244,724 |

(Please read the notes of the individual financial report in the end)

Chairman of the Board:

Manager:

Accounting Supervisor:

BULL WILL CO LTD
Statement of Cash Flow
January 1 to December 31, 2021 and 2020

Unit: NT\$ 1,000

| | 2021 | 2020 |
|--|-------------------------|---------------------|
| Cash Flow from Operating Activities: | | |
| Net Profit Before Tax | \$ 900 | 8,214 |
| Earning Expense Items That Do Not Affect Cash Flow | | |
| Depreciation Expense | 1,533 | 1,551 |
| Expected Credit Impairment Reversal Interest | (1,785) | - |
| Financial Asset Loss Measured at Fair Value Through Profit and Loss | 372 | 398 |
| Interest Expense | 491 | 130 |
| Interest Income | (2,307) | (3,759) |
| Dividend Revenue | (179) | (13,409) |
| Share-based remuneration cost | 164 | 352 |
| Share of interests of Subsidiaries and Affiliated Enterprises Recognized by the Equity | (26,354) | (9,914) |
| Disposal of Investment Interests Under the Equity Method | - | (251) |
| Unrealized Profit From Sale | 867 | 849 |
| Realized Profit From Sale | (849) | (848) |
| Total Earning Expense Items | <u>(28,047)</u> | <u>(24,901)</u> |
| Net Changes in Operating Assets and Liabilities | | |
| And Net Changes in Assets Related to Operating Activities | | |
| Decrease (Increase) in Notes Receivable | (554) | 650 |
| Decrease (Increase) in Accounts Receivable (Including Related Parties) | 318 | 37,577 |
| Decrease in Accounts Receivable (Including Related Parties) | 42,634 | 2,224 |
| Decrease (Increase) in Inventories | 318 | (3,084) |
| Decrease (Increase) in Advance Payments | (44,439) | 57 |
| And Total Net Changes in Assets Related to Operating Activities | <u>(1,723)</u> | <u>37,424</u> |
| And Net Changes in Liabilities Related to Operating Activities | | |
| Increase (Decrease) in Contractual Liabilities | (705) | 696 |
| Increase in Accounts Payable (Including Related Parties) | 11,686 | 248 |
| Increase (Decrease) in Other Accounts Payable (Including Related Part | 356 | (2,395) |
| Liability Reserve - Current Increased | 290 | 107 |
| Increase (Decrease) in Other Current Liabilities | 2,546 | (94) |
| And Total Net Changes in Liabilities Related to Operating Activities | <u>14,173</u> | <u>(1,438)</u> |
| And Total Net Changes in Assets and Liabilities Related to | 12,450 | 35,986 |
| Operating | | |
| Total Adjusted Items | <u>(15,597)</u> | <u>11,085</u> |
| Cash Generated From Operations | (14,697) | 19,299 |
| Interest Received | 2,564 | 3,759 |
| Refund of Income Tax | 7 | 7 |
| Net Cash Inflows (Outflows) From Operating Activities | <u>(12,126)</u> | <u>23,065</u> |
| Cash Flow from Investment Activities: | | |
| Obtain the Value of Financial Assets Measured at Fair Value Through | - | (50,189) |
| Other Consolidated Profit or Loss | | |
| Dispose of the Value of Financial Assets Measured at Fair Value Through | 50,189 | - |
| Profit or Loss | | |
| Obtain the Value of Financial Assets Measured at Fair Value Through | (22,016) | (19,039) |
| Profit or Loss | | |
| Dispose of the Value of Financial Assets Measured at Fair Value Through | 17,511 | 25,329 |
| Profit or Loss | | |
| Dispose of Financial Assets Measured at Amortized Cost | - | 30,080 |
| Investments Accounted for Using Equity Method Acquired | (16,704) | (37,371) |
| Dispose of Investments Using Equity Method | - | 1,790 |
| Purchase of Real Estate, Plant, and Equipment | (886) | - |
| Decrease in guarantee deposits paid | (2) | - |
| Collect Other Dividends | 179 | 2,177 |
| Net Cash Inflow (Outflow) From Investment Activities | <u>28,271</u> | <u>(47,223)</u> |
| Cash Flow from Financing Activities: | | |
| Short-Term Loan Increased | 8,000 | 18,000 |
| Short-Term Loan Decreased | (8,000) | (10,000) |
| Long-Term Loan Borrowed | 12,000 | 10,000 |
| Long-Term Loan Repaid | (3,334) | (1,389) |
| Lease Principal Repaid | (339) | (335) |
| Employee Execution of Stock Options | 31,770 | - |
| Interest Paid | (482) | (128) |
| Increased Guarantee Deposits Received | 100 | - |
| Net Cash Inflows From Financing Activities | <u>39,715</u> | <u>16,148</u> |
| Current Cash and Cash Equivalents Increments (Reductions) | 55,860 | (8,010) |
| Beginning Cash and Cash Equivalents Balance | 9,669 | 17,679 |
| Ending Cash and Cash Equivalents Balance | <u><u>\$ 65,529</u></u> | <u><u>9,669</u></u> |

(Please read the notes of the individual financial report in the end)

Chairman of the Board:

Manager:

Accounting Supervisor:

BULL WILL CO LTD
Notes to Individual Financial Report
December 31, 2021 and 2020

(Unless otherwise noted, the amounts are expressed in thousands of New Taiwanese Dollars)

1. Company History

Approved by the Ministry of Economics Affairs, Bull Will CO LTD (the Company) was established in December 20, 1993 and the registered address is 3F., No. 199, Ruihu St., Neihsu Dist., Taipei City.

The Company's main business items are electronic materials and parts processing, import and export, trading businesses, and so on.

In July 2001, the Company was approved by Securities and Futures Commission, Ministry of Finance to go public and begin selling stock. In June 2003, Securities and Futures Commission, Ministry of Finance approved the Company's shares to be listed on the Over-the-Counter Markets. On September 17, 2003, the Company became listed on the Taiwan OTC Exchange.

2. Approval Date and Procedures of Financial Reports

This individual financial report has been approved and released by the Board of Directors on March 29, 2022.

3. Application of Newly Issued and Revised Guidelines and Interpretations

(1) The following revised International Financial Reporting Standards apply to the individual financial reports of the Company as of January 1, 2021, and there is no material impact.

- Revision of IFRS 4 - "Temporary Exemption From the Extension of IFRS 9"
- Revision of IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - "Interest Rate Benchmark Reform - Phase Two"

The following revised International Financial Reporting Standards apply to the consolidated financial reports of the Company as of April 1, 2021, and there is no material impact.

- Revision of IFRS 16 "COVID-19 Related Rental Concession after June 30, 2021"

(2) The impact of IFRS recognition has not yet been adopted by the Financial Regulatory Commission.

The Company evaluates that the following revised IFRS, effective from 1 January 2021, will not cause a material change to the individual financial reports.

- Revision of IAS 16 - "Real Estate, Plant, and Equipment - Price Before Reaching the Intended Use Condition"
- Amendment to IAS 37 "Onerous Contract - Cost of Performing Contractual Obligations"
- Annual Improvements to IFRS 2018-2020 Cycle
- Revision of IFRS 3 "Reference to the Conceptual Framework"

(3) Newly published and revised standards and interpretations not yet endorsed by the FSC.

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

| Newly Issued or Revised Standards | Major Amendments | Effective Date Announced by the Board |
|---|---|---------------------------------------|
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" | The amendment is intended to improve the consistency of the application of the standard to assist enterprises in determining whether debts or other liabilities on the balance sheet at the date of liquidation shall be classified as current (or likely to mature within one year) or non-current. The amendment also clarifies the classification of liabilities that may be converted into equity. | 2023 January 1 |
| Amendment to IAS 12 "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction" | The amendment limits the scope of the recognition exemption so that it no longer applies where the initial recognition of the transaction results in an equivalent amount of tax and a temporary difference is deductible. | 2023 January 1 |

The Company is continuously evaluating the impact of the above standards and interpretation on the Company's financial position and results of operations, and the impact will be disclosed upon completion of the evaluation.

The Company expects that the following new and revised standards, which have not yet been approved, will not have a material impact on the individual financial reports.

- Revision of IFRS 10 and IAS 28 "Sale or Contribution of Assets Between Investors and Their Affiliates or Joint Ventures"
- Revision of IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- Amendment to IAS 37 "Onerous Contract - Cost of Performing Contractual Obligations"
- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimates"

4. Summary Statement of Major Accounting Policies

The major accounting policies adopted for preparing these parent company financial

statements are described below.

(1) Compliance Statement

The individual financial reports are prepared in accordance with the financial reporting standards of securities issuers.

(2) Preparation Foundation

1. Aside from financial assets (liabilities), which are measured at fair value through profit or loss, financial assets available for sale, which are financial instruments measured at fair value, and the defined benefit liabilities, which are recognized by the net value of the pension fund assets less the current value of defined benefit obligation, this individual financial statements has been prepared on a historical cost basis.
2. The following critical accounting policies are consistently applicable to the entire period that this individual financial statement covers.
3. Some material accounting estimation are used in preparing financial statements based on IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins. When applying the Company's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and complexity or accounts associated with material assumption and estimation in the parent company only financial statements. Please refer to Note 5 attached.

(3) Foreign Currency Conversion

The Company uses the money (i.e., functional currency) of the primary economic environment of its operation for the measurement. This parent company only financial report is presented in New Taiwanese Dollars (NT\$), which is the Company's functional and presentation currency.

1. Foreign Currency Transactions and Balances

- (1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and aside from deferring those satisfying cash flow risk management and net investment to other consolidated income, the resulting exchange differences are recognized in profit or loss.
- (2) The balance of foreign currency monetary assets and liabilities shall be appraised and adjusted according to the spot exchange rate on the balance sheet date, conversion differences resulting from adjustments are recognized as current profits and losses.
- (3) Foreign currency monetary assets and liabilities balance is adjusted by the spot exchange rate on the balance sheet date, and it is measured at fair value through profit or loss, and therefore, exchange differences generated from the adjustment were recognized as profit or loss. For those measured at fair value through consolidated

income, exchange differences generated from adjustments are recognized in other consolidated income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.

2. Conversion of Foreign Operating Organizations

- (1) All the company's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. The assets and liabilities presented in each balance sheet are exchanged using the spot rate of exchange of the balance sheet.
 - B. The income and expense losses expressed in each consolidated income statement are converted at the current average exchange rate; and
 - C. All conversion differences resulting from conversion are recognized as other consolidated profits and losses.
- (2) Exchange differences of loans of the net investment and long-term investment of foreign operations or other currency instruments designated to be the hedgers of an investment are recognized in other comprehensive income.
- (3) When a foreign operation is partially disposed of or sold, exchange difference under other comprehensive income will be proportionally reclassified in profit and loss to be part of the income or loss from sales.
- (4) Goodwill produced from acquiring foreign entities and the fair value adjustment are valued as the assets and liabilities of said foreign entities and the exchange is done using the period-end exchange rate.

(4) Classification Criteria for Current and Non-current Assets and Liabilities

1. Assets shall be classified as current assets if they meet any of the following conditions:
 - (1) The asset is expected to be realized or intended to be sold or consumed during the normal operating cycle.
 - (2) Held primarily for trading purposes.
 - (3) Those expected to be realized in 12 months after the balance sheet date.
 - (4) Cash and cash equivalents, excluding assets to be exchanged or used to pay off liabilities in at least twelve months after the balance sheet date.

The Company classifies all assets not meeting the above criteria as non-current assets.

2. Liabilities shall be classified as current liabilities if they meet any of the following conditions:
 - (1) Expected to be settled in the normal operating cycle.
 - (2) Held primarily for trading purposes.
 - (3) Liabilities that are to be paid off within 12 months after the balance sheet date.
 - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. The terms of liabilities, which may lead to the issuance of equity instruments at the option of the counterparty, shall not

affect its classification.

The Company classifies all liabilities that do not meet the above criteria as non-current.

(5) Cash and Cash Equivalents

1. Cash and cash equivalents include cash on hand, cash in bank, and other short-term, highly liquid investments that are due in three months starting from the acquisition date.
2. Cash equivalents refer to short-term and highly liquid investments satisfying the following conditions:
 - (1) Those can be readily converted to fixed cash.
 - (2) Those whose value is minimally affected by interest rate fluctuation.

(6) Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss

1. It refers to an irrevocable choice made at the time of the original recognition to report changes in the fair value of equity instrument investments that are not held for trade to other consolidated profit or loss; or an investment in a debt instrument that simultaneously meets the following conditions:
 - (1) Financial assets held under the operating model with the purposes of collecting contract cash flow and for sales.
 - (2) Cash flows generated at specific dates by the contract terms and conditions of said financial assets and are fully used for paying the principals for outstanding principals.
2. The Company adopts settlement date accounting for financial assets that are measured at fair value through other comprehensive income and satisfying the transaction convention.
3. The Company at the initial recognition measures at fair value plus transaction costs. Afterward, it is measured at fair value.
 - (1) Changes in the fair value of equity instruments are recognized in other consolidated profit or loss, and before the de-recognition, the accumulated interest or lost previously recognized in other consolidated profit or loss should not be reclassified to income but to be transferred to retained earning. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the amount of dividends can be reliably measured, the Company shall recognize the amount under profit or loss as dividend income.
 - (2) Changes in the fair value of debt instruments are recognized in other consolidated profit or loss, and the impairment losses, interest income, and profit or loss on exchange rate of foreign currency exchange are recognized in profit or loss, and at de-recognition, the accumulated profit or loss previously recognized in other consolidated profit or loss will be reclassified from equity to profit or loss.

(7) Financial Assets Measured at Fair Value Through Profit or Loss

It refers to financial assets not measured at amortized cost or measured at fair value through other consolidated profit or loss are measured at fair value through profit or loss. In order to eliminate or materially reduce improper accounting matching at the time of original recognition, the Company may irrevocably designate financial assets that meet the requirements of measuring at fair value through after-amortized cost or other consolidated profit or loss as financial assets measured at fair value through profit or loss at the time of original recognition.

Such assets are subsequently measured at fair value and the net interest or loss (including any dividend and interest income) is recognized as profit or loss.

(8) Accounts Receivable and Bills

1. It refers to accounts and bills which, under contract, are entitled to receive unconditionally the amount of consideration for the transfer of goods or services.
2. Refers to short term accounts receivable and bills without interest payment, the Company will only use the original invoice amount as the measurement because the discount has little effect.

(9) Impairment of Financial Assets

For debt instrument investment measured at fair value through other consolidated profit or loss, financial assets measured at amortized cost, and accounts receivable or contract assets, rents receivable, loan commitments, financial guarantee contracts, and others containing a significant financial component, the Company on each balance sheet day will consider all reasonable and verifiable information (including prospective information) to routinely measure allowance losses for expected credit loss amount for 12 months for those without significant increase in credit risk after the original recognition. For those with a significant increase in the credit risk after the original recognition, the allowance losses are measured according to the expected credit loss amounts for the life time. For accounts receivable that does not contain a significant financing component, the Group measures the loss allowance at an amount equal to lifetime expected credit loss amounts.

(10) De-Recognition of Financial Assets

If the Company meets any of the following conditions, will derecognise the financial assets:

1. The contractual rights for cash flows from the financial asset expire.
2. Transfer of contractual rights to receive cash flows from financial assets, and transfer of almost all risks and rewards of ownership of financial assets.
3. Almost all risks and returns from financial asset ownerships are neither transferred nor retained but the control of the financial assets are not kept.

(11) Inventories

The Company's inventory carry-over is evaluated by the average method. The final inventory is evaluated by cost or the net realizable value whichever is lower. The net realizable value refers to the estimated sale price in the normal course of business, less relevant cost and sale expenses required until the completion of the work. When comparing the cost of inventories and the net realizable value, it is done item by item. The amount of inventory reduced from cost to net realized value is recognized as current cost of sold goods.

(12) Investments Using Equity Method

When preparing for parent only financial statements, the Company adopts the equity method rating for its controlled investment. Under the equity method, the current profit or loss and other comprehensive profit or loss reported by individual financial reports are the same as the current profit or loss and other comprehensive profit or loss attributable to the owner of the parent company in the financial reports prepared on this basis. The owner's equity in the individual financial reports is the same as the equity attributable to the owner of the parent company in the financial reports prepared on this basis. If the change of ownership equity of the subsidiary company does not result in loss of control, it shall be treated as an equity transaction between the owner and the company.

(13) Lease

4. Judgment of Lease

The Company assesses at the date of formation whether the contract is or includes a lease, if the contract assigns control over the use of the identified asset for a period of time in exchange for consideration. To assess whether the contract is a lease, the Company will assess the following items:

- (4) The contract relates to the use of an identified asset which is specified in the contract or is implicitly specified by virtue of being available for use and whose entity can distinguish or represent substantially all of the capacity. An asset is not an identifiable asset if the supplier has a material right to replace it.
- (5) And has the right to obtain virtually all the economic benefits arising from the use of the identified assets throughout the life of the use.
- (6) And obtains the right to dominate the use of the identified assets if one of the following conditions is met:
 - The customer has the right to direct the use of the identified assets and the purposes for which they are used throughout the use life.
 - The relevant decisions regarding how and for what purpose the asset will be used are determined in advance, and:

- The customer has the right to operate the asset throughout the life of its use, and the supplier has no right to change such operation instructions; or
- The way in which the customer designs the asset predetermines how and for what purpose it will be used throughout its life.

On the date of formation of the lease or when reassessing whether the contract covers the lease, the Company shall apportion the consideration in the contract to the individual lease components on a relatively separate price basis. However, in the case of leasing the land and the building, the Company elects not to distinguish between the non-leasehold components and treats the leasehold component and the non-leasehold component as a single leasehold component.

5. Lessee

The Company recognizes the right-of-use assets and lease liabilities on the commencement date of the lease. The right-of-use assets are initially measured at cost, which includes the original measured amount of the lease liability. Adjustment of any lease payments made on or before the commencement date of the lease, adding to the original direct costs incurred and the estimated costs of dismantling, removing and restoring the underlying asset to its location or the underlying asset, excluding any lease inducements received.

The subsequent depreciation of the right-of-use assets at the beginning of the lease is made by the straight-line method when the useful life of the right-of-use assets expires or when the lease term expires earlier. In addition, the Company regularly evaluates whether there is any impairment of the right-of-use assets and deals with any impairment losses that have been incurred, and adjusts the right-of-use assets in the event of re-measurement of the lease liabilities.

Lease liabilities are measured in terms of the present value of outstanding lease payments at the commencement date of the lease. If the implied lease rate is easy to determine, the discount rate is that rate; if not, the Company's incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measure of lease liabilities include:

- (5) Fixed payments, including substantial fixed payments;
- (6) Variable lease payments subject to an index or rate, the index or rate on the commencement date of the lease is used as the original measure;
- (7) Guarantee amount of salvage value expected to be paid; and
- (8) The price at which the purchase option or lease termination option is reasonably determined to be exercised or the penalty to be paid.

Lease liabilities are subsequently accrued interest on an effective interest basis and measured in the following circumstances:

- (6) There is a change in the index or rate used to determine lease payments result in changes in future lease payments;

- (7) There is a change in the expected residual value guaranteed amount paid;
- (8) There is a change in the evaluation of the purchase option of the underlying asset;
- (9) There is a change in the estimate of whether or not to exercise the extension or termination option changes the assessment of the duration of the lease;
- (10) Modification of the subject, scope or other terms of the lease.

When the lease liability is remeasured as a result of the foregoing changes in the index or rate used to determine lease benefits, changes in the guaranteed residual value amount, and changes in the evaluation of the option to purchase, extend, or terminate, if the book amount of the right-of-use assets is adjusted accordingly, and when the carrying amount of the right-of-use assets is reduced to zero, the remaining remeasured amount shall be recognized as the profit or loss.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-of-use assets is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasured amount of the lease liability is recorded in the profit or loss.

The Company shall separately present the right-of-use assets and lease liabilities which do not meet the definition of investment real estate in the balance sheet as separate items.

For short-term leases and leases of low-value target assets, the Company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the relevant lease payments as expenses on a straight line basis during the lease life.

6. Lessor

The Company as a lessor involves the classification of almost all the risks and rewards of the lease contract on the date of the lease, depending on whether or not it is transferred to the ownership of the underlying asset. If so, it is classified as financial lease; otherwise, it is classified as business lease. In the evaluation, the Company considers certain relevant indicators, including whether the lease term covers a major part of the economic life of the target asset.

If the agreement contains leasehold and non-leasehold components, the Company will use the consideration in the apportionment agreement as specified in IFRS 15.

Assets held under a financial lease shall be expressed as financial lease receivable in terms of the net amount of leasing investment. The original direct costs arising from the negotiation and arrangement of the business lease are included in the net investment in the lease. Net leasing investment is apportioned as interest income over the lease term in a form that reflects a fixed rate of return over the term. For business leases, the Company shall recognize the lease payments received as rental income during the lease term on a straight line basis.

1. Real estate, plant and equipment shall be recorded on the basis of acquisition cost and capitalized relevant interest during the period of purchase and construction.
2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Company, and the cost of this item can be reliably measured. The carrying amount of the reset portion shall be derecognized. All other assembly and maintenance costs are recognized as current profits and losses when incurred.
3. In the subsequent measurement of the cost of real estate, plant and equipment, except for the depreciation of land, depreciation shall be calculated on a straight-line method according to the estimated useful life. Depreciation of real estate, plant and equipment, if significant, shall be itemized separately. The Company reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment.

The useful lives of assets are listed below:

| | |
|--------------------------|------------|
| Machinery Equipment | 3-5 Years |
| Transportation Equipment | 5 Years |
| Office Equipment | 3-10 Years |
| Leasehold Improvement | 5 Years |
| Other Equipment | 2-6 Years |

(15) Investment Real Estate

Investment real estate is recognized by acquisition cost, and cost model is adopted for subsequent measurement. Except for land, depreciation shall be carried out by the straight-line method according to the estimated useful life, which shall be 50 years.

(16) None-Financial Asset Impairment

On the balance sheet date, the Company estimates the recoverable amount of the assets with indicator of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount means the fair value of an asset minus the cost of disposal or the value of its use, whichever is higher. With the exception of goodwill, where the impairment of an asset recognized in a previous year does not exist or is reduced, the impairment loss shall be reversed, provided that the carrying amount of the asset added by the reversal impairment loss shall not exceed the carrying amount of the asset after depreciation or amortization if the impairment loss is not recognized.

(17) Loans

1. The amount of the loan at the time of the initial recognition shall be measured at the fair value after deducting the transaction cost, and any difference between the price (after deducting the transaction cost) and the redemption value shall be measured at the amortized cost during the loan period by the effective interest method.
2. Where it is likely that part or all of the line of credit will be withdrawn, the cost shall be recognized as the transaction cost of the line of credit and shall be deferred until such time as the effective interest rate is adjusted. Where it is unlikely that part or all of the line of credit will be drawn, such charges are recognized as advances and amortized over the period in which the line is relevant.

(18) Accounts Payable and Bills

Accounts and bills payable refer payment obligations from acquiring goods or labor from vendors in the normal course of business. Accounts and bills payable is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts receivable without interest payment, because of insignificant effect of discounting, they are subsequently measured at the original invoice amount.

(19) Liability Reserve

Liability reserve is a current statutory or constructive obligation arising from a past event. It is likely that resources of economic benefit will be required to discharge the obligation and the amount of the obligation will be recognized when the estimate is reliable. Liability reserve is measured by the best estimated present value of the expenditure required to meet the obligation at the balance sheet date. The discount rate is the pretax discount rate reflecting the current market assessment of the time value of money and the specific risks of liabilities. Discounted amortization is recognized as interest expense. Future operating losses shall not be recognized as liabilities. Future operating losses shall not be recognized as liability reserves.

(20) Employee Benefits

1. Short-Term Employee Benefits

Short-term employee benefits are measured in terms of expected non-discounted payments and are recognized as expenses at the time of service delivery.

2. Pensions

Defined Contribution Plan

For defined contribution plans, the amount of the pension fund to be contributed is recognized as the current pension cost on an accrual basis. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

3. Termination Benefits

Termination benefits are provided when the employer terminates the employment

of the employee prior to normal retirement or when the employee decides to accept the company's offer of benefits in exchange for the termination of employment. The Company is no longer able to withdraw the offer of termination benefits or when the earlier relevant restructuring costs are recognized, the expense is recognized. Benefits not expected to be fully settled twelve months after the balance sheet date shall be discounted.

4. Employee Consideration and Consideration of Directors and Supervisors

Employee consideration and consideration of directors, and supervisors are recognized as expenses and liabilities where there is a legal or constructive obligation and the amount is reasonably estimated. If there is any difference between the actual allotment amount and the resolved amount subsequently decided by the board of shareholders, the changes shall be treated as accounting estimates.

(21) Employee Share-Based Payment

A share-based payment agreement with equity settlement is the labor services provided to employees on the basis of the fair value of the equity commodities to which they are entitled, it is recognized as a cost of remuneration during the vesting period and relatively adjusted as an interest. The fair value of an equity commodities shall reflect the impacts of the vesting and non-vesting market conditions. The recognized remuneration costs are adjusted in line with the expected quantity of awards in line with the conditions of service and non-market value vesting, until the final recognized amount is recognized by the vested quantity obtained on the vested date.

(22) Income Tax

1. Income tax expenses include current and deferred income taxes. Except for income tax related to items included in other comprehensive profits and losses or directly included in the equity, income tax shall be recognized in the profits and losses.
2. The current income tax of the Company shall be calculated on the basis of the tax rate which has been legislated or substantially legislated on the balance sheet date in the country where the operation and taxable income are generated. The management shall periodically assess the status of the income tax declaration in respect of the applicable income tax laws and regulations, and, where applicable, shall estimate the income tax liabilities according to the taxes expected to be paid to the tax authorities. There is an additional tax of unappropriated earnings according to the Income Tax Act, and after the earning distribution is approved at the shareholders' meeting held in the year following the year the earnings are generated, the tax expense of undistributed earnings shall be recognized based on the actual condition of earning distribution.
3. For deferred tax, the balance sheet liability method is adopted, and it is recognized using the temporary differences between the tax bases of assets and liabilities and their carrying

amounts in the balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred income tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) is affected at the time of the transaction. For temporary differences generated from investing in subsidiaries and associates, they are not recognized if the Company is capable of controlling the time point of reversal of the temporary differences and the temporary differences may not be reversed in the foreseeable future.

Deferred income tax shall be subject to the tax rate (and tax law) which is enacted or substantially enacted on the balance sheet date and which is expected to apply when the deferred income tax asset is realized or the deferred income tax liability is satisfied.

4. Deferred income tax assets are recognized on the basis that temporary differences are likely to be used to offset future taxable income and are reassessed on each balance sheet date for unrecognized and recognized deferred income tax assets.
5. The current income tax assets and current income tax liabilities shall be offset against each other when there is a statutory enforcement right to offset the amount of current income tax assets and liabilities, and there is an intention to repay or simultaneously realize the assets and liabilities on a net basis. When there is a legal enforcement right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same tax payer or different tax payer of income tax levied by the same tax authority, but each tax payer intends to pay off the assets and liabilities on a net basis or at the same time, then the deferred income tax assets and liabilities shall be offset against each other.
6. The tax preference for equipment or technology acquisition, research and development expenditures and equity investments adopts income tax deduction accounting.
7. The "Income Basic Tax Act" came into force on January 1, 2006. The basis of calculation shall be the amount of taxable income calculated in accordance with the provisions of the Income Tax Act, and the tax deduction or exemption enjoyed by the Income Tax Act and other laws, and the basic tax shall be calculated according to the tax rate prescribed by the Executive Yuan. In comparison with the amount of tax calculated according to the provisions of the Income Tax Act, the higher the base tax is, the income tax of the current year shall be paid. The Company has taken its impact into account in the current income tax.

(23) Customer Contractual Revenue

Income is measured at the consideration of expected ownership from transfer of goods, and the Company recognizes it in income when the control of goods is transferred to customers and performance obligation is satisfied.

1. Sales of Commodities

The Company recognizes income when control of the product is transferred to the customer. The control transfer of the product means that the product has been delivered to the customer and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery refers to customers accepting products according to the transaction conditions and obsolescence and risk of loss have been transferred to the customer. Moreover, the Company has objective evidence to consider that the time point of all inspection conditions have been satisfied.

The Company shall recognize accounts receivable at the time of delivery of commodities, since the Company has the right to receive consideration unconditionally at that time.

2. Financial Components

The time between when the Company expects to transfer the goods to the customer and when the customer pays for the goods is no more than one year. Therefore, the Company does not adjust the time value of the currency at the transaction price.

3. Customer Contracts Obtaining Cost

The incremental costs incurred by the Company in obtaining the customer contracts are recognized as expenses at the time of occurrence, although they are expected to be recoverable, but the period of the relevant contracts is less than one year.

(24) Operating Departments

The Company has disclosed segment information in this financial statement, and therefore the parent-company-only financial statement will not disclose the segment information.

(25) Earnings Per Share

The Company lists out the basic and the dilutive earnings per share (EPS) of the Company's common share equity holders. The Company's basic earning per shares are calculated by having the equity of the equity holders of the Company's common shares divided by the weighted average of the number of outstanding common shares. The diluted earnings per share are calculated after adjusting for the effect of all potential diluted common shares on the profits and losses attributable to holders of the Company's common shares and the weighted average number of outstanding common shares. The Company's potential dilutive common shares are stock option certificates granted to employees.

5. Major Sources of Accounting Errors in Judgment, Assumptions and Estimates

In preparing the Company's individual financial statements, the management has used its judgment to determine the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations of future events based on the current situation on the balance sheet date. Material accounting estimates and assumptions may differ from actual results and will be assessed and adjusted on an ongoing basis taking into account historical

experience and other factors. Please refer to the following descriptions of material accounting judgments, estimates and assumptions with uncertainty:

(1) Important judgment of accounting policy: no such case.

(2) Significant accounting estimates and assumptions

The accounting estimates made by the Company are based on reasonable expectations of future events based on the current situation on a specific date, but the actual results may differ from the estimates. For estimates and assumptions regarding the risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year, please refer to Note VI (5), impairment assessment of inventory.

6. Explanation of Important Accounting Items

(1) Cash and Cash Equivalents

| | 2021.12.31 | 2020.12.31 |
|---------------------------|------------------|--------------|
| Petty Cash | \$ 55 | 546 |
| Bank Deposit | 65,474 | 9,123 |
| Cash and Cash Equivalents | <u>\$ 65,529</u> | <u>9,669</u> |

Disclosure of Interest Rate Risk and Sensitivity Analysis of the Financial Assets and Liabilities of the Company. Please refer to Note VI (22) for details.

(2) Financial Products

Financial Assets

| | 2021.12.31 | 2020.12.31 |
|---|-----------------|---------------|
| Financial Assets at Fair Value Through Profit or Loss | <u>\$ 6,478</u> | <u>2,345</u> |
| Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | <u>\$ -</u> | <u>49,767</u> |
| Current | <u>\$ 6,478</u> | <u>52,112</u> |

6. Investments in equity instruments measured at fair value through other consolidated profits and losses are by resolution of the Board of Directors of the Company on August 7, 2020, the Company purchased 530 thousand new special shares B shares of Strek Corporation Company Limited ("Strek Company") at approximately NT\$ 93 each. The total investment amount is NT\$ 50,189 thousand (Thai baht 53,000 thousand), and signed the investment contract with Strek Company on the same day, which agreed: (1) The dividend of the special share B share shall be at least 8% of the agreed net after-tax profit of the special share in Thailand, but not less than NT\$ 9,361 thousand (\$10,080 thousand in Thai Baht, with an interest rate of about 19%). (2) The Company

shall have the right to force the redemption of the investment shares by Strek within eight months from the date of signing but no later than the original offering price.

7. In view of the above investment, the Company entered into a guarantee contract with Serial System LTD on August 7, 2020. In the event that Strek Company fails to redeem its shares, Serial System LTD is willing to acquire all of the special shares of Strek held by the Company at the original offering price. The Company intends to transfer the entire special shares of Strek Company on 31 March 2021 to Serial System LTD at the original issue price of Thai Baht \$53,000 thousand subject to the guaranteed agreement, and received them on March 31, 2021.
8. On December 25, 2020, the shareholders of Strek Company approved a proposed dividend of NT\$ 13,104 thousand (Thai baht 14,000 thousand) to the Company and received a dividend of NT\$ 1,872 thousand on December 31, 2020. The remaining amount was recorded under other receivables. It was fully recovered on March 31, 2021.
9. Disclosure of Interest Rate Risk and Sensitivity Analysis of the Financial Assets and Liabilities of the Company. Please refer to Note VI (22) for details.

(3) Bills Receivable and Accounts Receivable

| | 2021.12.31 | 2020.12.31 |
|---------------------------------------|--------------------------|-----------------------|
| Bills Receivable | \$ 809 | 255 |
| Accounts Receivable | 85,559 | 58,047 |
| Accounts Receivable - Related Parties | 47,771 | 75,601 |
| Minus: Allowance for Bad Debts | (436) | (2,221) |
| | <u>\$ 133,703</u> | <u>131,682</u> |

- (1) The Company uses a simplified approach to estimate expected credit losses for all bills receivable and accounts receivable, i.e., the expected credit loss measure over the life period, for this purpose. Such bills receivable and accounts receivable are grouped according to the common credit risk characteristics of the ability on behalf of the customer to pay all amounts due under the terms of the contract and have been incorporated into forward-looking information.

The expected credit loss analysis of bills receivable and accounts receivable of the Company is as follows:

| | December 31, 2021 | | |
|-------------|--|---|--|
| | Carrying Amount of Bills Receivable and Accounts Receivable | Weighted Average Expected Credit Loss Rate | Allowance Duration Expected Credit Loss |
| Not Overdue | \$ 130,257 | -% | - |

| | | | |
|---------------|-------------------|------|------------|
| Under 31 Days | 3,876 | 11% | 430 |
| 1 to 3 Months | 6 | 100% | 6 |
| 3 to 6 Months | - | -% | - |
| Over 6 Months | - | -% | - |
| | <u>\$ 134,139</u> | | <u>436</u> |

December 31, 2020

| | Carrying Amount of Bills Receivable and Accounts Receivable | Weighted Average Expected Credit Loss Rate | Allowance Duration Expected Credit Loss |
|---------------|--|---|--|
| Not Overdue | \$ 131,342 | -% | - |
| Under 31 Days | 2,561 | 87% | 2,221 |
| 1 to 3 Months | - | -% | - |
| 3 to 6 Months | - | -% | - |
| Over 6 Months | - | -% | - |
| | <u>\$ 133,903</u> | | <u>2,221</u> |

- (2) The Company's statement of changes in bills receivable and allowance for doubtful accounts for the years 2021 and 2020 is as follows:

| | 2021 | 2020 |
|--------------------------|---------------|--------------|
| Opening Balance | \$ 2,221 | 2,221 |
| Impairment Loss Reversal | (1,785) | - |
| Ending Balance | <u>\$ 436</u> | <u>2,221</u> |

- (3) Guarantee:

On December 31, 2021 and 2020, the Company's bills receivable and accounts are not provided as security for long-term loans and financing lines.

- (4) On 16 July 2019, the court decided that OTE Power Corp should pay NT\$ 13,650 thousand to the Company and acquired the notes of debt of OTE Power Corp on 18 October 2019. Accounts receivable of the Company amounted to NT\$ 13,650 thousand, which had been fully set aside for bad debts in the previous year and was fully written off in 2019. Moreover, in the year 2020, \$1,003 thousand of the deposit of OTE Power Corp with the court was obtained and credited to other income.

- (4) Other Receivables

| | 2021.12.31 | 2020.12.31 |
|---|-------------------|-------------------|
| Other Receivables | \$ 1,673 | 11,273 |
| Other Accounts Receivable - Related Parties | 39,312 | 72,608 |
| | <u>\$ 40,985</u> | <u>83,881</u> |

(5) Inventories

| | 2021.12.31 | 2020.12.31 |
|-------------|------------|------------|
| Commodities | \$ 4,088 | 4,406 |

In 2021 and 2020, an amount of NT\$ 233 thousand and NT\$ 1,870 thousand, respectively, were recognized as a recovery benefit due to the recognition of inventory to net realizable value and were reported as cost of commodities sold.

As of December 31, 2021 and 2020, none of the Company's inventories has been provided as pledge guarantees.

(6) Investments Using Equity Method

The Company's investments (credit balance) under the equity method as at the reporting date are as follows:

| | 2021.12.31 | 2020.12.31 |
|---|--------------------|-----------------|
| Subsidiary | \$ (3,343) | (42,941) |
| Affiliated Enterprise | 5,068 | 3,891 |
| | <u>\$ 1,725</u> | <u>(39,050)</u> |
| Investment Credits Using the Equity Method | <u>\$ 22,440</u> | <u>3,891</u> |
| Investment Credit Balance Using the Equity Method | <u>\$ (20,715)</u> | <u>(42,941)</u> |

1. Subsidiary

(1) For subsidiaries, please refer to the 2021 consolidated financial report.

(2) The Company's share of the profits or losses of the subsidiaries in 2021 and 2020 is summarized as follows:

| | 2021 | 2020 |
|------------------------------------|------------------|--------------|
| Shares Attributable to the Company | | |
| Current Net Profit | \$ 24,940 | 8,686 |
| Other Consolidated Profit or Loss | (2,028) | (912) |
| Total | <u>\$ 22,912</u> | <u>7,774</u> |

2. Affiliated Enterprise

| Name of Investee | Primary Business | Set Up and Operating Site | Carrying Amount | | Percentage of Equity Held | |
|---------------------|-----------------------|---------------------------|-----------------|------------|---------------------------|------------|
| | | | 2021.12.31 | 2020.12.31 | 2021.12.31 | 2020.12.31 |
| BULL WILL | Sand and Gravel Sales | Singapore | \$ 5,068 | 3,891 | 30.00% | 30.00% |
| TRADING(S) PTE LTD. | | | | | | |

(3)The Company sold BULL WILL TRADING(S) PTE LTD in 2020. The disposal price of 18.95% of the equity is SGD 85,000 thousand (NT\$ 1,790 thousand), which has been completed in the second quarter of 2020, resulting in disposal investment benefit of NT\$ 251 thousand, which has been recognized under other benefits and losses.

(4) If the affiliated enterprises of the Company using the equity method are individual and insignificant, their aggregate financial information is as follows, which refers to the amount contained in the individual financial report of the Company:

| | 2021 | 2020 |
|---|------------------|---------------|
| Ending Summary Carrying Amount of the Interests of Individual Non-materially Affiliated Enterprises | \$ 16,892 | 12,969 |
| Shares Attributable to the Company: | \$ 5,068 | 3,891 |
| Current Net Profit: | \$ 1,415 | 1,228 |
| Other Consolidated Profit or Loss: | (238) | (116) |
| Total Consolidated Profit or Loss: | \$ 1,177 | 1,112 |

3. Guarantee

As of December 31, 2021 and 2020, no equity method investments of the Company have been provided as pledge guarantees.

(7) Real Estate, Plant and Equipment

A breakdown of the changes in cost, depreciation and impairment of real estate, plant, and equipment of the Company is as follows:

| | Machinery Equipment | Transportation Equipment | Office Equipment | Other Equipment | Total |
|------------------------------------|--------------------------------|-------------------------------------|-----------------------------|----------------------------|---------------|
| Cost or Identified Cost: | | | | | |
| Balance as of January 1, 2021 | \$ 4,345 | 530 | 18,743 | 23,237 | 46,855 |
| Added in Current Period | - | - | 886 | - | 886 |
| Balance as of December 31, 2021 | \$ 4,345 | 530 | 19,629 | 23,237 | 47,741 |
| Balance as of January 1, 2020 | \$ 4,345 | 530 | 18,743 | 23,237 | 46,855 |
| Balance as of December 31, 2020 | \$ 4,345 | 530 | 18,743 | 23,237 | 46,855 |
| Depreciation and Impairment Losses | | | | | |
| Balance as of January 1, 2021 | \$ 4,345 | 530 | 16,479 | 23,237 | 44,591 |
| Current Depreciation | - | - | 1,058 | - | 1,058 |
| Balance as of December 31, 2021 | \$ 4,345 | 530 | 17,537 | 23,237 | 45,649 |
| Balance as of January 1, 2020 | \$ 4,345 | 530 | 15,443 | 23,198 | 43,516 |
| Current Depreciation | - | - | 1,036 | 39 | 1,075 |
| Balance as of December 31, 2020 | \$ 4,345 | 530 | 16,479 | 23,237 | 44,591 |
| Carrying Amount Value: | | | | | |
| December 31, 2021 | \$ - | - | 2,092 | - | 2,092 |
| December 31, 2020 | \$ - | - | 2,264 | - | 2,264 |

No real estate, plant, and equipment of the Company has been provided as pledge guarantees as 31 December 2021 and 2020.

(8) Right-of-Use Assets

The changes in the cost, depreciation, and impairment of leased premises and buildings etc. of the Company are as follows :

| | Houses and Buildings | Total |
|---|---------------------------------|--------------|
| Cost of Right-of-Use Assets: | | |
| Balance as of January 1, 2021 | \$ 674 | 674 |
| Balance as of December 31, 2021 | \$ 674 | 674 |
| Balance as of January 1, 2020 | \$ 425 | 425 |
| Added | 674 | 674 |
| Expired | (425) | (425) |
| Balance as of December 31, 2020 | \$ 674 | 674 |
| Depreciation and Impairment Losses of Right-of-Use Assets: | | |
| Balance as of January 1, 2021 | \$ 253 | 253 |
| Depreciation | 337 | 337 |
| Balance as of December 31, 2021 | \$ 590 | 590 |
| Balance as of January 1, 2020 | \$ 340 | 340 |
| Depreciation | 338 | 338 |
| Expired | (425) | (425) |
| Balance as of December 31, 2020 | \$ 253 | 253 |
| Accounting Value: | | |
| December 31, 2021 | \$ 84 | 84 |
| December 31, 2020 | \$ 421 | 421 |

(9) Investment Real Estate

The details of the changes in the investment real estate of the Company are as follows :

| | Land | Houses and Buildings | Total |
|---|------------------|---------------------------------|---------------|
| Cost or Identified Cost: | | | |
| Balance as of January 1, 2021 | \$ 16,203 | 7,062 | 23,265 |
| Balance as of December 31, 2021 | \$ 16,203 | 7,062 | 23,265 |
| Balance as of January 1, 2020 | \$ 16,203 | 7,062 | 23,265 |
| Balance as of December 31, 2020 | \$ 16,203 | 7,062 | 23,265 |
| Accumulated Depreciation and Impairment: | | | |
| Balance as of January 1, 2021 | \$ - | 2,384 | 2,384 |
| Depreciation Expense | - | 138 | 138 |
| Balance as of December 31, 2021 | \$ - | 2,522 | 2,522 |
| Balance as of January 1, 2020 | \$ - | 2,246 | 2,246 |
| Depreciation Expense | - | 138 | 138 |
| Balance as of December 31, 2020 | \$ - | 2,384 | 2,384 |

| | Land | Houses and Buildings | Total |
|---------------------------------|------------------|---------------------------------|---------------|
| Book Value | | | |
| Balance as of December 31, 2021 | \$ 16,203 | 4,540 | 20,743 |
| Balance as of December 31, 2020 | \$ 16,203 | 4,678 | 20,881 |

Rental Revenue and Direct Operating Expenses of Investment Real Estate

| | 2021 | 2020 |
|--|---------------|-------------|
| Rental Revenue From Investment Real Estate | \$ 820 | 780 |
| Direct Operating Expenses Incurred in the Current Period for Investment Real Estate with Rental Income | \$ 264 | 293 |

The fair values of the investment real estate of the Company as at December 31, 2021 and 2020 are NT\$ 36,144 thousand and NT\$ 31,500 thousand. The fair values are based on market evidence of the transaction prices of similar real estate.

As of December 31, 2021, the investment real estate of the Company is used as security for other short-term borrowings, please refer to Note VIII. At December 31, 2020, no pledge guarantee has been provided for the investment real estate of the Company.

(10) Short-Term Loan

| | 2021.12.31 | 2020.12.31 |
|-----------------------|--------------------|-------------------|
| Unsecured Bank Loan | \$ 8,000 | 8,000 |
| Unused Credit | \$ 30,000 | - |
| Interest Rate Collars | 1.00%~3.50% | 2.47% |

Details of the situation in which the assets of the Company are set up as collateral for short-term borrowing are described in Note VIII.

(11) Liability Reserve

| | Liability Reserve of Employee Benefits |
|--|---|
| Balance as of January 1, 2021 | \$ 1,201 |
| Current Added (Reversed) Liability Reserve | 290 |
| Balance as of December 31, 2021 | \$ 1,491 |
| Balance as of January 1, 2020 | \$ 1,094 |
| Current Added (Reversed) Liability Reserve | 107 |
| Balance as of December 31, 2020 | \$ 1,201 |

(12) Lease Liabilities

The carrying amount of the Company's leasing liabilities is as follows:

| | 2021.12.31 | 2020.12.31 |
|-------------|-------------------|-------------------|
| Current | \$ 86 | 339 |
| Non-Current | - | 86 |
| | \$ 86 | 425 |

For maturity analysis, please refer to Note VI (22) Financial Instruments.

The amount of lease recognized in profit or loss is as follows:

| | 2021 | 2020 |
|--|-------------|-------------|
| Interest Expense of Lease Liabilities | \$ 7 | 12 |
| Expense of Short-Term Leases | \$ 2,151 | 2,151 |
| Expense of Leasing an Asset of Low Value | \$ 63 | 69 |

The amount of the lease recognized in the cash flow statement is as follows:

| | 2021 | 2020 |
|---------------------------------|-------------|-------------|
| Total Cash Outflow From Leasing | \$ 339 | 335 |

(13) Long-Term Loan

| | 2021.12.31 | 2020.12.31 |
|---------------------------------|----------------------|-------------------|
| Unsecured Bank Loan | \$ 17,277 | 8,611 |
| Minus: Part Due Within One Year | (4,042) | (3,333) |
| Total | \$ 13,235 | 5,278 |
| Unused Credit | \$ - | - |
| Interest Rate Collars | 1.500%~1.845% | 1.655% |

(14) Employee Benefits

Defined Contribution Plan

In accordance with the provisions of the Labor Pension Act, the definitional contribution plan of the Company shall be allocated to the labor pension individual account of the Bureau of Labor Insurance at a contribution rate of 6% of the monthly wages of the labors. Under the scheme, there is no statutory or constructive obligation on the part of the Company to pay any additional amount after a fixed contribution has been made to the Bureau of Labor Insurance. The Company's pension expense under the 2021 and 2020 definitional pension scheme are NT\$ 973 thousand and NT\$ 990 thousand respectively, which have been allocated to the Bureau of Labor Insurance.

(15) Income Tax

1. Income Tax Expense

The income tax expense (equity) of the Company in 2021 and 2020 is detailed as follows:

| | 2021 | 2020 |
|--|---------------|-------------|
| Current Income Tax Expense (Interest) | | |
| Current Occurrence | \$ 370 | - |
| Occurrence of Previous Years | (2) | (7) |
| Deferred Income Tax Expense (Interest) | | |
| Occurrence and Reversal of Temporary Differences | (13,555) | (134) |
| Original Occurrence and Reversal of Tax Losses | 13,555 | 134 |
| Income Tax Expense (Interest) | \$ 368 | (7) |

The details of income tax (expense) interests recognized under other consolidated profit or loss of the Company in 2021 and 2020 are as follows:

| | 2021 | 2020 |
|---|-------------|-------------|
| Items That May Be Subsequently Reclassified as Profit or Loss | | |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | \$ - | 228 |

2. The relationship between income tax expense (interest) and pre-tax net profit of the Company in 2021 and 2020 is adjusted as follows:

| | 2021 | 2020 |
|---|---------------|--------------|
| Net Profit Before Tax | \$ 900 | 8,214 |
| Income Tax Calculated According to the Domestic Tax Rate at the Locality of the Company | \$ 180 | 1,643 |
| Permanent Difference | (15,713) | 205 |
| Occurrence of Previous Years | (2) | (7) |
| Changes in Tax Losses on Deferred Tax Assets Not Recognized | 13,555 | 134 |
| Changes of Temporary Differences Not Recognized | 2,348 | (1,982) |
| | \$ 368 | (7) |

3. Deferred Income Tax Assets and Liabilities
Unrecognized Deferred Income Tax Assets

Items not recognized as deferred income tax assets of the Company are as follows:

| | 2021.12.31 | 2020.12.31 |
|----------------------------------|-------------------|-------------------|
| Deductible Temporary Differences | \$ 106,255 | 104,311 |
| Levy Loss | \$ 56,410 | 42,988 |

According to the provisions of the Income Tax Act, tax loss shall be deducted from the net profit of the preceding ten years after the approval of the tax inspection authority. This item has not been recognized as a deferred income tax asset because it is unlikely that the Company will have sufficient tax income to cover the temporary difference in the future.

As of December 31, 2021, the Company has not recognized the tax loss on deferred income tax assets. The deduction period is as follows:

| Deficiency Year | Deficits Not Yet Deducted | Final Year of Deduction |
|------------------------|----------------------------------|--------------------------------|
| Approvals in 2016 | \$ 13,407 | 2026 |
| Approvals in 2017 | 27,403 | 2027 |
| Approvals in 2018 | 57,654 | 2028 |
| Approvals in 2019 | 115,804 | 2029 |
| Declarations in 2020 | 274 | 2030 |
| Estimates in 2021 | 67,776 | 2031 |
| Total | \$ 282,318 | |

Recognized Deferred Income Tax Assets (Liabilities)

The changes of deferred tax assets (liabilities) in 2021 and 2020 are as follows :

2021

| | Opening Balance | Recognized as Profit or Loss | Recognized in Other Consolidated Profit or Loss | Ending Balance |
|--|--------------------|------------------------------------|---|-------------------|
| Temporary Differences | | | | |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | \$ (1,900) | - | - | (1,900) |
| Deferred Income Tax Expense | | - | - | |
| Net Deferred Income Tax | <u>\$ (1,900)</u> | | | <u>(1,900)</u> |
| The information expressed in the balance sheet is as follows: | | | | |
| Deferred Income Tax Liabilities | <u>\$ (1,900)</u> | | | <u>(1,900)</u> |

2020

| | Opening Balance | Recognized as Profit or Loss | Recognized in Other Consolidated Profit or Loss | Ending Balance |
|--|--------------------|------------------------------------|---|-------------------|
| Temporary Differences | | | | |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | \$ (2,128) | - | 228 | (1,900) |
| Deferred Income Tax Expense | | - | 228 | |
| Net Deferred Income Tax | <u>\$ (2,128)</u> | | | <u>(1,900)</u> |
| The information expressed in the balance sheet is as follows: | | | | |
| Deferred Income Tax Liabilities | <u>\$ (2,128)</u> | | | <u>(1,900)</u> |

4. Income Tax Approval Status

The business income tax settlement declaration of the Company has been approved by the tax inspection authority until 2019.

(16) Capital and Other Equities

1. Share Capital

December 31, 2021 and 2020, the total rated share capital of the Company is NT\$ 2,050,000 thousand, with NT\$ 10 par value per share in the amount of 205,000 thousand shares. The issued shares are 16,111 thousand shares and 15,507 thousand shares

respectively. The proceeds of all issued shares have been collected.

On June 18, 2020, the Company decided by the Board of Shareholders that in order to make up the losses and improve the financial structure, the paid-up capital will be reduced by NT\$ 958,292 thousand, and the issued shares will be cancelled by 95,829 thousand shares, with a capital reduction ratio of about 86.07176%. The capital reduction plan has been approved by the Financial Supervisory Commission, and July 22, 2020 is taken as the base date for the capital reduction, and the capital change registration shall be approved by the competent authority on August 5, 2020.

From January 1 to December 31, 2021, the Company converted 2,104 thousand shares due to employee stock options. The total amount of shares received during the year from employee stock options conversion is NT\$ 31,770 thousand, of which NT\$ 6,040 thousand has been converted into common share and the change registration has been completed. As of December 31, 2021, the amount of advance proceeds pending change registration amounted to \$22,650 thousand and 1,500 thousand shares.

2. Capital Surplus

The Company's capital reserve balance is as follows:

| | 2021.12.31 | 2020.12.31 |
|--|-------------------|-------------------|
| Common Share Capital Premium | \$ 38,603 | 35,341 |
| Compensatory Cost Recognized for Employee Stock Option | 8,695 | 8,713 |
| Total | \$ 47,298 | 44,054 |

In accordance with the provisions of the Company Act, after the capital reserves need to be first used to cover losses, the company may issue new shares or cash out of the realized capital reserves according to the proportion of the shareholders' original shares. The term "realized capital reserves" as mentioned in the preceding paragraph includes the excess of income from issuing shares above par value and income from receiving gifts. The total amount of the capital reserve that may be allocated as capital in accordance with the issuer's standards for handling the issue of securities shall not exceed 10% of the paid-up capital.

3. Retained Earnings

The company's earnings distribution or loss allocation and compensation shall be made at the end of each half fiscal year. Where the earnings distribution is made in cash, the board of directors shall make a resolution and report to the shareholders' meeting in accordance with Article 228-1 and Item 5 of Article 240 of the Company Act, without submitting it to the shareholders' meeting for recognition.

If there is net profit after tax of the current period in the company's annual general accounts, the accumulated losses (including the adjustment of undistributed surplus

amount) shall be made up first, and 10% shall be contributed as the legal surplus reserve according to law; except when the legal surplus accumulated has reached the total paid-in capital of the Company. Next, allocating or reversing the special earnings reserve as required by law or by the competent authority. For the remaining earnings, together with undistributed earnings at the beginning of the period (including the adjusting the non-distributed amount of earnings), the Board of Directors shall propose earnings distribution at the shareholders' meeting.

The dividend policy of the Company is based on the current and future development plan, considering the investment environment, capital needs and foreign competition conditions, and considering the equities of shareholders and other factors, so as to allocate no less than 30% of the distributable surplus to shareholders every year. However, if the accumulated distributable surplus is less than 10% of the paid-in share capital, it may not be distributed. Dividends may be paid in cash or shares to shareholders, in which the cash dividend shall not be less than 50% of the total dividend.

4. Surplus Earnings Distribution

(1) On August 30, 2021 and June 18, 2020, the shareholders' meeting approved the 2020 earnings distribution plan and the 2019 profit and loss compensation plan respectively, and no amount of dividends was distributed to the owners.

(2) Information on the Company's surplus earnings distribution plan for the past year can be found at the Market Observation Post System.

5. Other Equities (Net Amount After Tax)

| | Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | Exchange Differences on Conversion of the Financial Statements of Foreign Operation | Total |
|---|---|--|--------------|
| January 1, 2020 | \$ (306) | 8,510 | 8,204 |
| Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | (422) | - | (422) |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | - | (1,028) | (1,028) |
| Balance as of December 31, 2020 | <u>\$ (728)</u> | <u>7,482</u> | <u>6,754</u> |

| | Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | Exchange Differences on Conversion of the Financial Statements of Foreign Operation | Total |
|---|---|--|--------------|
| January 1, 2021 | \$ (728) | 7,482 | 6,754 |
| Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | 422 | - | 422 |
| Exchange Differences on Conversion of the Financial Statements of Foreign Operation | - | (2,265) | (2,265) |
| Balance as of December 31, 2021 | <u>\$ (306)</u> | <u>5,217</u> | <u>4,911</u> |

(17) Share-Based Payment Plan

Employees of the Company may receive a share-based payment as part of the reward scheme; the transaction in which an employee provides services as consideration for the acquisition of equity is a share-based payment transaction for the delivery of equity.

Employee Share-Based Payment Plan

On May 27, 2019, the Company was approved by the competent authority to issue an Employee Stock Option Warrants of 9,000 thousand units, with each unit entitled to subscribe for 1 common share of the Company. The above employee stock options were granted in full on June 10, 2019 to employees who are officially incorporated in the Japan Company on the basis of subscription eligibility and to full-time employees of the Company who directly or indirectly hold more than 50% of the voting shares of the same invested company. The duration of the stock options is seven years, and the holder of the warrants may exercise a certain percentage of the stock options granted upon the expiration of two years.

The fair value of the options is assessed on the basis of the Black-Scholes-Merton option pricing model at the date of issue, and the parameters and assumptions are set by taking into account the terms and conditions of the contract.

The plan offers stock options for seven years and does not provide a cash settlement option. In the past, the Company has not been in the practice of granting stock options in respect of such programs on a cash settlement basis.

The information related to the aforesaid share-based payment plan is as follows:

| Stock Option Warrant Issuing Date | Issuing Unit Total Number | Ending Total Outstanding Units | Number of Shares for Subscription | The Date on Which Subscribers May Commence to Exercise | Subscription Price (NT\$) | Performance Method |
|-----------------------------------|---------------------------|--------------------------------|-----------------------------------|--|---------------------------|--------------------|
| 2019.6.10 | 9,000 Thousand Units | 8,500 Thousand Units | 8,500,000 | 2021.6.10 | \$15.10 | Issuing New Shares |

For the share-based payment plan, the pricing model and assumptions used are as follows:

| | Issued Stock Option Warrants on June 10 2019 |
|--------------------------------|--|
| Expected Dividend Rate | 0.00% |
| Expected Price Volatility | 35.08% |
| Risk-Free Interest Rate | 0.613%~0.635% |
| Stock Option Expected Duration | 4.5 years, 5 years, 5.5 years |

The expected duration of employee stock options is based on historical information and current expectations and may not necessarily correspond to actual performance. Expected volatility is the historical volatility of a period close to the duration of the option assumed to represent the future trend, although it may not necessarily correspond to actual future results.

Details of the aforementioned stock option plan are as follows:

| | 2021 | | 2020 | |
|---|-----------------------------|--|-----------------------------|--|
| | Outstanding Quantity (Unit) | Weighted Average Exercise Price (NT\$) | Outstanding Quantity (Unit) | Weighted Average Exercise Price (NT\$) |
| Outstanding Employee Stock Options on January 1 | 8,500 | \$15.10 | 8,800 | \$2.10 |
| Current Granted Employee Stock Options | - | - | - | - |
| Current Lost Employee Stock Options | - | - | (300) | - |
| Current Exercised Employee Stock Options | (2,104) | 15.10 | - | - |
| Outstanding Employee Stock Options on December 31 | <u>6,396</u> | 15.10 | <u>8,500</u> | \$15.10 |
| Executable Employee Stock Options on December 31 | 2,146 | \$15.10 | - | - |

Information of employee stock options issued on May 27, 2021 outstanding as of December 31, 2020 is as follows:

| Outstanding Employee Stock Options | | |
|---|-----------------------|--|
| Issuing Date | Exercise Price | Weighted Average Expected Residual Duration (Years) |
| 2019.6.10 | \$15.10 | 6 |

The Company's authorized employee share-based payment plan costs are as follows:

| | 2021 | 2020 |
|---|-------------|-------------|
| Expense Recognized as a Result of Share-based Payment Transactions | \$ 164 | 352 |
| (All of them are based on share-based payment of equity settlement) | | |

(18) Earnings Per Share

| | 2021 | 2020 |
|--|----------------|---------------|
| Basic Earnings Per Share | | |
| Net Profit Attributable to the Company's Common Shareholders | \$ 532 | 8,221 |
| Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares) | 15,590 | 15,507 |
| Basic Earnings Per Share (NT\$) | \$ 0.03 | 0.53 |
| Diluted Earnings Per Share | | |
| Net Profit (Loss) Attributable to the Company's Common Shareholders | \$ 532 | 8,221 |
| Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares) | 15,590 | 15,507 |
| Effect of Employee Stock Option | 3,491 | - |
| Effect of Employee Consideration | - | 16 |
| Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares) | 19,081 | 15,523 |
| Diluted Earnings Per Share (NT\$) | \$ 0.03 | 0.53 |

The weighted average number of outstanding common shares in 2020 has been retroactively adjusted according to the ratio of capital reduction to cover losses of 86.07176% made on July 22, 2020.

(19) Customer Contractual Revenue

1. The details of the Company's customer contractual revenue for the years 2021 and 2020 are as follows:

| | 2021 | 2020 |
|------------------------------|-------------------|----------------|
| Electronic Component Revenue | \$ 185,499 | 136,370 |
| Other Revenue | 279 | 3,204 |
| | \$ 185,778 | 139,574 |

2. Details of Customer Contract Revenue:

| Revenue Recognition Time Point | 2021 | 2020 |
|--|-------------|-------------|
| Commodities That Are Transferred at a Certain Time Point | \$ 185,778 | 139,574 |

3. Contractual liabilities:

| | 2021.12.31 | 2020.12.31 |
|-----------------|-------------------|-------------------|
| Commodity Sales | \$ - | 705 |

(20) Employee Consideration

In accordance with the Articles of Association of the Company, if the Company has profit in the year (the profit refers to the profit before deducting the consideration of the assigned employees and the consideration of the director), it shall allocate no more than 5% of the consideration of the employees and the consideration of the director separately. However, if the company has accumulated deficiency (including adjusting the amount of undistributed surplus earnings), it shall reserve the amount of compensation in advance. The said employee consideration can be paid in the form of stock or cash, and the recipient of the payment include employees of subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned considerations of directors/supervisors can only be paid in the form of cash.

The consideration of the Company's employee and the consideration of the directors are estimated according to the ratio of the net profit before tax for the current period less the consideration of the employee and the consideration of the directors. If there is any change in the amount after the publication of the annual financial report, it shall be treated according to the change of accounting estimation and be recorded in the next year. In 2021 and 2020, the estimated consideration for employees and directors is NT\$ 49 thousand and NT\$ 29 thousand, NT\$ 447 thousand and NT\$ 268 thousand, respectively.

In 2020, there was no difference between the amount of the resolution and the amount of the Company's account expenses. Information on the consideration of our employees and directors and supervisors can be found at the Market Observation Post System.

(21) Non-Operating Income and Expenditure

1. Interest Income

The details of the Company's interest revenue for the years 2021 and 2020 are as follows:

| | 2021 | 2020 |
|-------------------------------|-----------------|--------------|
| Bank Deposit Interest Revenue | \$ 57 | 195 |
| Other Interest Revenues | 2,250 | 3,564 |
| | \$ 2,307 | 3,759 |

2. Other Revenue

The details of the Company's other revenue for the years 2021 and 2020 are as follows:

| | 2021 | 2020 |
|---|-----------------|---------------|
| Rental Revenue | \$ 1,351 | 1,312 |
| Dividend Revenue | 179 | 13,409 |
| Revenue of Court Enforcement of Creditors' Rights | - | 2,003 |
| Others | 1,259 | 205 |
| | \$ 2,789 | 16,929 |

3. Other Profits and Losses

The details of the Company's other profits and losses for the years 2021 and 2020 are as follows:

| | 2021 | 2020 |
|---|-------------------|-----------------|
| Net Loss on Foreign Currency Exchange | \$ (8,448) | (11,611) |
| Financial Asset Loss Measured at Fair Value Through Profit and Loss | (372) | (398) |
| Interests of Disposal of Investment | - | 251 |
| Others | (385) | (659) |
| | \$ (9,205) | (12,417) |

4. Financial Cost

The details of the Company's financial cost for the years 2021 and 2020 are as follows :

| | 2021 | 2020 |
|---------------------------------------|---------------|-------------|
| Interest Expense on Bank Loans | \$ 484 | 118 |
| Interest Expense on Lease Liabilities | 7 | 12 |
| | \$ 491 | 130 |

(22) Financial Instrument

1. Credit Risk

(1) Exposure of Credit Risk

The carrying amount of a financial asset represents the maximum credit exposure amount.

(2) Concentration of Credit Risk

The Company's accounts receivable is mainly from payments for goods from selling goods to customers, all divisions of the Company comply with the credit risk policies, procedure, and control for managing credit risk. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty's financial condition, credit rating by credit rating institutions, past transaction experiences, current economic environment, and the Company's internal evaluation criteria. According to the experience of collecting payments from customers, the Company management's evaluation showed no major credit risk.

2. Liquidity Risk

The following table shows the contract maturity dates of financial liabilities, including estimated interest but excluding the effect of net agreements.

| | Carrying Amount | Contract Cash Flow | Within 12 Months | 1 to 2 Years | 2 to 5 Years | Over 5 Years |
|---|--------------------|-----------------------|---------------------|-----------------|-----------------|-----------------|
| December 31, 2021 | | | | | | |
| Non-Derivative Financial Liabilities | | | | | | |
| Floating Interest Rate Instrument | \$ 25,277 | 26,060 | 12,144 | 5,012 | 8,904 | - |
| Non-Interest-Bearing Liabilities | 41,128 | 41,128 | 41,128 | - | - | - |
| Lease Liability | 86 | 87 | 87 | - | - | - |
| | <u>\$ 66,491</u> | <u>67,275</u> | <u>53,359</u> | <u>5,012</u> | <u>8,904</u> | <u>-</u> |
| December 31, 2020 | | | | | | |
| Non-Derivative Financial Liabilities | | | | | | |
| Floating Interest Rate Instrument | \$ 16,611 | 17,032 | 11,659 | 3,415 | 1,958 | - |
| Non-Interest-Bearing Liabilities | 29,077 | 29,077 | 29,077 | - | - | - |
| Lease Liability | 425 | 433 | 346 | 87 | - | - |
| | <u>\$ 46,113</u> | <u>46,542</u> | <u>41,082</u> | <u>3,502</u> | <u>1,958</u> | <u>-</u> |

The Company does not expect the timing of the occurrence of cash flows through the maturity date analysis will be significantly earlier or the actual amount will significantly differ.

3. Currency Risk

(1) Exposure of Currency Risk

The financial assets and liabilities of the Company exposed to material foreign exchange risk are as follows:

| (Unit: Foreign Currency/NT\$ 1,000) | | | | | | |
|-------------------------------------|------------------|-------|---------------------|------------------|-------|---------|
| 2021.12.31 | | | 2020.12.31 | | | |
| Foreign Currency | Exchange Rate | NT\$ | Foreign Currency | Exchange Rate | NT\$ | |
| <u>Financial Assets</u> | | | | | | |
| Monetary Items | | | | | | |
| USD | \$ 7,718 | 27.67 | 213,557 | 7,029 | 28.48 | 200,186 |
| RMB | 6 | 4.345 | 26 | 118 | 4.38 | 517 |
| HKD | 7 | 3.551 | 25 | 10 | 3.625 | 36 |
| SGD | 1 | 20.46 | 20 | 1 | 21.58 | 22 |
| Non-Monetary | | | | | | |
| Items | | | | | | |
| THB | - | - | - | 12,000 | 0.939 | 11,268 |
| <u>Financial Liabilities</u> | | | | | | |
| Monetary Items | | | | | | |
| USD | 334 | 27.67 | 9,242 | 432 | 28.48 | 12,303 |
| RMB | 21 | 4.345 | 91 | 25 | 4.38 | 110 |
| HKD | 2 | 3.551 | 7 | 2 | 3.625 | 7 |

(2) Sensitivity Analysis

The exchange rate risk of the Company mainly derives from the foreign currency conversion profit or loss of cash and cash equivalents, accounts receivable, and accounts payable, etc. valued in foreign currency. On December 31, 2021 and 2020, if the NT\$ depreciates or appreciates by 5% against the USD, RMB, HKD, KRW, and SGD, and all other factors remain unchanged, the net profit for 2021 and 2020 would increase or decrease by NT\$ 10,213 thousand and NT\$ 9,417 thousand respectively. The two analyses were based on the same basis.

Due to the variety of functional currencies of the Company, the conversion profit or loss information of monetary items is disclosed by integrated method. Foreign currency conversion losses (including realized and unrealized) for 2021 and 2020 were NT\$ 8,448 thousand and NT\$ 11,611 thousand respectively.

4. Interest Rate Analysis

The interest rate exposure of the financial assets and financial liabilities of the Company is indicated in the liquidity risk management in this note.

The following sensitivity analysis is based on the risk of interest rate spike of both derivative and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the outstanding amount of liabilities at the reporting period is outstanding throughout the year. Internally, the Company report changes to the interest rate that are increased or decreased by 1% to the major management. This means that management evaluates the range of reasonable possible changes of the interest rates.

If interest rates increase or decrease by 1% as at the reporting date, all other variables being unchanged, the net profit of the Company in 2021 and 2020 will be reduced or increased by NT\$ 253 thousand and NT\$ 166 thousand, mainly due to variable interest rate borrowings of the Company.

5. Fair Value

(1) Categories of Financial Instrument and Fair Value

The carrying amount and fair value (where the fair value level information is included, but the carrying amount of a financial instrument which is not measured by the fair value is a reasonable approximation of the fair value, and where there is unquoted price in the active market and the fair value cannot be reliably measured, the fair value information is not required to be disclosed) of the financial assets and financial liabilities of the Company are listed as follows:

| 2021.12.31 | | | | | |
|---|----------------------------|-------------------|----------------|----------------|--------------|
| | Carrying Amount | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial Assets at Fair Value Through Profit or Loss | | | | | |
| Domestic & Foreign TWSE-Listed (OTC-Listed) Stocks | \$ 6,478 | 6,478 | - | - | 6,478 |
| 2020.12.31 | | | | | |
| | Carrying Amount | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial Assets at Fair Value Through Profit or Loss | | | | | |
| Domestic & Foreign TWSE-Listed (OTC-Listed) Stocks | \$ 2,345 | 2,345 | - | - | 2,345 |
| Equity Instrument Investments Measured at Fair Value Through Other Comprehensive Income | | | | | |
| Preferred Stock Shares | \$ 49,767 | - | - | 49,767 | 49,767 |

(2) Fair Value Evaluation Techniques for Financial Instruments Measured at Fair Value

(2.1) Non-Derivative Financial Instruments

If a financial instrument has an open quotation in the active market, the open offered price in the active market shall be taken as its fair value. The market prices announced by the TPEX of the central government and the major exchanges judged to be popular securities are the basis of the fair value of listed (counter) equity instruments and debt instruments with active open market quotations.

For financial instruments with no active market, their fair value is estimated by the discounted cash flow model according to the category and nature. The main assumption is that the expected future cash flows to be received by investors are measured by the current exchange rate of foreign currency.

(3) Transition Between Level 1 and Level 2

There is no material transfer of fair value measures between Level 1 and Level 2 for 2021 and 2020 of the Company.

(4) Schedule of Changes to Level 3

| Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss | Equity Instruments Without Public Quotation |
|--|--|
| 2020.1.1 | \$ - |
| Acquisition | 50,189 |
| Recognized in Other Consolidated Profit or Loss | (422) |
| 2020.12.31 | \$ 49,767 |
| Disposed | (50,189) |
| Recognized in Other Consolidated Profit or Loss | 422 |
| 2021.12.31 | <u>\$ -</u> |

(5) Significant Unobservable Input Value Information for Level 3 of Fair Value Level

Unquoted equity instrument investment measured at fair value adopts the asset method, which evaluates the overall value of the enterprise according to the assets and liabilities of the target, and makes a consolidated assessment taking into account non-control reduction and liquidity risk.

(23) Financial Risk Management

1. Summary

The Company is exposed to the following risks as a result of the use of financial instruments:

- (1) Credit Risk
- (2) Liquidity Risk
- (3) Market Risk

This note provides information on the risks of the Company and the Company's objectives, policies, and procedures for measuring and managing risks. For further quantitative disclosures, please refer to these notes in the individual financial statements.

2. Risk Management Framework

The Company's objective are to management operating activities related market risk, credit risk, and liquidity risk and to identify, measure, and manage above-mentioned risk according to policies and risk preferences. For the Company's financial risk management, the Company has referred to related regulations and specifications to establish appropriate policies, procedures, and internal control and important financial activities have to be reviewed by the Board of Directors according to related regulations and specifications as well as the internal control system.

During the financial management activity implementation period, the Company should authentically follow the established financial risk management related regulations and rules.

To reduce and to manage related financial risks, the Company has worked on analyzing, identifying, evaluating adverse effects of financial risk related factors on the Company's finance and proposing related programs to avoid adverse factors generated from financial risks.

3. Market Risk

The market risk of the consolidated company is the risk that the fair value or cash flow of the financial instrument may fluctuate due to the change of the market price. Market risk mainly includes exchange rate risk, interest rate risk and other price risk.

In practice, it is rare for a single risk variable to change independently, and the changes of each risk variable are usually correlated. However, the following risk sensitivity analysis does not consider the interaction of related risk variables.

A. Currency Risk

The Company's foreign exchange rate risk is primarily associated with operating activities (when the currency of revenue or expenses is different from the Company's functional currency) and foreign operating entities' net investment.

The Company's foreign currency accounts receivable and payable are of the same currency. Natural risk avoidance effect is generated from similar positions, but these natural risk avoidance methods do not satisfy hedge accounting regulations. Therefore, hedge accounting was not adopted. In addition, foreign operating entities' net investment is strategic investment, and as a result, the Company did not manage the risk.

The exchange rate risk of the Company mainly comes from cash, accounts receivable, accounts receivable - affiliate net amount, other receivables, other receivables - related party, bank loan, accounts payable and other payables denominated in foreign currencies, which generate foreign currency conversion profit or loss at the time of conversion.

B. Interest Rate Risk

Interest rate risk is the risk that the fair value of financial instruments or future

cash flows fluctuate due to changes in market interest rates. The interest rate risk of the Company mainly comes from floating rate loans. The Company manages interest rate risk by maintaining an appropriate floating rate portfolio. The Company regularly assesses risk aversion in line with interest rate views and established risk preference to ensure the most cost-effective risk aversion strategy is adopted.

4. Credit Risk

Credit risk refers to the risk that the trading counterparty fails to fulfill its obligations contained in the contract and causes financial loss. The credit risk of the Company is caused by business activities (mainly notes receivable and accounts) and financial activities (mainly bank deposits and various financial instruments).

All divisions of the Company comply with the credit risk policies, procedure, and control for managing credit risk. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty's financial condition, credit rating by credit rating institutions, past transaction experiences, current economic environment, and the Company's internal evaluation criteria.

The receivables of the Company mainly refer to the payment for sales goods to be received from customers. According to the past collection experience of customers, the management of the Company evaluates that there is no significant credit risk.

The finance department of the Company shall manage the credit risk of bank deposits, fixed income securities and other financial instruments in accordance with the Company policy. There is no significant credit risk due to the fact that the Company's trading object is determined by internal regulatory procedures and is a bank with good credit standing and investment grade financial institutions, corporate organizations and government agencies.

5. Liquidity Risk

Liquidity risk refers to the risk that the Company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations.

The Company manages and maintains sufficient positional cash and equivalent cash to support the operations of the Company and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of the bank's financing line and ensures compliance with the terms of the loan agreement.

Bank loan is an important source of liquidity for the Company. As of December 31, 2020 and 2019, the consolidated company has no untapped bank financing credit. As of December 31, 2021 and 2020, the Company's untapped bank financing credit was NT\$ 46,602 thousand (US\$ 600 thousand and NT\$ 30,000 thousand) and NT\$ 0 thousand.

(24) Capital Management

The Company's capital management objectives are to secure the Company's ability to continue as a going concern, maintain the optimal capital structure for reducing the cost of

capital, and to provide returns to our shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares or sell assets to reduce the liabilities. The Company manages the assets by routinely evaluating the debt to assets ratio. The capital of the Company is the "total equity" shown in the balance sheet, which is equal to the total assets minus the total liabilities.

As of December 31, 2021, the Company's approach to capital management has not changed.

(25) Changes in Liabilities Arising from Financing Activities

The Company's liabilities from financing activities are adjusted as follows:

| | | | Non-Cash | |
|---|------------------|------------------|-----------------|-------------------|
| | 2021.1.1 | Cash Flow | Flow | 2021.12.31 |
| Short-Term Loan | \$ 8,000 | - | - | 8,000 |
| Lease Liability | 425 | (339) | - | 86 |
| Long-Term Loan | 8,611 | 8,666 | - | 17,277 |
| Liabilities Arising from Financing Activities | \$ 17,036 | 8,327 | - | 25,363 |

| | | | Non-Cash | |
|---|-----------------|------------------|-----------------|-------------------|
| | 2020.1.1 | Cash Flow | Flow | 2020.12.31 |
| Short-Term Loan | \$ - | 8,000 | - | 8,000 |
| Lease Liability | 86 | (335) | 674 | 425 |
| Long-Term Loan | - | 8,611 | - | 8,611 |
| Liabilities Arising from Financing Activities | \$ 86 | 16,276 | 674 | 17,036 |

7. Transactions With Related Parties

(1) Parent Company and Ultimate Controller

BULL WILL CO LTD (The Company).

(2) Name and Relationship of Related Parties

| Name of Related Parties | Relationship With the Company |
|--|---|
| Serial System LTD (Serial System) | A Company That Adopts the Equity Method to Evaluate the Company |
| Hong Kong Serial Investment CO LTD (Hong Kong Serial Investment) | Subsidiary |
| BULL WILL Electronics Corporation (Bull Will) | Subsidiary |

| Name of Related Parties | Relationship With the Company |
|--|---|
| Electronics) | |
| Huizhou BULL WILL Electronics Corporation (Huizhou Bullwill) | Subsidiary |
| Huizhou Chunchao Electronics Corporation (Huizhou Chunchao) | Subsidiary |
| Dongguan Chaokang Electronics Corporation (Dongguan Chaokang) | Subsidiary |
| Trustbond Technology Corp (Trustbond Technology) | Subsidiary |
| BULL WILL TRADING PTE LTD (BWTS) | Related Enterprises |
| Serial System CO LTD (Serial System) | Company Also Controlled by Serial System |
| Serial Investment CO LTD (Serial Investment) | Company Also Controlled by Serial System |
| Serial Microelectronics Information Limited (Serial Microelectronics Information) | Company Also Controlled by Serial System |
| Serial System (Hong Kong) LTD (Serial System (HK)) | Company Also Controlled by Serial System |
| Name of Related Parties | Relationship With the Company |
| Serial System (Singapore) LTD (Serial System Singapore) | Company Also Controlled by Serial System |
| NULINE MARKETING SINGAPORE PTE LTD (NULINE) | Other Related Parties |

(3) Major Transactions with Related Parties

1. Operating Income

The amount of the Company's major sales revenue (refund) to its related parties is as follows:

| Name of Related Parties | 2021 | 2020 |
|--------------------------------|-----------------|--------------|
| Subsidiary | \$ 1,166 | 1,090 |
| Affiliated Enterprise | 583 | 128 |
| | \$ 1,749 | 1,218 |

The sales price and credit conditions of the related parties of the Company's merchandise sales are similar to general transactions.

In 2021 and 2020 the Company's unrealized profit from sales generated from merchandise sales to related parties were NT\$ 867 thousand and NT\$ 849 thousand respectively, while the realized gross profits were NT\$ 849 thousand and NT\$ 848 thousand respectively.

2. Purchase

The amount of purchase by the Company from its related parties is as follows:

| Name of Related Parties | 2021 | 2020 |
|--------------------------------|------------------|---------------|
| Subsidiary | \$ 357 | 278 |
| Huizhou Chunchao | 49,479 | 33,212 |
| Affiliated Enterprise | 15 | 43 |
| | \$ 49,851 | 33,533 |

There is no material difference in terms of payment for purchases made by the Company to related parties.

3. Receivables From Related Parties

The details of accounts receivable by the Company's related parties are as follows:

| Accounting Items | Name of Related Parties | 2021.12.31 | 2020.12.31 |
|-------------------------|-------------------------------------|-------------------|-------------------|
| Accounts Receivable | Serial System Singapore | \$ 66 | - |
| Accounts Receivable | Huizhou Chunchao | 38,066 | 74,866 |
| Accounts Receivable | Subsidiary | 1,261 | 735 |
| Accounts Receivable | Serial Microelectronics Information | 8,378 | - |
| Other Receivables | Huizhou Bullwill | 229 | 721 |
| Other Receivables | Serial System | 27,766 | 57,157 |
| Other Receivables | Subsidiary | 1,304 | 44 |
| Other Receivables | BWTS | 10,013 | 14,686 |
| | | \$ 87,083 | 148,209 |

4. Prepayments

The details of the Company's prepayments to related parties are as follows:

| Accounting Items | Name of Related Parties | 2021.12.31 | 2020.12.31 |
|-------------------------|--------------------------------|-------------------|-------------------|
| Prepayments | Dongguan Chaokang | \$ 401 | - |
| Prepayments | Huizhou Chunchao | 44,056 | - |
| | | \$ 44,457 | - |

5. Payables from Related Parties

The details of accounts payable by the Company's related parties are as follows:

| Accounting Items | Name of Related Parties | 2021.12.31 | 2020.12.31 |
|-------------------------|--------------------------------|-------------------|-------------------|
| Other Payables | Subsidiary | \$ - | 100 |

6. Transactions With Other Related Parties

| Accounting Items | Name of Related Parties | 2021 | 2020 |
|--|-------------------------------------|----------|-------|
| Rental Expense | Serial System Investment | \$ 2,258 | 2,258 |
| Other Revenues - Interest Revenues | Serial System | 1,556 | 2,827 |
| Other Income – Others | Trustbond Technology | 1,200 | - |
| Other Revenues - Interest Revenues | Affiliated Enterprise | 694 | 737 |
| Other Revenues - Rental Revenues | Serial System (Hong Kong) | - | 533 |
| Other Revenues - Rental Revenues | Serial Microelectronics Information | 600 | - |
| Other Profits and Losses -Disposition Investment Profits and Losses (Note) | NULINE | - | 251 |

Note: Please refer to Note VI (6) for the explanation of disposition of investment transactions.

| Accounting Items | Name of Related Parties | 2021.12.31 | 2020.12.31 |
|-----------------------------|-------------------------------------|------------|------------|
| Refundable Deposits | Serial System Investment | \$ 358 | 358 |
| Guarantee Deposits Received | Serial Microelectronics Information | 100 | - |

7. Property Transactions

The details of the sale of financial assets by the Company to related parties are as follows:

| Name of Related Parties | Number of Shares Traded | Trading Target | Carrying Amount | Disposal Price |
|-------------------------|-------------------------|---|-----------------|----------------|
| Serial System | 530 thousand shares | Strek Corporation Company Limited Preferred Stock | \$ 50,189 | 50,189 |

The financial assets measured at fair value through other comprehensive income - liquidity of the Company was sold to Serial System in 2021, please refer to Note VI (2).

(4) Key Management Remuneration

Key management returns include:

| | 2021 | 2020 |
|------------------------------|-----------------|--------------|
| Short-Term Employee Benefits | \$ 9,649 | 6,385 |
| Benefits After Retirement | 183 | 186 |
| Share-Based Payment | 46 | 352 |
| | \$ 9,878 | 6,923 |

8. Pledged Asset

The book value of the assets pledged by the Company is detailed as follows:

| Asset Name | Target of Pledge Guarantees | 2021.12.31 | 2020.12.31 |
|------------------------|------------------------------------|-------------------|-------------------|
| Other Financial Assets | Fuel on Credit Purchase and Import | \$ 150 | 150 |
| - Current | Goods Released Before Tax | | |
| Investment Real Estate | Other Short-Term Loan Collaterals | 20,743 | - |
| | | \$ 20,893 | 150 |

9. Major contingent liabilities and unrecognized contractual commitments: None.

10. Major casualty losses: None.

11. Major events after the reporting period: None.

12. Others

(1) The functions of employee benefits, depreciation, depletion, and amortization expenses are summarized as follows:

| Function | 2021 | | | 2020 | | |
|------------------------------------|----------------------|--------------------------|--------|----------------------|--------------------------|--------|
| | Under Operating Cost | Under Operating Expenses | Total | Under Operating Cost | Under Operating Expenses | Total |
| Property | | | | | | |
| Employee Benefits Expenses | | | | | | |
| Salary Expenses | - | 19,910 | 19,910 | - | 19,463 | 19,463 |
| Labor and Health Insurance Expense | - | 1,740 | 1,740 | - | 1,704 | 1,704 |
| Pension Expenses | - | 973 | 973 | - | 990 | 990 |
| Remuneration of Directors | - | 596 | 596 | - | 838 | 838 |
| Other Employee Benefits Expenses | - | 890 | 890 | - | 810 | 810 |
| Depreciation Expense | - | 1,532 | 1,532 | - | 1,551 | 1,551 |
| Amortization Expense | - | - | - | - | - | - |

Additional information on the Company's 2021 and 2020 employee numbers and employee benefits expenses is as follows:

| | 2021 | 2020 |
|--|----------|---------|
| Employee Number | 28 | 29 |
| Number of Directors Who Are Not Employees Concurrently | 5 | 5 |
| Average Employee Benefits Expense | \$ 1,022 | 957 |
| Average Employee Salary Expense | \$ 866 | 811 |
| Adjustment of Average Employee Salary Expense | 6.78% | (3.80)% |
| Remuneration of Supervisor | \$ 220 | 279 |

The Company's remuneration policy (including directors, managers and employees) is as follows:

1. The remuneration of the directors and supervisors shall be in accordance with the provisions of the Articles of Association of the company, with reference to the usual level of payment of the same industry, and with due consideration of the relationship between the company's revenue, earnings per share, operating performance and future risks.
2. The performance and remuneration of the manager shall be evaluated with reference to

the usual levels of remuneration in the same industry, taking into account the individual's time commitment, responsibilities, achievement of personal goals, performance in other positions, and remuneration for those in the same position in recent years. The remuneration is based on the achievement of the company's short-term and long-term business objectives, the company's financial position, etc., and the reasonableness of the relationship between personal performance and the company's business performance and future risks.

3. The Company's employee salary structure is divided into two categories: regular pay and non-regular pay. Regular pay includes principal pay and meal allowance, etc., while non-regular pay includes regular full-time bonus, overtime pay, performance bonus and year-end bonus, etc. The salary shall be determined according to the salary market situation, the company's operating conditions and organizational structure. And shall be adjusted according to the market salary dynamics, the overall economic and industrial business changes, and the necessary regulations of government decrees. Salary and remuneration of employees are based on their academic experience, professional knowledge and skills, years of professional experience, and personal performance, without any difference in age, sex, race, religion, political affiliation, marital status, or union membership. At the same time, incentives will be paid according to the company's operating performance and the employee's personal performance.

(2) Securities and Futures Investors Protection Center on February 17, 2017 in accordance with Securities Investor and Futures Trader Protection Act sued Ho Qing-yi, the previous person in charge of the Company, and related people for violating the Securities and Exchange Act and requested for a compensation of NT\$ 113,710 thousand. The Company has purchased the liability insurance according to Article 39 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for an insurance amount of USD 5,000 thousand. By letter from the court on 1 May 2019, the two parties agreed to suspend the proceedings on 24 April 2019. Due to the necessity of continuing the lawsuit, Securities and Futures Investors Protection Center applied for continuing the lawsuit on July 23, 2019. Continuing the lawsuit, on June 11, 2021, the Shilin District Court rejected the claim of the insurance center for compensation. The insurance center has appealed to the Taiwan High Court against this lawsuit.

(3) In 2021, COVID-19 spread all over the world, causing some subsidiaries, customers, and suppliers to implement quarantine and travel restrictions. The Company evaluated that there was no major impact on the overall business and financial aspects of COVID-19, and that there were no concerns about the continuing ability, impairment of assets, and financing risk.

13. Additional Disclosure Items

(1) Information on Material Transactions

In 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall disclose the following information concerning major transaction items:

1. Capital loan to others: Please refer to Table I for details.
 2. Endorsement for others: None.
 3. Marketable securities held period end (excluding investments in subsidiaries, associates, and joint ventures): See Schedule II for details.
 4. Accumulated amount of NT\$ 300 million or paid-in capital of more than 20% in the purchase or sale of the same marketable securities: See Schedule III for details.
 5. Amount of real estate acquired up to NT\$ 300 million or more than 20% of the paid-in capital: No such situation: None.
 6. Disposal of real estate up to nt\$ 300 million or more than 20% of paid-in capital: Please refer to Table II for details: None.
 7. The amount of purchase and sale with related parties up to NT\$ 100 million or more than 20% of the paid-in capital: See Schedule IV for details.
 8. Receivables from affiliates of NT\$ 100 million or more than 20% of the paid-in capital: See Schedule V for details.
- Engaging in derivatives trading: None.

(2) Information related to the reinvestment business:

In 2021, the reinvestment business information of the Company (excluding the invested companies in mainland China) : See Schedule VI for details.

(3) Mainland China investment information: See Schedule VII for details.

(4) Information of major shareholders: See Schedule VIII for details.

14. Department Information

Please refer to the 2021 consolidated financial report.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule I: Capital Loan to Others

Unit: NT\$ 1,000

| Number | Company Providing the Loan | Loan Object | Current Items | A Related Party or Not | Current Maximum Balance | Ending Balance (Credits Approved by the Board of Directors) | Actual Dealing Amount | Interest Rate Collars % | Capital Loan and Total Quota | Business Transaction Amount | Reasons Necessary for Short-Term Capital Financing | Itemized Allowance Amount for Bad Debts | Collaterals | | Capital Loan and Ceiling to Each Individual | Capital Loan and Total Ceiling | Note |
|--------|----------------------------|------------------------------|-------------------|------------------------|-------------------------|---|-----------------------|-------------------------|------------------------------|-----------------------------|--|---|-------------|-------|---|--------------------------------|------|
| | | | | | | | | | | | | | Name | Value | | | |
| 0 | BULL WILL CO LTD | BULL WILL TRADING(S) PTE LTD | Other Receivables | Yes | 14,265 | 9,685 | 9,685 | 6% | 2 | - | Operating Turnover | - | - | - | 97,890 | 97,890 | |
| 0 | BULL WILL CO LTD | SERIAL SYSTEM LTD | Other Receivables | Yes | 57,060 | 27,670 | 27,670 | 4.8% | 2 | - | Operating Turnover | - | - | - | 97,890 | 97,890 | |

Note 1: For individual objects, the loan and limit shall not exceed 40% of the total net value of the Company. The loan and limit shall be limited to 40% of the total net value of the Company.

Note 2: The nature of capital loan shall be: 1. Is a business associate or; 2. It is necessary for short-term financing.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule II Marketable Securities Held at the End of the Period

Unit: NT\$ 1,000

| Holding Company | Type and Name of Marketable Securities | Relationship With Issuer of Marketable Securities | Accounting Subjects | Ending | | | | Note |
|------------------|--|---|--|-----------------------|-----------------|------------------------|------------|--------|
| | | | | Shares (1,000 shares) | Carrying Amount | Shareholding Ratio (%) | Fair Value | |
| BULL WILL CO LTD | Stocks - | | | | | | | |
| | HIM International Music INC | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 10 | 901 | - | 901 | Note I |
| | Chenbro Micom CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 10 | 780 | - | 780 | " |
| | Soonest Express CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 3 | 232 | - | 232 | " |
| | ACES ELECTRONICS CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 21 | 1,092 | - | 1,092 | " |
| | KYE SYSTEMS CORP | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 20 | 260 | - | 260 | " |
| | Avertronics INC | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 18 | 602 | - | 602 | " |
| | TAITIEN Electronics CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 15 | 629 | - | 629 | " |
| | HOTAI FINANCE CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 5 | 461 | - | 461 | " |
| | High-Tek Harness Enterprise CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 5 | 102 | - | 102 | " |
| | Ting SIN CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 30 | 692 | - | 692 | " |
| | INPAQ TECHNOLOGY CO LTD | - | Financial Assets Measured at Fair Value Through Profit or Loss — Current | 10 | 727 | - | 727 | " |
| | Japan Bull Will Group Incorporation | - | Financial Assets Measured at Fair Value Through Other Comprehensive Income - Non-Current | - | - | 18 | - | |

Note I: The market price is the closing price on December 31, 2021.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule III: Accumulated amount of NT\$ 300 million or paid-in capital of more than 20% in the purchase or sale of the same marketable securities.

Unit: NT\$ 1,000 / thousand shares

| Purchase/Sale Companies | Type and Name of Marketable Securities (Note 1) | Accounting Subjects | Name of Transaction Object (Note 2) | Relationship (Note 2) | Beginning | | Purchase (Note 3) | | Sale (Note 3) | | | | Ending | |
|-------------------------|---|--|-------------------------------------|-----------------------|-----------|----------|-------------------|--------|---------------|------------|---------------|--------------------------|--------|--------|
| | | | | | Shares | Amount | Shares | Amount | Shares | Sale Price | Carrying Cost | Disposal Profit and Loss | Shares | Amount |
| BULL WILL CO LTD | Strek Corporation Company Limited Preferred Stock | Financial Assets Measured at Fair Value Through Other Comprehensive Income - Current | - | - | 530 | \$50,189 | - | - | 530 | \$50,189 | \$50,189 | - | - | - |

Note 1: The term "securities" as used in this schedule refers to the marketable securities derived from stocks, bonds, beneficiary certificates and the above items.

Note 2: Investors who use the equity method in securities accounts are required to fill in these two columns. The remainder are exempted.

Note 3: The accumulative purchase and sale amount shall be calculated separately according to the market price whether it is NT\$ 300 million or 20% of the paid-up capital.

Note: 4 Paid-in capital means the paid-in capital of the parent company. Where there is no face value of the issuer's shares or the face value of each share is not NT\$ 10, the transaction amount of 20% of the paid-in capital shall be calculated as 10% of the equity of balance sheet vested in the owner of the parent company.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule IV: The amount of purchase and sale with related parties up to NT\$ 100 million or more than 20% of the paid-in capital.

Unit: NT\$ 1,000

| Purchase (Sale) Companies | Name of Transaction Object | Relationship | Transaction Status | | | | Status and Reasons Why Trading Terms Are Different from Ordinary Trading Terms Different Circumstances and Reasons | | Bills and Accounts Receivable (Payable) | | Note |
|------------------------------|---------------------------------------|--------------|--------------------|--------|---|---------------|--|---------------|--|--|------|
| | | | Purchase (Sale) | Amount | The Ratio (%) of Total Purchase (Sale) | Credit Period | Unit Price | Credit Period | Balance | The Ratio % of Bills and Accounts Receivable (Payable) | |
| BULL WILL CO LTD | Huizhou Jun Chao Electronic CO LTD | Subsidiary | Purchase | 49,479 | 30.18% | Normal | Normal | Normal | - | -% | |

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule V: Receivables from affiliates of NT\$ 100 million or more than 20% of the paid-in capital:

Unit: NT\$ 1,000

| Company With Accounts Receivable | Name of Transaction Object | Relationship | Balance of Accounts Receivable From Related Parties | Turnover Rate | Overdue Receivables from Related Parties | | Amount to Be Collected After the Period of Receivables From Related Parties Ending Recovered Amount | Itemized Allowance Amount for Bad Debts |
|----------------------------------|------------------------------------|--------------|---|---------------|--|-----------------|---|---|
| | | | | | Amount | Handling Method | | |
| BULL WILL CO LTD | Huizhou Jun Chao Electronic CO LTD | Subsidiary | 38,066 | - | - | - | - | - |

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule VI: Name of investee, location and other relevant information (excluding mainland Chinese investees):

Unit: NT\$ 1,000

| Name of Investment Company | Name of Investee | Location | Main Business Items | Original Investment Amount | | Held at the End of the Period | | | The Investee's Current Profit or Loss | Investment (Loss) and Profit Recognized | Note |
|------------------------------------|------------------------------------|------------------------|--|--|--|-------------------------------|-----------|-----------------|---------------------------------------|---|-----------------------------------|
| | | | | End of the Current Period | End of Last Year | Shares | Ratio (%) | Carrying Amount | | | |
| BULL WILL CO LTD | Hong Kong Bull Will Holding CO LTD | Hong Kong | General Investment Business | \$385,105 (HKD 95,765 USD 355) | \$385,105 (HKD 95,765 USD 355) | 11,619 | 100.00 | (20,633) | 24,272 | 24,272 | Subsidiary |
| | Trustbond Technology Corp | Taiwan | Electronic Component Sales | 16,704 | 0 | 300 | 30.00 | 17,372 | 12,814 | 668 | Subsidiary Note |
| | BULL WILL TRADING(S) PTE LTD | Singapore | Sand and Gravel Sales | 959 (SGD 43) | 959 (SGD 43) | 43 | 30.00 | 5,068 | 4,978 | 1,415 | Companies Using the Equity Method |
| Hong Kong Bull Will Holding CO LTD | Hong Kong Serial Investment CO LTD | Hong Kong | General Investment Business | 385,097 (HKD 95,765 USD 355) | 385,097 (HKD 95,765 USD 355) | 11,619 | 100.00 | (20,634) | 24,273 | 24,273 | Subsidiary |
| Hong Kong Serial Investment CO LTD | BULL WILL Electronics CO LTD | British Virgin Islands | Agent for the Company's Products and Manufacturing | 106,660 (HKD 26,550) | 106,660 (HKD 26,550) | 3 | 100.00 | 107 | (95) | (95) | Subsidiary |

Note: The Company acquired 30% equity of Trustbond Technology Corp in 2021 and completed the registration of change.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule VII: Investment Information on Mainland China

1. Name of the invested company in mainland China, main business items, paid-up capital, investment method, capital inward and outward remittance, investment profit and loss, book value of the ending investment, and investment profit and loss repatriated:

Unit: NT\$ 1,000

| Name of Investee Company in Mainland China | Main Business Items | Paid-Up Capital | Investment Method | Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Current Period | Amount of Investment Remitted or Recovered in the Current Period | | Accumulated Investment Amount Remitted from Taiwan at the Ending of the Current Period | The Investee's Current Profit or Loss | Shareholding Ratio of the Company's Direct or Indirect Investments | Investment Profit or Loss Recognized at Current Period | Ending Investment Book Value | Investment Income Remitted to Taiwan as of the Current Period | Note |
|--|--|----------------------------|-------------------|---|--|-----------|--|---------------------------------------|--|--|------------------------------|---|------|
| | | | | | Remitted | Recovered | | | | | | | |
| Huizhou Chunhao Electronics CO., LTD | Agent for the Company's Products and Manufacturing | \$51,403 (HKD 13,000) | (II) | 47,151 (HKD 12,050) | - | - | 47,151 (HKD 12,050) | 6,767 | 100% | 6,767 | (108,619) | 0 | |
| Dongguan Zhao Kang Electronic CO LTD | Agent for the Company's Products and Manufacturing | 35,738 (HKD 9,000) | (II) | 35,738 (HKD 9,000) | - | - | 35,738 (HKD 9,000) | 41 | 100% | 41 | 37,617 | 0 | |
| Huizhou Bullwill Electronic CO LTD | Agent for the Company's Products and Manufacturing | 19,102 (HKD 5,000) | (II) | 19,102 (HKD 5,000) | - | - | 19,102 (HKD 5,000) | 15,605 | 100% | 15,605 | 33,273 | 0 | |

Note 1: The current investment profits and losses are recognized on the basis of financial statements verified by accountants.

Note 2: Investment methods can be divided into the following four categories, simply mark the category:

- (I)Through the third region remittance investment mainland company.
- (II)Reinvest in the mainland company by establishing a company through the third region investment.
- (III)Reinvest in mainland by reinvesting in existing companies in the third region.
- (IV)Other methods.

2. Investment Ceiling in Mainland China:

| | | |
|--|------------------------------------|--|
| Aggregate Amount at the End of the Period Remitted from Taiwan | The MOEAIC | According to the Regulations of the MOEAIC |
| Amount of Investment in Mainland China | Approved Investment Amount | Investment Ceiling in Mainland China |
| 278,272 (USD 700, HKD 72,910) | 278,272 (USD 700, HKD 72,910) | 146,834 |

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)
(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule VIII: Information of Major Shareholders

| Shares | | |
|--|-------------|--------------------|
| Name of Major Shareholders | Shares Held | Shareholding Ratio |
| Shun-Fa Zhuo | 3,788,481 | 21.64% |
| Mega International Commercial Bank was entrusted with the custody of the investment account of Serial System Ltd | 2,666,474 | 15.23% |
| Fu-Tian Xie | 1,559,963 | 8.91% |

Note: (1) The information of major shareholders in this table refers to the information calculated by the company on the last business day at the end of each quarter of the total number of common shares and special shares held by the company which have been delivered without physical registration (including treasury stocks) by the shareholders. As for the capital stock recorded in the company's financial report and the number of shares actually delivered without physical registration, the calculation basis may be different or has differences.

Note: (2) If the above information belongs to the shareholders who have entrusted their shares to the trust, it is revealed by the trustor who opened a special trust account with the trustee. As for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus the shares they have delivered to the trust and have the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider stock rights declaration.

BULL WILL CO LTD
Statements of Cash and Cash Equivalents
31-Dec-21

Unit: NT\$ 1,000

| Item | Summary | Amount | Note |
|---------------------------------|-----------------------------------|----------|------|
| <u>Cash in Treasury</u> | | | |
| | Petty Cash | \$55 | |
| | Subtotal | 55 | |
| <u>Bank Deposit</u> | | | |
| Checking Deposit | | 7 | |
| Demand Deposit | | 43,051 | |
| Foreign Currency Demand Deposit | USD 808,000 / Exchange Rate 27.67 | 22,375 | |
| | HKD 7,000 / Exchange Rate 3.551 | 26 | |
| | SGD 1,000 / Exchange Rate 20.46 | 15 | |
| | Subtotal | 65,474 | |
| | Total | \$65,529 | |

BULL WILL CO LTD

Financial Assets Measured at Fair Value Through Profit or Loss - Current

31-Dec-21

Unit: NT\$ 1,000

| Item | Units (1,000 Shares) | Acquisition Cost | Fair Value | | Provision of Collaterals or Pledges | Note |
|------------------------------------|----------------------------|------------------|----------------|----------------|---|------|
| | | | Net Unit Value | Total Amount | | |
| Stocks | | | | | | |
| HIM International Music INC | 10 | \$1,282 | 90.10 | \$901 | None | |
| Chenbro Micom CO LTD | 10 | 889 | 78.00 | 780 | " | |
| Soonest Express CO LTD | 3 | 241 | 77.40 | 232 | " | |
| ACES ELECTRONICS CO LTD | 21 | 1,093 | 52.00 | 1,092 | " | |
| KYE SYSTEMS CORP | 20 | 258 | 13.00 | 260 | " | |
| Avertronics INC | 18 | 600 | 33.45 | 602 | " | |
| TAITIEN Electronics CO LTD | 15 | 602 | 41.95 | 629 | " | |
| HOTAI FINANCE CO LTD | 5 | 460 | 92.20 | 461 | " | |
| High-Tek Harness Enterprise CO LTD | 5 | 94 | 20.40 | 102 | " | |
| Ting SIN CO LTD | 30 | 703 | 23.05 | 692 | " | |
| INPAQ TECHNOLOGY CO LTD | 10 | 743 | 72.70 | 727 | " | |
| Minus: Valuation Adjustment | | (487) | | | | |
| Total | | <u>\$6,478</u> | | <u>\$6,478</u> | | |

BULL WILL CO LTD

Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss

31-Dec-21

Unit: NT\$ 1,000

| Item | Units (1,000 Shares) | Acquisition Cost | Fair Value | | Provision of Collaterals or Pledges | Note |
|--|----------------------------|------------------|-------------------|--------------|---|------|
| | | | Net Unit Value | Total Amount | | |
| Non-Current Asset | | | | | | |
| Stocks | | | | | | |
| Japan Bull Will Group Incorporation | - | 306 | - | - | None | |
| Minus: Valuation Adjustment | | (306) | | | | |
| Subtotal | | - | | | | |
| Total | | - | | | | |

BULL WILL CO LTD
Statement of Bills Receivable and Accounts Receivable
December 31, 2021

Unit: NT\$ 1,000

| Item | Summary | Amount | Note |
|---------------------------------------|---------|-----------|--|
| Bills Receivable | | | |
| Company A | Loans | \$372 | |
| Company B | Loans | 86 | |
| Company C | Loans | 351 | |
| Subtotal | | 809 | |
| Accounts Receivables | | | |
| Company E | Loans | 23,416 | |
| Company F | Loans | 12,126 | |
| Company G | Loans | 9,709 | |
| Company H | Loans | 9,246 | |
| Company I | Loans | 7,315 | |
| Company J | Loans | 5,536 | |
| Company K | Loans | 4,587 | |
| Others | Loans | 13,624 | Amount Does Not Exceed 5% of the Balance of the Account |
| Subtotal | | 85,559 | |
| Minus: Allowance for Bad Debts | | (436) | |
| Net Amount | | 85,123 | |
| Accounts Receivable - Related Parties | | | |
| Huizhou Jun Chao Electronic CO LTD | Loans | 38,066 | |
| Others | Loans | 9,705 | Amount Does Not Exceed 5% of the Balance of the Account |
| Subtotal | | 47,771 | |
| Total | | \$133,703 | |

BULL WILL CO LTD
Statement of Other Receivables
December 31, 2021

Unit: NTS 1,000

| Item | Summary | Amount | Note |
|---|-----------------------------|----------|---|
| Other Receivables | | | |
| Stock Delivery Receivables | | \$1,673 | |
| Subtotal | | 1,673 | |
| Other Accounts Receivable - Related Parties | | | |
| Serial System | Capital Loan and Interest | 27,766 | |
| BWTS | Capital Loan and Interest | 10,013 | |
| Others | Payment on Behalf of Others | 1,533 | |
| Subtotal | | 39,312 | Amount Does Not Exceed 5% of the Balance of the Account |
| Total | | \$40,985 | |

BULL WILL CO LTD
Statement of Inventories
December 31, 2021

Unit: NT\$ 1,000

| Item | Summary | Amount | | Note |
|--|---------|----------|--------------|----------------------|
| | | Cost | Market Price | |
| Commodities | | \$81,665 | \$4,088 | Net Realizable Value |
| Minus: Allowance for Inventory Valuation and Obsolescence Losses | | (77,577) | | |
| | | \$4,088 | 4,088 | |
| | | | | |

BULL WILL CO LTD

Statement of Changes in Investment (Credits) Property Accounted for Using the Equity Method

January 1 to December 31, 2021

Unit: NT\$ 1,000 / Thousand Shares

| Item | Opening Balance | | Current Increase | | Current Decrease | | Investment (Loss) Profit Recognized by the Equity Method | Accumulated Conversion Adjustments | Unrealized Sales Gross Margin | Ending Balance | | | Note |
|------------------------------------|-----------------|-------------------|------------------|---------------|------------------|----------|--|------------------------------------|-------------------------------|----------------|----------------------|-----------------|------|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | Shares | Shareholding Ratio % | Amount | |
| BULL WILL TRADING PTE LTI | 43 | \$3,891 | - | - | - | - | 1,415 | (238) | - | 43 | 30.00 | 5,068 | |
| | | <u>\$3,891</u> | | <u>-</u> | | <u>-</u> | <u>1,415</u> | <u>(238)</u> | <u>-</u> | | | <u>5,068</u> | |
| Hong Kong Bull Will Holding CO LTD | 11,619 | (\$42,941) | - | - | - | - | 24,272 | (2,028) | (18) | 11,619 | 100.00 | (20,715) | |
| | | <u>(\$42,941)</u> | | <u>-</u> | | <u>-</u> | <u>24,272</u> | <u>(2,028)</u> | <u>(18)</u> | | | <u>(20,715)</u> | |
| Trustbond Technology Corp | - | - | 300 | 16,704 | - | - | 668 | - | - | 300 | 30.00 | 17,372 | |
| | | <u>-</u> | | <u>16,704</u> | | <u>-</u> | <u>668</u> | <u>-</u> | <u>-</u> | | | <u>17,372</u> | |

BULL WILL CO LTD

Statement of Short-Term Loan

31-Dec-21

Unit: NT\$ 1,000

[illegible]

BULL WILL CO LTD
Statement of Accounts Payable
31-Dec-21

Unit: NT\$ 1,000

| Supplier Name | Summary | Amount | Note |
|------------------|---------|------------------------|--|
| Accounts Payable | | | |
| Company A | | \$12,496 | |
| Company B | | 8,085 | |
| Company C | | 3,266 | |
| Company D | | 2,230 | |
| Others | | <u>7,475</u> | Amount Does Not Exceed 5% of the Balance of the Account |
| Total | | <u><u>\$33,552</u></u> | |

BULL WILL CO LTD
Statement of Other Payables
December 31, 2021

Unit: NT\$ 1,000

| Item | Summary | Amount | Note |
|--|---------|-----------------------|------|
| Other Payables | | | |
| Payable Salary and Board and Supervisor Remuneration | | \$3,412 | |
| Payable Expense | | <u>4,164</u> | |
| Total | | <u><u>\$7,576</u></u> | |

Statement of Other Current Liabilities
December 31, 2021

Unit: NT\$ 1,000

| Item | Summary | Amount | Note |
|------------------------|---------|-----------------------|------|
| Temporary Receipts | | \$5,236 | |
| Receipts Under Custody | | <u>221</u> | |
| | | <u><u>\$5,457</u></u> | |

BULL WILL CO LTD
Statement of Long-Term Loan
31-Dec-21

Unit: NT\$ 1,000

| Creditor | Summary | Ending Balance | Ending Interest | Financing Credit | Mortgage or Collateral | Note |
|---|----------------|-------------------|-----------------|---------------------|---------------------------|------|
| Xinyi Branch of Bank of Panhsin | Credit Loan | \$5,277 | 1.655%-1.845% | 5,277 | NO | |
| Taiwan Cooperative Bank East Taipei Branch | Credit Loan | 12,000 | 1.500% | 12,000 | NO | |
| Minus: Long-Term Loan Due Within One Year | | (4,042) | | | | |
| Net Amount | | <u>\$13,235</u> | | | | |

BULL WILL CO LTD
Statement of Operating Cost
January 1 to December 31, 2021

Unit: NT\$ 1,000

| Item | Amount | | Note |
|----------------------------------|-----------------|-------------------------|------|
| | Subtotal | Total | |
| Plus: Beginning Commodities | \$81,749 | | |
| Plus: Current Commodity Purchase | 163,927 | | |
| Minus: Ending Commodities | <u>(81,665)</u> | | |
| Sales Cost | | \$164,011 | |
| Other Impairment | | <u>233</u> | |
| Total | | <u><u>\$164,244</u></u> | |

BULL WILL CO LTD
Statement of Sales Expense
January 1 to December 31, 2021

Unit: NT\$ 1,000

| Item | Amount | Note |
|------------------------------------|-----------------|-----------------------------------|
| Salary Expense | \$4,254 | Account Balance Did Not Exceed 5% |
| Rental Expense | 717 | |
| Freight | 977 | |
| Entertainment | 748 | |
| Other Expenses - Exporting Expense | 1,901 | |
| Other Expenses - Others | 1,966 | |
| | <u>\$10,563</u> | |

Statement of Administration Expenses
January 1 to December 31, 2021

Unit: NT\$ 1,000

| Item | Amount | Note |
|-------------------------|-----------------|-----------------------------------|
| Salary Expense | \$15,233 | Account Balance Did Not Exceed 5% |
| Other Expenses - Labor | 8,012 | |
| Other Expenses - Others | 8,047 | |
| | <u>\$31,292</u> | |

BULL WILL CO LTD
Statement of R&D Expenses
January 1 to December 31, 2021

Unit: NT\$ 1,000

| Item | Amount | Note |
|--------------------------|----------------|-----------------------------------|
| Salaries | \$1,587 | Account Balance Did Not Exceed 5% |
| Rental Expense | 205 | |
| Insurance | 155 | |
| Depreciation & Depletion | 165 | |
| Other Expenses - Others | 188 | |
| | <u>\$2,300</u> | |

| | |
|--------------------------------------|--|
| Real Estate, Plant and Equipment | Please refer to Note VI (7) to the individual financial report. |
| Right-of-Use Assets | Please refer to Note VI (8) to the individual financial report. |
| Investment Real Estate | Please refer to Note VI (9) to the individual financial report. |
| Lease Liability | Please refer to Note VI (12) to the individual financial report. |
| Operating Income | Please refer to Note VI (19) to the individual financial report. |
| Non-Operating Income and Expenditure | Please refer to Note VI (21) to the individual financial report. |