

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

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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:

Ian Yang

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 Equity Instrument Investment - Current (Note VI (2))		-	-	49,767	17	2200	Other Payables		16,838	4	10,709	3				
1150	Net Bills Receivable (Note VI (3))		5,845	1	255	-	2230	Current Income Tax Liabilities(Note VI(17		1,916	1	-	-				
1170	Net Accounts Receivable (Note VI (3))		153,963	36	78,282	27	2250	Liability Reserve - Current (Note VI (13)		1,751	-	1,465	1				
1180	Accounts Receivable - Net Amount of Related Parties (Note VI (3)) and VII)		8,444	2	-	-	2280	Lease Liability - Current (Note VI (14))		1,246	-	1,861	1				
							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											
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											
1600	Real Estate, Plant, and Equipment (Note VI (8))		3,563	1	2,965	1											
1755	Right-of-Use Assets (Note VI (9))		1,209	-	3,067	1	3100	Share Capital		161,112	38	155,072	53				
1760	Real Estate Investment (Note VI (10))		20,743	5	20,881	7	3140	Advance Share Capital		22,650	5	-	-				
1780	Intangible Assets (Note VI (11))		31,487	8	-	-	3200	Capital Surplus		47,298	11	44,054	16				
1920	Refundable Deposits (Note VII)		631	-	544	-	3300	Retained Earnings:									
			62,701	15	31,348	11	3310	Legal Surplus Reserve		822	-	-	-				
							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 to the Parent Company		40,537	10	-	-				
										285,261	67	214,101	74				
Total Assets										\$	426,376	100	289,263	100			
Total Liabilities and Equities										\$	426,376	100	289,263	100			



**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	1,415	-	1,228	1
	Accounted for Using the Equity Method (Note VI (7))				
	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 T	(1,843)	-	(1,450)	(1)
	Current Total Comprehensive Profit or Loss	\$ 249	-	\$ 6,771	4
	Net Profit Attributable to:				
8610	Owners of the Parent Company	\$ 532	-	8,221	5
8620	Non-Controlling Equity	1,560	1	-	-
		\$ 2,092	1	\$ 8,221	5
	Consolidated Profit or Loss Attributable To:				
8710	Owners of the Parent Company	\$ (1,311)	-	6,771	4
8720	Non-Controlling Equity	1,560	-	-	-
		\$ 249	-	\$ 6,771	4
	Earnings Per Share (Unit: NT\$ 1,000) (Note VI (20))				
9710	Net Profit of Continuing Business Units	\$ 0.03		0.52	
9720	Net Profit of Discontinued Units	\$ -		0.01	
9750	Basic Earnings Per Share	\$ 0.03		0.53	
9810	Net Profit of Continuing Business Units	\$ 0.03		0.52	
9820	Net Profit of Discontinued Units	\$ -		0.01	
9850	Diluted Earnings Per Share	\$ 0.03		0.53	

(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	Retained 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
				Statutory Special Surplus Reserve	Undistribute d Surplus Earnings						
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	-	(50,189)
Consolidated Profit or Loss		
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	<b>\$ 94,039</b>	<b>21,930</b>
Balance of Cash and Cash Equivalents Recorded in Balance Sheet	<b>\$ 94,039</b>	<b>21,930</b>

(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		
Name	Subsidiary Name	Amount	Held		Explanation
		Nature	2021.12.31	2020.12.31	
The Company	Hong Kong Bull Will	Holding Company	100.00%	100.00%	
	Holding CO LTD				
The Company	Trustbond Technology Corp	Electronic Component Sales	30.00%	-	Note 2
Hong Kong Bull Will	Hong Kong Serial	Holding Company	100.00%	100.00%	
Holding CO LTD	Investment CO LTD				
Hong Kong Serial	BULL WILL Electronics CO	Electronic Components	100.00%	100.00%	
Investment CO LTD	LTD	Trading			
Hong Kong Serial	Huizhou Jun Chao Electronic	Electronic components	100.00%	100.00%	

Investment Company		Business Transaction	Percentage of Equity		
Name	Subsidiary Name	Amount	Held		Explanation
		Nature	2021.12.31	2020.12.31	
Investment CO LTD	CO LTD	production and sales			
Hong Kong Serial	Dongguan Zhao Kang	Electronic Components	100.00%	100.00%	
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 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

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

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

	<b>2021.12.31</b>	<b>2020.12.31</b>
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	<b>\$ 6,478</b>	<b>52,112</b>

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

	<b>2021.12.31</b>	<b>2020.12.31</b>
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)
	<b>\$ 168,252</b>	<b>78,537</b>

- (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:

<b>December 31, 2021</b>			
	<b>Carrying Amount of Bills Receivable and Accounts Receivable</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Allowance Duration Expected Credit Loss</b>
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	-	-%	-
	<b>\$ 168,688</b>		<b>436</b>

<b>December 31, 2020</b>			
	<b>Carrying Amount of Bills Receivable and Accounts Receivable</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Allowance Duration Expected Credit Loss</b>
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	-	-%	-
	<b>\$ 80,758</b>		<b>2,221</b>

- (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:

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

- (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

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

- (5) Inventories

	<b>2021.12.31</b>	<b>2020.12.31</b>
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	<b>\$ 52,031</b>	<b>19,723</b>

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:

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

### 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:

	<b>Machinery Equipment</b>	<b>Transportation Equipment</b>	<b>Office Equipment</b>	<b>Leasehold Improvement</b>	<b>Other Equipment</b>	<b>Total</b>
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	<b>\$ 15,921</b>	<b>1,025</b>	<b>21,357</b>	<b>10,075</b>	<b>27,326</b>	<b>75,704</b>
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	<b>\$ 15,994</b>	<b>1,029</b>	<b>20,485</b>	<b>10,122</b>	<b>26,278</b>	<b>73,908</b>

	<b>Machinery Equipment</b>	<b>Transportation Equipment</b>	<b>Office Equipment</b>	<b>Leasehold Improvement</b>	<b>Other Equipment</b>	<b>Total</b>
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	<b>\$ 15,880</b>	<b>1,025</b>	<b>19,219</b>	<b>9,777</b>	<b>26,240</b>	<b>72,141</b>
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	<b>\$ 15,891</b>	<b>1,004</b>	<b>18,156</b>	<b>9,669</b>	<b>26,223</b>	<b>70,943</b>
Carrying Amount Value:						
December 31, 2021	<b>\$ 41</b>	<b>-</b>	<b>2,138</b>	<b>298</b>	<b>1,086</b>	<b>3,563</b>
December 31, 2020	<b>\$ 103</b>	<b>25</b>	<b>2,329</b>	<b>453</b>	<b>55</b>	<b>2,965</b>

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 :

	<b>Houses and Buildings</b>	<b>Total</b>
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	<b>\$ 5,174</b>	<b>5,174</b>
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	<b>\$ 5,210</b>	<b>5,210</b>
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	<b>\$ 3,965</b>	<b>3,965</b>

	<b>Houses and Buildings</b>	<b>Total</b>
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	<b>\$ 2,143</b>	<b>2,143</b>
Accounting Value:		
December 31, 2021	<b>\$ 1,209</b>	<b>1,209</b>
December 31, 2020	<b>\$ 3,067</b>	<b>3,067</b>

(10) Investment Real Estate

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

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

Rental Revenue and Direct Operating Expenses of Investment Real Estate

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

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:

	<b>Goodwill</b>	<b>Other Intangible Assets</b>	<b>Total</b>
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	<b>\$ 17,637</b>	<b>14,363</b>	<b>32,000</b>
Balance as of January 1, 2020	\$ -	-	-
Balance as of December 31, 2020	<b>\$ -</b>	<b>-</b>	<b>-</b>
Accumulated Amortization and Impairment			
Balance as of January 1, 2021	\$ -	-	-
Amortization Expense	-	513	513
Balance as of December 31, 2021	<b>\$ -</b>	<b>513</b>	<b>513</b>
Balance as of January 1, 2020	\$ -	-	-
Balance as of December 31, 2020	<b>\$ -</b>	<b>-</b>	<b>-</b>
Book Value			
Balance as of December 31, 2021	<b>\$ 17,637</b>	<b>13,850</b>	<b>31,487</b>
Balance as of December 31, 2020	<b>\$ -</b>	<b>-</b>	<b>-</b>

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	<u>\$ 29,040</u>	<u>5,278</u>
Unused Credit	\$ -	-
Interest Rate Collars	<u>1.000%~1.845%</u>	<u>1.655%</u>

(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)	<u>\$ 1,368</u>	<u>47</u>

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:

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

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

	<b>2021</b>	<b>2020</b>
Net Profit Before Tax	<b>\$ 3,460</b>	<b>8,114</b>
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)
	<b>\$ 1,368</b>	<b>47</b>

### 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:

	<b>2021.12.31</b>	<b>2020.12.31</b>
Deductible Temporary Differences	<b>\$ 106,388</b>	<b>104,311</b>
Levy Loss	<b>\$ 56,410</b>	<b>42,988</b>

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:

<b>Deficiency Year</b>	<b>Deficits Not Yet Deducted</b>	<b>Final Year of Deduction</b>
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
<b>Total</b>	<b>\$ 282,318</b>	

## (2) Recognized Deferred Income Tax Assets and Liabilities

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

### 2021

	<b>Opening Balance</b>	<b>Recognized as Profit or Loss</b>	<b>Recognized in Other Consolidated Profit or Loss</b>	<b>Ending Balance</b>
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

	<b>Opening Balance</b>	<b>Recognized as Profit or Loss</b>	<b>Recognized in Other Consolidated Profit or Loss</b>	<b>Ending Balance</b>
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 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:

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

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)

	<b>Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss</b>	<b>Exchange Differences on Conversion of the Financial Statements of Foreign Operation</b>	<b>Equity Directly Related to the Group Pending Disposal</b>	<b>Total</b>
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

	<b>2021</b>	<b>2020</b>
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:

	<b>2021</b>		<b>2020</b>	
	<b>Outstanding</b>	<b>Weighted</b>	<b>Outstanding</b>	<b>Weighted</b>
	<b>Quantity</b>	<b>Average</b>	<b>Quantity</b>	<b>Average</b>
	<b>(Unit)</b>	<b>Exercise Price</b>	<b>(Unit)</b>	<b>Exercise</b>
		<b>(NT\$)</b>		<b>Price (NT\$)</b>
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:

<b>Outstanding Employee Stock Options</b>		
	<b>Weighted Average Expected Residual</b>	
<b>Issuing Date</b>	<b>Exercise Price</b>	<b>Duration (Years)</b>
2019.6.10	\$15.10	6

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

	<b>2021</b>	<b>2020</b>
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

	2021	2020
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	\$ 0.03	0.52
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:

	2021	2020
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
	<b>\$ 2,331</b>	<b>3,802</b>



## 2. Other Revenue

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

	<b>2021</b>	<b>2020</b>
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><b>\$ 1,812</b></u>	<u><b>19,809</b></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:

	<b>2021</b>	<b>2020</b>
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><b>\$ (4,977)</b></u>	<u><b>(6,104)</b></u>

## 4. Financial Cost

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

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

	<b>Carrying Amount</b>	<b>Contract Cash Flow</b>	<b>Within 12 Months</b>	<b>1 to 2 Years</b>	<b>2 to 5 Years</b>	<b>Over 5 Years</b>
<b>December 31, 2021</b>						
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	-	-	-
	<b>\$ 128,513</b>	<b>130,191</b>	<b>100,092</b>	<b>9,144</b>	<b>20,955</b>	<b>-</b>
<b>December 31, 2020</b>						
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	-	-
	<b>\$ 68,182</b>	<b>68,679</b>	<b>62,037</b>	<b>4,684</b>	<b>1,958</b>	<b>-</b>

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			
		Level 1	Level 2	Level 3	Total
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	<u>\$ 2,345</u>	<u>2,345</u>	<u>-</u>	<u>-</u>	<u>2,345</u>
Equity Instrument Investments Measured at Fair Value Through Other Comprehensive Income					
Preferred Stock Shares	<u>\$ 49,767</u>	<u>-</u>	<u>-</u>	<u>49,767</u>	<u>49,767</u>

## (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

<b>Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss</b>	<b>Equity Instruments Without Public Quotation</b>
2020.1.1	\$ -
Acquisition	50,189
Recognized in Other Consolidated Profit or Loss	(422)
2020.12.31	\$ <b>49,767</b>
Disposed	(50,189)
Recognized in Other Consolidated Profit or Loss	422
2021.12.31	<u><u>\$ -</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.

(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:

	<b>2021.1.1</b>	<b>Cash Flow</b>	<b>Non-Cash Flow</b>	<b>2021.12.31</b>
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	<b>\$ 19,728</b>	<b>26,479</b>	<b>(22)</b>	<b>46,185</b>

	<b>2020.1.1</b>	<b>Cash Flow</b>	<b>Non-Cash Flow</b>	<b>2020.12.31</b>
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	<b>\$ 4,202</b>	<b>14,795</b>	<b>731</b>	<b>19,728</b>

(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:

	<b>Fair Value at the Acquisition Date</b>
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

<b>Name of Related Parties</b>	<b>Relationship With the Company</b>
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:

<b>Name of Related Parties</b>	<b>2021</b>	<b>2020</b>
Related Enterprises	<b>\$ 583</b>	<b>128</b>

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:

<b>Name of Related Parties</b>	<b>2021</b>	<b>2020</b>
Related Enterprises	<b>\$ 15</b>	<b>43</b>

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	66	-
	Singapore		
Accounts Receivable	Serial	8,378	-
	Microelectronics		
	Information		
Other Receivables	Serial System	\$ 27,766	57,157
Other Receivables	BWTS	10,013	14,686
		<b>\$ 46,223</b>	<b>71,843</b>

### 4. Transactions with Other Related Parties

Accounting Items	Name of Related Parties	2021	2020
Rental Expense	Serial System	\$ 2,258	2,258
	Investment		
Other Revenues - Interest	Serial System	1,556	2,827
Revenues			
Other Revenues - Interest	Affiliated Enterprise	694	737
Revenues			
Other Revenues - Rental	Serial System (Hong	-	533
Revenues	Kong)		
Other Revenues - Rental	Serial		
Revenues	Microelectronics	600	-
	Information		
Other Profits and Losses -	NULINE	-	251
Disposition Investment			
Profits and Losses			
(Note)			

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	\$ 358	358
	Investment		
Guarantee Deposits	Serial		
Received	Microelectronics	100	-
	Information		

## 5. Property Transactions

The details of the sale of financial assets by the consolidated company to related parties are as follows:

<b>Name of Related Parties</b>	<b>Number of Shares Traded</b>	<b>Trading Target</b>	<b>Carrying Amount</b>	<b>Disposal Price</b>
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:

	<b>2021</b>	<b>2020</b>
Short-Term Employee Benefits	\$ 9,649	6,385
Benefits After Retirement	183	186
Share-Based Payment	46	352
	<b>\$ 9,878</b>	<b>6,923</b>

## 8. Pledged Asset

The book value of the assets pledged by the consolidated company is detailed as follows:

<b>Asset Name</b>	<b>Target of Pledge Guarantees</b>	<b>2021.12.31</b>	<b>2020.12.31</b>
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	-
		<b>\$ 20,893</b>	<b>150</b>

## 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 Property	2021			2020		
	Under Operatin g Cost	Under Operatin g Expenses	Total	Under Operatin g Cost	Under Operatin g 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
<b>Revenue</b>								
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
<b>Total Revenue</b>	<b>\$ 188,085</b>	<b>-</b>	<b>105,463</b>	<b>85,877</b>	<b>-</b>	<b>100,100</b>	<b>(106,012)</b>	<b>373,513</b>
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)
<b>Profit or Loss</b>								
<b>Departmental Profit and Loss</b>	<b>\$ 532</b>	<b>(95)</b>	<b>6,767</b>	<b>15,605</b>	<b>-</b>	<b>51,326</b>	<b>(72,043)</b>	<b>2,092</b>
Investment								
Credits Using the Equity Method	\$ 22,440	-	-	-	-	70,997	(88,369)	5,068
Capital								
Expenditures on Non-Current Assets								
<b>Assets of the Department to Be Reported</b>	<b>\$ 341,248</b>	<b>9,295</b>	<b>30,915</b>	<b>70,647</b>	<b>-</b>	<b>191,793</b>	<b>(217,522)</b>	<b>426,376</b>
<b>Liabilities</b>								
Investment								
Loan by Equity Method	\$ (20,633)	-	-	-	-	(129,254)	149,887	-
<b>Liabilities of the Department to Be Reported</b>	<b>\$ 96,524</b>	<b>9,188</b>	<b>139,534</b>	<b>37,375</b>	<b>-</b>	<b>169,020</b>	<b>(310,526)</b>	<b>141,115</b>



2020	Bull Will	Bullwill Electronic CO LTD	Huizhou Chunchao	Huizhou Bullwill	Closed Departments	Others	Adjustment and Elimination	Total
<b>Revenue</b>								
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
<b>Total Revenue</b>	<b>\$ 181,236</b>	<b>-</b>	<b>75,809</b>	<b>43,350</b>	<b>-</b>	<b>3,436</b>	<b>(112,525)</b>	<b>191,306</b>
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	-	-	-	-	-	251	-	251
Disposed								
Exchange	(11,611)	302	7,531	531	-	(2,396)	348	(5,295)
<b>Profit or Loss</b>								
<b>Departmental Profit and Loss</b>	<b>\$ 8,221</b>	<b>293</b>	<b>(434)</b>	<b>10,138</b>	<b>154</b>	<b>16,780</b>	<b>(26,931)</b>	<b>8,221</b>
Investment								
Credits Using the Equity Method	\$ 3,891	-	-	-	-	55,957	(55,957)	3,891
Capital								
Expenditures on Non-Current Assets	411	-	133	-	-	-	-	544
<b>Assets of the Department to Be Reported</b>	<b>\$ 309,872</b>	<b>9,632</b>	<b>15,674</b>	<b>39,845</b>	<b>-</b>	<b>112,287</b>	<b>(198,047)</b>	<b>289,263</b>
<b>Liabilities</b>								
Investment								
Loan by Equity Method	\$ (42,941)	-	-	-	-	(159,167)	202,108	-
<b>Liabilities of the Department to Be Reported</b>	<b>\$ 95,771</b>	<b>9,426</b>	<b>131,962</b>	<b>21,973</b>	<b>-</b>	<b>160,164</b>	<b>(344,134)</b>	<b>75,162</b>

(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.

<b><u>Regions</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Net revenue from external customers:		
Taiwan	\$ 156,878	57,516
Asia	189,546	129,016
Europe	24,033	972
USA	725	-
	<b><u>\$ 371,182</u></b>	<b><u>187,504</u></b>

	<b><u>2021</u></b>	<b><u>2020</u></b>
Non-Current Asset:		
Taiwan	\$ 23,005	23,566
Asia	33,997	3,347
	<b><u>\$ 57,002</u></b>	<b><u>26,913</u></b>

#### (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:

	<b><u>2021.12.31</u></b>	<b><u>2020.12.31</u></b>
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 Transaction 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	Share s	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:

- Enter 0 for parent company.
- 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:

- Parent company vs subsidiary company.
- Subsidiary company vs parent company.
- 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 Shares	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 Chunchao 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	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.