HITRON TECHNOLOGIES INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

INDEX TO FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hitron Technologies Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Hitron Technologies Inc. and its subsidiaries as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Hitron Technologies Inc. and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the section of Auditor's Responsibilities for the Audit of the Consolidated Financial Statements of our report. We are independent of Hitron Technologies Inc. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China , and we have fulfilled our other ethical responsibilities in accordance with the Norm. Base on our audits and the reports of other auditors, We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31,2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements of the current period are stated as follows:

Revenue recognition

Please refer to Note 4(23) to the consolidated financial statements about accounting policy of revenue recognition, Note 5(1) about accounting judgments, key sources of estimates and uncertainty for revenue recognition.

Hitron Technologies Inc. and its subsidiaries mainly engaged in the development, manufacture and sale of broadband CPE. The main products are cable modem, cable router and other telecommunication products. As the market demand changes rapidly, customer needs and contract terms become complex and impact the performance of the management. There remains a risk of sales being recorded in an inappropriate period before the risks and rewards have been transferred to customers. Therefore, we consider this a key audit matter.

Our key audit procedures performed in respect of the above area included:

1. Assess the appropriateness of the accounting policy of revenue recognition.
2. Evaluate and test the design and operating effectiveness of internal controls around revenue recognition.
3. Check customer sales contracts, order status, shipping and collection of the selected transactions, to verify the occurrence of transactions and reasonableness of the timing of revenue recognition.
4. Perform cut-off test and vouching them to supporting evidences.

Valuation for Inventories

Please refer to Note 4(13) to the consolidated financial statements about accounting policy of inventory, Note 5(2) about accounting judgments, key sources of estimation and uncertainty for inventory evaluation, and Note 6(6) for the details of the information about allowance for inventory valuation losses.

Due to the rapid change in consumer needs and the technology development of mobile internet, cloud services and integration, price of goods or servies influenced by market competition and functional requirements, resulted in a rapid change in inventory value. The assessment of the inventory valuation require significant management judgement. Therefore we consider this a key audit matter.

Our procedures performed in respect of the inventory valuation included:

1. Understand and assess the internal control procedures and accounting estimates for inventory by management.
2. Sampling market information and assess the reasonableness of inventory net realized value.
3. Observing physical inventory counts and check any obsolete and slow-moving.

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Provisions

Please refer to Note 4(19) to the consolidated financial statements about accounting policy of provisions, Note 5(3) about key sources of estimation and assumptions of uncertainty for provisions.

Hitron Technologies Inc. and its subsidiaries estimates the possible maintenance costs and accrues provisions of the product warranty based on past technical experience and contractual conditions. Considering the uncertainty in estimation, the accrual of warranty provisions has been identified as a key audit matter.

Our key audit procedures performed in respect of the above area included:

1. Understood the evaluation process of provision performed by the management.
2. Evaluate the appropriateness of procedures used and the rationality of estimates in assessing provisions.
3. Sampled warranties not expired and evaluated if there were significant unexpected liabilities.
4. Reviewed the settlements of expired warranties and the relevant authorization and supporting documents.

Other Matter

We did not audit the financial statements of the Hitron Technologies Europe Holding B.V. Thus, the amounts and information of the subsidiary shown within are based solely on the reports of other auditors. Total assets of the subsidiary were NT$211,934 thousand and NT$362,527 thousand, constituting 1.93% and 2.89% of the consolidated total assets as of December 31, 2021 and 2020 respectively. Total operating revenues of the subsidiary were NT$825,908 thousand and NT$582,353 thousand, constituting 8.53% and 5.67% of the consolidated operating revenues for December 31, 2021 and 2020 respectively.

We have audited and expressed an unqualified opinion on the parent company only financial statements of Hitron Technologies Inc. as of and for the years ended December 31, 2021 and 2020.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of Hitron Technologies Inc. and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of Hitron Technologies Inc. and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Hitron Technologies Inc. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Hitron Technologies Inc. and its subsidiaries to cease to continue as a going concern.

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5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Hitron Technologies Inc. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kun-His Hsu and Shu-Chen Chang.

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Feb 25, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

UNIT：NTD (In Thousands)

Assets	Notes	December 31,2021	%	December 31, 2020 (Restated)	%
Current assets					
Cash and cash equivalents	6.1	$2,803,348	25.52	$3,935,224	31.34
Financial assets at fair value through profit or loss - current	6.2	65,200	0.59	70,488	0.56
Financial assets at amortized cost - current	6.3	371,960	3.39	-	-
Notes receivable, net	6.5	134,278	1.22	154,954	1.23
Accounts receivable, net	6.5	1,662,845	15.14	2,042,026	16.26
Accounts receivable - related parties		21	-	22	-
Other receivables		8,121	0.07	71,378	0.57
Current income tax assets		26,744	0.24	45,114	0.36
Inventories	6.6	3,453,905	31.44	3,614,030	28.78
Prepayments	6.7	124,298	1.13	170,872	1.36
Other current assets		3,753	0.04	4,943	0.05
Sub-total		8,654,473	78.78	10,109,051	80.51
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	6.4	19,335	0.18	19,335	0.15
Property, plant and equipment	6.8	1,782,568	16.23	1,876,017	14.94
Right-of-use assets	6.9	181,041	1.65	178,015	1.42
Intangible assets		33,757	0.31	48,136	0.38
Deferred tax assets	6.25	130,077	1.18	141,431	1.13
Other non-current assets	6.10	184,709	1.67	183,970	1.47
Sub-total		2,331,487	21.22	2,446,904	19.49
Total assets		$10,985,960	100.00	$12,555,955	100.00

Liabilities & Stockholders' Equity	Notes	December 31,2021	%	December 31, 2020 (Restated)	%
Current liabilities					
Short-term borrowings	6.11	$2,554,712	23.25	$2,417,512	19.25
Financial liabilities at fair value through profit or loss - current	6.2	1,023	0.01	3,449	0.03
Contract liabilities - current	6.20	622,327	5.66	668,057	5.32
Notes payable		-	-	86	-
Accounts payable		1,037,818	9.45	2,178,647	17.35
Accounts payable - related parties	7	57,481	0.52	39,951	0.32
Other payables	6.13	508,113	4.63	739,814	5.89
Other payables - related parties	7	6,041	0.05	-	-
Current income tax liabilities		100,469	0.91	121,594	0.97
Provisions - current	6.12	95,902	0.87	165,676	1.32
Lease liabilities - current	6.9	11,332	0.11	27,681	0.22
Other current liabilities	6.14	467,310	4.26	542,698	4.33
Sub-total		5,462,528	49.72	6,905,165	55.00
Non-current liabilities					
Provisions - non-current	6.12	73,853	0.67	45,699	0.36
Deferred tax liabilities	6.25	5,561	0.05	11,782	0.09
Lease liabilities - non-current	6.9	36,573	0.33	10,138	0.08
Other non-current liabilities		240	0.01	284	-
Sub-total		116,227	1.06	67,903	0.53
Total Liabilities		5,578,755	50.78	6,973,068	55.53
Equity					
Equity attributable to owners of the parent					
Share Capital	6.17				
Common stock		3,289,862	29.95	3,289,862	26.20
Capital surplus	6.18	1,236,008	11.25	1,326,737	10.57
Retained earnings	6.19				
Legal reserve		276,066	2.51	248,065	1.98
Special reserve		129,057	1.17	89,973	0.72
Unappropriated earnings (Accumulated deficit)		71,582	0.65	280,010	2.23
Other equity		(145,511)	(1.32)	(129,056)	(1.03)
Treasury stock		(160,442)	(1.46)	(160,442)	(1.28)
Total equity attributable to owners of the parent		4,696,622	42.75	4,945,149	39.39
Non-controlling interests		710,583	6.47	637,738	5.08
Total Equity		5,407,205	49.22	5,582,887	44.47
Total Liabilities and Equity		$10,985,960	100.00	$12,555,955	100.00

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2021 and 2020

UNIT：NTD (In Thousands)

Item	Notes	2021	%	2020	%
Operating revenue	6.20	$9,681,546	100.00	$10,278,461	100.00
Operating costs	6.6	(7,717,426)	(79.71)	(8,125,961)	(79.06)
Gross profit (loss)		1,964,120	20.29	2,152,500	20.94
Net gross profit (loss)		1,964,120	20.29	2,152,500	20.94
Operating expenses					
Selling expenses		(648,318)	(6.70)	(634,036)	(6.17)
General and administrative expenses		(639,363)	(6.60)	(686,654)	(6.68)
Research and development expenses		(363,400)	(3.75)	(384,247)	(3.74)
Expected credit impairment gain (loss)		(16,947)	(0.18)	(731)	-
Total operating expenses		(1,668,028)	(17.23)	(1,705,668)	(16.59)
Operating profit (loss)		296,092	3.06	446,832	4.35
Non-operating income and expenses					
Interest income		11,770	0.12	10,680	0.10
Other income	6.21	44,550	0.46	56,272	0.55
Other gains and losses	6.22	(12,566)	(0.13)	(10,987)	(0.11)
Financial costs		(31,376)	(0.32)	(34,412)	(0.33)
Sub-total		12,378	0.13	21,553	0.21
Profit (loss) before income tax		308,470	3.19	468,385	4.56
Income tax (expenses) benefit	6.25	(87,086)	(0.90)	(65,726)	(0.64)
Net profit (loss) from continuing operations		$221,384	2.29	$402,659	3.92
Net profit (loss)		$221,384	2.29	$402,659	3.92
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		$-	-	$(1,911)	(0.02)
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(16,377)	(0.17)	(37,163)	(0.36)
Other comprehensive income (loss), net of income tax		$(16,377)	(0.17)	$(39,074)	(0.38)
Total comprehensive income (loss)		$205,007	2.12	$363,585	3.54
Profit (loss) attributable to:					
Shareholders of the parent		71,582	0.74	280,010	2.72
Non-controlling interests		149,802	1.55	122,649	1.20
Total		221,384	2.29	402,659	3.92
Comprehensive income (loss) attributable to:					
Shareholders of the parent		55,127	0.57	240,926	2.34
Non-controlling interests		149,880	1.55	122,659	1.20
Total		$205,007	2.12	$363,585	3.54
Earnings per share	6.26				
Basic earnings (loss) per share (in dollars)		$0.22		$0.87	
Diluted earnings per share (in dollars)		$0.22		$0.87	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2021 and 2020

UNIT：NTD (In Thousands)

Summary	Equity Attributable to Shareholders of the Parent										
			Retained Earnings			Other Equity Interests					
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Treasury Stock	SubTotal	Non-Controlling Interest	Total
Balance on January 1, 2020	$3,289,862	$1,401,968	$226,069	$56,615	$223,073	$(95,371)	$5,397	$(160,442)	$4,947,171	$596,381	$5,543,552
Appropriation of earnings 2019											
Legal reserve	-	-	21,996	-	(21,996)	-	-	-	-	-	-
Special reserve	-	-	-	33,358	(33,358)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(167,719)	-	-	-	(167,719)	-	(167,719)
Effects of changes in ownership interest from investee	-	(6,492)	-	-	-	-	-	-	(6,492)	-	(6,492)
Changes in capital surplus of investees	-	20,596	-	-	-	-	-	-	20,596	32,409	53,005
Cash dividends distributed from capital surplus	-	(89,335)	-	-	-	-	-	-	(89,335)	-	(89,335)
Net profit (loss)	-	-	-	-	280,010	-	-	-	280,010	122,650	402,660
Other comprehensive income (loss)	-	-	-	-	-	(37,172)	(1,911)	-	(39,083)	9	(39,074)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(113,711)	(113,711)
Rounding	-	-	-	-	-	-	1	-	1	-	1
Balance on January 1, 2021	$3,289,862	$1,326,737	$248,065	$89,973	$280,010	$(132,543)	$3,487	$(160,442)	$4,945,149	$637,738	$5,582,887
Appropriation of earnings 2020											
Legal reserve	-	-	28,001	-	(28,001)	-	-	-	-	-	-
Special reserve	-	-	-	39,083	(39,083)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(212,926)	-	-	-	(212,926)	-	(212,926)
Effects of changes in ownership interest from investee	-	(9,185)	-	-	-	-	-	-	(9,185)	-	(9,185)
Changes in capital surplus of investees	-	26,848	-	-	-	-	-	-	26,848	44,879	71,727
Cash dividends distributed from capital surplus	-	(108,392)	-	-	-	-	-	-	(108,392)	-	(108,392)
Net profit (loss)	-	-	-	-	71,582	-	-	-	71,582	149,802	221,384
Other comprehensive income (loss)	-	-	-	-	-	(16,455)	-	-	(16,455)	78	(16,377)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(121,914)	(121,914)
Rounding	-	-	-	1	-	-	-	-	1	-	1
Balance on December 31, 2021	$3,289,862	$1,236,008	$276,066	$129,057	$71,582	$(148,998)	$3,487	$(160,442)	$4,696,622	$710,583	$5,407,205

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

UNIT：NTD (In Thousands)

Items	2021	2020 (Restated)
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	$308,470	$468,385
Consolidated profit (loss) before tax	308,470	468,385
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	254,080	247,539
Amortization	29,307	32,237
Expected credit impairment loss (gain)	16,947	731
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	(12,609)	(4,933)
Interest expense	31,375	34,411
Interest income	(11,770)	(10,680)
Dividend income	(3,679)	(4,259)
Loss (gain) on disposal and scrap of property, plant and equipment	3,764	949
Loss (gain) on disposal of intangible Assets	(271)	-
Loss gain) on disposal of investments	3,764	10,021
Intangible assets transferred to other loss	962	-
Loss (gain) on a lease modification	(445)	(68)
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	20,675	(108,899)
(Increase) decrease in accounts receivable	362,234	(758,185)
(Increase) decrease in accounts receivable - related parties	1	(22)
(Increase) decrease in other receivables	68,062	(12,370)
(Increase) decrease in inventories	160,125	(1,620,370)
(Increase) decrease in prepaid expenses	22,771	(19,855)
(Increase) decrease in prepayments	23,802	(12,665)
(Increase) decrease in other current assets	1,192	975
Increase (decrease) in contract liabilities	(45,730)	204,701
Increase (decrease) in notes payable	(86)	(151)
Increase (decrease) in accounts payable	(1,140,829)	909,157
Increase (decrease) in accounts payable - related parties	17,531	39,951
Increase (decrease) in other payables	(232,120)	281,231
Increase (decrease) in other payables - related parties	6,041	-
Increase (decrease) in provisions	(41,620)	(19,431)
Increase (decrease) in advanced receipts	552	-
Increase (decrease) in other current liabilities	(10,903)	1,476
Interest received	8,047	9,852
Dividends received	3,679	4,259
Interest paid	(22,178)	(23,169)
Income taxes refund (paid)	(85,790)	(104,050)
Net cash flows generated from (used in) operating activities	(264,649)	(453,232)
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(371,960)	-
Repayments of financial assets at amortized cost	-	30,000
Acquisition of financial assets at fair value through profit or loss	-	(26,382)
Proceeds from disposal of financial assets at fair value through profit or loss	11,851	45,581
Acquisition of property, plant and equipment	(164,300)	(1,059,318)
Proceeds from disposal of property, plant and equipment	9,467	66,076
Decrease in guarantee deposits	22,196	11,991
Acquisition of intangible assets	(17,184)	(29,454)
Proceed from disposal of intangible assets	1,367	-
Increase in other non-current assets	(8,293)	-
Decrease in other non-current assets	-	1,176
Increase in prepayments for equipment	(14,640)	(16,190)
Net cash flows generated from (used in) investing activities	(531,496)	(976,520)
Cash flows from financing activities		
Increase in short-term borrowings	137,200	1,464,811
Repayments of long-term borrowings	-	(270,000)
Decrease in guarantee deposits received	(43)	(177)
Repayment of lease principle	(25,147)	(50,567)
Cash dividends paid	(321,317)	(257,054)
Increase (decrease) in minority interest	(132,290)	(121,449)
Net cash generated from (used in) financing activities	(341,597)	765,564
Effects of changes in exchange rate on cash and cash equivalents	5,866	(7,596)
Net increase (decrease) in cash and cash equivalents	(1,131,876)	(671,784)
Cash and cash equivalents at beginning of period	3,935,224	4,607,008
Cash and cash equivalents at end of period	$2,803,348	$3,935,224

The accompanying notes are an integral part of financial statements

(Amounts in In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Hitorn Technologies Inc. (the "Company") was incorporated in the Republic of China (R.O.C.) on March 24, 1986 under Company Act. The Company is mainly engaged in integrating communication systems, producing and selling electronic and telecom communication products. Qisda Corporation is the ultimate parent company of the Company.

2. THE AUTHORIZATION OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors on Feb 25, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

3.1 Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC") :

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 4, 'Extension of the Temporary Exemption from Applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform' —Phase 2	January 1, 2021
Amendment to IFRS 16, 'Leases-Covid-19-Related Rent Concessions beyond 30 June 2021'	Apr 1, 2021(Note 1)

Note1: Earlier application from January 1, 2021 is allowed by FSC.

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

3.2 Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company：

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3, 'Reference to the Conceptual Framework'	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment—Proceeds before Intended Use'	January 1, 2022
Amendments to IAS 37, 'Onerous Contracts – Cost of Fulfilling a Contract'	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial position and operating results.

3.3 Effect of IFRSs issued by IASB but not yet endorsed by the FSC

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture'	To be determined by IASB
IFRS 17 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance Contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of Accounting Policies'	January 1, 2023
Amendments to IAS 8, 'Definition of Accounting Policies'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and operating results.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC(the 'IFRSs').

4.2. Basis of Preparation

4.2.1. The consolidated financial statements have been prepared on the historical cost basis except for the followings:

(1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(2) Financial assets and financial liabilities at fair value through other comprehensive income.

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

4.2.2. The preparation of financial statements in compliance with the IFRSs as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. Areas involve higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, please refer to Note 5 for more information.

4.3. Basis of Consolidation

4.3.1. Basis for preparation of consolidated financial statements:

(1) All subsidiaries are included in the consolidated financial statements. Subsidiaries are all entities controlled by HT. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Company obtains control of the subsidiaries and ceases when the Company loses control of the subsidiaries.

(2) Inter-company transactions, balances and unrealized gains or losses are eliminated. Accounting policies of its subsidiaries have been adjusted to align with those used by the Company.

(3) Changes in ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changed in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

4.3.2. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business and Products	Percentage of Ownership 2021.12.31	Percentage of Ownership 2020.12.31	Note
HT	HITRON TECHNOLOGIES (SAMOA) INC. (HT SAMOA)	International trade	100.00	100.00	
HT	INTERACTIVE DIGITIAL TECHNOLOGIES INC.(IDT)	Telecommunications and broadband network systems and services	43.10	44.28	(1) (2)
HT	HITRON TECHNOLOGIES EUROPE HOLDING B.V. (HT BV)	International trade	100.00	100.00	
HT	HITRON TECHNOLOGIES AMERICAS INC.(HT US)	International trade	100.00	100.00	
HT	INNOAUTO TECHNOLOGIES INC. (INNO)	Investment and automotive electronics products	100.00	100.00	
HT	HITRON TECHNOLOGIES VIET NAM Co.Ltd (HT VN)	Manufacturing wireless and telecom products	100.00	100.00	
HT SAMOA	HITRON TECHNOLOGIES (SIP) INC. (HT SZ)	Manufacturing wireless and telecom products	100.00	100.00	
HT SAMOA	JIETECH TRADING (SUZHOU) INC. (HT JT)	International trade	100.00	100.00	
IDT	HWA CHI TECHNOLOGIES (SHANGHAI) INC. (HWA CHI)	Technical consulting, researching, maintenance and after service of electronic and telecom products	100.00	100.00	

Note (1): IDT's convertible bond converted to ordinary shares, the Company shareholding ratio droped from 44.28% to 43.10%.

Note (2): Even though the company does not hold more than 50% of shares of IDT, it is included in the consolidated financial statements in view of the company has controlling interests in it.

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

4.3.4. Adjustments for subsidiaries with different reporting period: None

4.3.5. Significant restrictions: None

4.3.6. Subsidiaries that have non-controlling interests that are material to the Company:

As of December 31, 2021 and 2020, the information on non-controlling interest and respective subsidiaries is as follows:

	Non-controlling interest			
	2021.12.31	Ownership (%)	2020.12.31	Ownership (%)
Interactive Digital Technologies Inc.	$710,583	56.90	$637,738	55.72

Summarized financial information of the subsidiaries:

(1) Balance sheets

	Interactive Digital Technologies Inc.	
	2021.12.31	2020.12.31
Current assets	$2,261,640	$2,346,144
Non-current assets	614,750	620,335
Current liabilities	(1,544,563)	(1,762,213)
Non-current liabilities	(74,962)	(48,545)
Total net assets	$1,256,865	$1,155,721

(2) Statements of comprehensive incomes

	Interactive Digital Technologies Inc.	
	Year ended December 31, 2021	Year ended December 31, 2020
Operating revenue	$1,865,334	$1,859,423
Profit (loss) before tax	323,706	290,009
Income tax	(63,052)	(55,767)
Profit (loss) from continuing operations	260,654	234,242
Profit (loss) for the year	260,654	234,242
Total comprehensive income for the year	$260,732	$234,260

(3) Statements of cash flows

	Interactive Digital Technologies Inc.	
	Year ended December 31, 2021	Year ended December 31, 2020
Net cash generated from (used in) operating activities	$(16,420)	$213,511
Net cash generated from (used in) investing activities	(17,101)	(194,893)
Net cash generated from (used in) financing activities	(239,412)	(230,947)
Effect of exchange rate	77	19
Net increase(decrease) in cash and cash equivalents	(272,856)	(212,310)
Cash and cash equivalents at beginning of year	1,185,223	1,397,533
Cash and cash equivalents at the end of year	$912,367	$1,185,223

4.4. Foreign currency transaction

The financial statements of each individual consolidated entity were expressed in the currency which reflected its primary economic environment (functional currency). The functional currency of the HT and presentation currency of the consolidated financial statements are both New Taiwan Dollars (NT$). In preparing the consolidated financial statement, the operating results and financial positions of each consolidated entity are translated into NT$.

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income and accumulated in equity.(attributed to non-controlling interests as appropriate.)

4.5. Classification of current and non-current items

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

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

(2) Assets held mainly for trading purposes;

(3) Assets that are expected to be realized within twelve months from the end of the reporting period;

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the end of the reporting period.

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

(1) Liabilities that are expected to be paid off within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be paid off within twelve months from the end of the reporting period;

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

4.6. Cash equivalents

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

4.7. <u>Financial assets or financial liabilities at fair value through profit or loss</u>

(1) Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

(2) On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

(3) At initial recognition, the Company measure the financial assets at fair value and recognize the transaction costs in profit or loss. The Company subsequently measure the financial assets at fair value, and recognize the gain or loss in profit or loss.

(4) Dividend income is recognized when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

4.8. <u>Financial assets at amortized cost</u>

4.8.1. Financial assets at amortized cost are those that meet all of the following criteria:

(1) The objective of the Company's business model is achieved by collecting contractual cash flows.

(2) The assets' contractual cash flows represent solely payments of principal and interest.

4.8.2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

4.8.3. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

4.9. <u>Accounts receivable and Notes Receivable</u>

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

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

4.10. Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company and its subsidiaries has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income; or the debt instruments are measured at fair value through other comprehensive income if both of the following conditions are met:

(1) The financial asset is held with in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition the Company and its subsidiaries measures the financial assets at fair value plus transaction costs. The Company and its subsidiaries subsequently measures the financial assets at fair value:

(1) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings, and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and its subsidiaries and the amount of the dividend can be measured reliably.

(2) The changes in fair value of debt instruments that were recognized in other comprehensive income. Before derecognition, impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit or loss. When the debt instruments are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

4.11. Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost (including accounts receivable that have a significant financing component or contract assets), at each end of the financial reporting period, the Company recognize the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognize the impairment provision for lifetime ECLs.

4.12. Derivative Financial Instruments

The Company enters into a variety of derivative financial instruments to manage the market risk exposure to foreign exchange rate, including forward exchange contracts and cross currency swap contracts.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative financial instrument is designated and effective as a hedging instrument, in which situation the timing of the recognition in profit or loss depends on the nature of the hedge.

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedges reserve. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the period when the hedged item is recognized in profit or loss.

4.13. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Fixed manufacturing cost is amortized to finished goods and work in progress based on normal operating capacity. Variable manufacturing cost is amortized according to actual production. However, when the difference between normal operating capacity and actual production is insignificant, amortization based on actual production should be adopted. When actual production exceeds normal operating capacity, manufacturing cost should be amortized by the actual operating capacity.

4.14. Property, Plant and Equipment

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

4.14.2 Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are expensed to profit or loss during the financial period in which they are incurred.

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

4.14.4 The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives for buildings are 3~56 years, useful lives for other PP&E are 1 ~ 10 years.

4.15. Leasing

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

4.15.2 Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

4.15.3 At the commencement date, the right-of-use asset is stated at cost comprising the following:

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

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

4.16. Intangible Asset

Intangible assets individually acquired are measured by cost less accumulated amortization and impairment losses. Amount of amortization is calculated on a straight-line basis over their estimated useful lives of 1 to 5 years.

Estimated useful life and amortization method of intangible assets should be reviewed at each financial year-end. Any changes in accounting estimates can be applied prospectively.

4.17. Impairment of non-financial Assets

The Company assesses at the end of the reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Any resulting increase in the carrying amount is recognized in profit or loss not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined had no impairment loss been recognized in the previous years.

4.18. Bonds payable

The convertible bonds that the Company issued are embedded with a put option and a call option. At issuance, the issue price is split between financial assets and financial liabilities based on the issue term and the related accounting treatments are as follows:

A. The option to convert the bonds to common stocks, put option and call option are measured at net fair value at initial recognition and are recognized as financial assets or financial liabilities at fair value through profit or loss. The difference between the carrying amount and the fair value at each reporting date is recognized as gains or losses on financial assets (liabilities) at fair value through profit or loss.

B. The bonds payable at initial recognition is measured at issue price less the amounts recognized as financial assets or financial liabilities at fair value through profit or loss. The difference between the fair value at initial recognition and the redemption value is recognized as premiums or discounts, an addition to or reduction from bonds payable, and is amortized using the effective interest rate. The amortization is recognized as an adjustment to financial cost in profit or loss during the outstanding period of the bonds.

C. Transaction costs that directly attribute to the issue of convertible bonds are allocated to each liability component of the bonds in proportion to the initial carrying amounts.

D. When the bonds are converted to common stocks by bondholders, the liability components, including bonds payable and financial liabilities at fair value through profit or loss, shall be re-measured according to their respective subsequent treatment aforementioned. The issue cost of the common stocks then equals to the total of the carrying amounts of the liability components.

4.19. Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

An onerous contract is defined as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision for onerous contracts is measured by the lower of the cost of fulfilling the contract and any compensation or penalties arising on cancellation of the contract. Impairment losses of assets related to the onerous contract should be recognized before recognizing a separate provision for the onerous contract.

4.20. Employee benefits

4.20.1. Pensions

(1) Defined contribution plans

1. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

   Effective July 1, 2005, HT adopted the “Labor Pension Act” (the Act), which prescribes a defined contribution pension plan for those employees who were covered by the “Labor Standards Act” HT makes monthly contributions to individual employee pension fund accounts at a rate of 6% of the employee’s monthly wages. The contributions are accounted for as current pension expense.

2. Subsidiaries in the People’s Republic of China participate in the pension benefit plan operated by the local governments. The benefit plan is a defined contribution plan. After making contribution to the plan, the subsidiaries are not liable to pay any pension benefits, but the local governments in PRC assume the obligations to pay instead.

(2) Defined benefit plans

A defined benefit pension plan uses projected unit credit method to calculate actuarial valuation at the end of the fiscal year. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise. In accordance with the "Labor Standards Act", HT makes contributions on a monthly basis to the labor pension fund deposited in the Bank of Taiwan.

4.20.2. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Company has a present legal or constructive obligation to pay as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.20.3. Bonuses to Employees and Remuneration to Directors and Supervisors

Employee bonuses and directors and supervisors remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be estimated. Any difference between the actual distributed amounts is accounted for as changes in estimates.

4.21. Treasury Stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognized under capital surplus – treasury share transactions. Losses on disposal of treasury shares should be offset against existing capital surplus arising from similar types of treasury shares. If there is insufficient capital surplus to offset the losses, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted-average method and grouped by the type of repurchase.

4.22. Income Tax

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

4.22.2. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates where the Company is able to control the reversal of the temporary difference in the foreseeable future.

4.22.3. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, unrecognized and recognized deferred income tax assets are reassessed.

4.23. <u>Revenue recognition</u>

4.23.1. The Company mainly engaged in producing and selling electronic and telecom communication products. Sales revenues are recognized when the performance obligation has been satisfied by transferring a promised good or service to a customer. Additionally, sales revenues are recognized based on the contact price net of sales return and discounts of a contract and only recognized to the extent that it is highly probable that a significant reversal will not occur.

4.23.2. For certain contacts that do not provide the Company unconditional rights to the consideration, and the transfer of controls of the goods or services has been satisfied, the Company recognizes contract assets and revenue. Consideration received from customer prior to the Company having satisfied its performance obligations are accounted for as contract liabilities which are transferred to revenue after performance obligations are satisfied.

4.24. <u>Earnings per share</u>

Basic earnings per share are computed by dividing profit or loss attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the current reporting period. Diluted earnings per share are computed after adjustments (regarding all impact caused by potential diluted ordinary shares) made on profit or loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. Potential diluted ordinary shares include bonuses paid to employee. However, the adverse dilutive share is not computed.

4.25. Operating segments

Operating segments are reported in a manner consistent with the internal managements reports provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of consolidated financial statements requires management to make critical judgments in applying the accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

5.1 Revenue recognition

Sales revenues are recognized when the goods or services have transferred to customers and the performance obligation has been satisfied. The Company estimates discounts and returns based on historical experience and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognized. The Company reassesses the reasonableness of estimates of discounts and returns periodically.

5.2 Valuation of inventory

Inventories are stated at the lower of cost and net realizable value, and the Company determines the net realizable value of inventories using judgments and estimates at the end of each reporting period. Due to the rapid technology innovation, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of each reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is mainly determined based on assumptions of future demand within a specific time horizon. Therefore, there might be material changes to the evaluation.

5.3 Provision

A provision is recognized if, as a result of a past event, the Company has a present obligation (legal or constructive obligation) that can be estimated reliably, and is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. In accordance with the contracts terms or commitments to customers, the Company estimates the maintenance obligations based on past technical experience. In addition, the Company periodically reviews the reasonableness of the estimates.

6. DETAILS OF SIGNIFICANT ACCOUNTS

6.1 Cash and cash equivalents

	December 31,2021	December 31, 2020
Cash on hand	$922	$1,574
Deposits in bank	2,002,426	1,628,650
Time deposit	300,000	2,305,000
cash equivalents	500,000	-
Total	$2,803,348	$3,935,224

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

6.2 Financial assets at fair value through profit or loss

6.2.1 Current items:

(1)Financial assets

	December 31,2021	December 31,2020
Financial assets at fair value through profit or loss		
Listed Stocks	$63,776	$68,894
Foreign currency forward contracts	1,424	1,050
Call options and put options of convertible bonds	-	544
Total	$65,200	$70,488

(2)Financial liabilities

	December 31,2021	December 31,2020
Financial liabilities at fair value through profit or l oss		
Foreign currency forward contracts	$1,023	$3,449
Total	$1,023	$3,449

6.2.2 The Company entered into forward exchange contracts to manage exposure due to fluctuations in exchange rates. However, the aforementioned derivatives did not meet the criteria for hedge accounting.

6.2.3 Outstanding forward exchange contracts as financial assets of the following:

items	December 31,2021 Contract Amount (Thousands)	Contract Period
Buy NTD /Sell EUR	NTD 110,248/ EUR 3,479	2021.10.12~2022.03.28
Buy USD /Sell EUR	USD 1,505/ EUR 1,329	2021.12.27~2022.01.20
Buy USD /Sell NTD	USD 1,000/ NTD 27,652	2021.12.29~2022.01.20

items	December 31,2020 Contract Amount (Thousands)	Contract Period
Buy EUR /Sell USD	EUR 2,956/ USD 3,590	2020.11.24~2021.03.08
Buy USD /Sell NTD	USD 5,000/ NTD 140,488	2020.12.31~2021.01.20

6.2.4 Outstanding forward exchange contracts as financial liabilities of the following:

items	December 31,2021 Contract Amount (Thousands)	Contract Period
Buy EUR /Sell USD	EUR 1,279/ USD 1,447	2021.12.29~2022.01.19
Buy EUR /Sell USD	EUR 1,073/ USD 1,248	2021.10.26~2022.01.10

items	December 31,2020 Contract Amount (Thousands)	Contract Period
Buy NTD /Sell EUR	NTD 243,319/ EUR 7,130	2020.11.24~2021.03.26
Buy CNY /Sell USD	CNY 13,090/ USD 2,000	2020.12.24~2021.01.25

6.3 Financial assets at amortized cost

	December 31,2021	December 31,2020
Time deposits	$371,960	$-

6.4 Financial assets at fair value through other comprehensive income, non-current

Items	December 31,2021	December 31,2020
Non-current items		
Common Stocks		
Chao Long Motor Parts Corp.	$19,335	$19,335
Total	$19,335	$19,335

These investments in equity instruments are held for medium or long-term strategic purposes.

6.5 Notes receivable and Accounts receivable

	December 31,2021	December 31,2020
Notes receivable	$134,278	$154,954
Accounts receivable	$1,674,162	$2,074,469
Less: allowance for doubtful account	(11,317)	(32,443)
Total	$1,662,845	$2,042,026

6.5.1 The company and its subsidiaries measure expected credit losses (ECLs) by applying the simplified model, in which ECLs are measured at an amount equal to lifetime ECLs. The model is not only based on historical data, but it is also adjusted to reflect reasonable and foreseeable future economic conditions. Based on historical loss experience, there is no significant difference between customer segments. Therefore, the company and its subsidiaries do not apply segmentation, but merely determine the credit loss rates based on aging buckets.

6.5.2 Aging analysis of accounts receivable is as follows：

December 31,2021	Not past due	Past due within 30 days	Past due 31 to 90 days	Past due 91 to 180 days	Past due over 180 days	Total
Expected credit loss rate	0.00%	2.69%	10.62%	0.00%	0.00%	
Booking value	$1,481,997	$114,733	$77,432	$-	$-	$1,674,162
Loss allowance	-	(3,092)	(8,225)	-	-	(11,317)
Amortized cost	$1,481,997	$111,641	$69,207	$-	$-	$1,662,845

December 31,2020	Not past due	Past due within 30 days	Past due 31 to 90 days	Past due 91 to 180 days	Past due over 180 days	Total
Expected credit loss rate	0.01%	3.00%	0.95%	0%	39.31%	
Booking value	$1,941,084	$54,166	$1,258	$-	$77,961	$2,074,469
Loss allowance	(151)	(1,630)	(12)	-	(30,650)	(32,443)
Amortized cost	$1,940,933	$52,536	$1,246	$-	$47,311	$2,042,026

6.5.3 Movements of the allowance for expected credit loss：

	2021	2020
Balance, beginning of year	$32,443	$31,765
Reversal of impairment loss	(21,126)	678
Balance, end of year	$11,317	$32,443

6.5.4 The maximum exposure to credit risk is the carrying amount of each categories of accounts receivable.

6.6 Inventories

	December 31,2021	December 31,2020 (Restated)
Raw materials	$1,097,728	$1,102,994
Work in process	224,313	269,813
Finished goods	291,234	460,494
Merchandise inventories	308,747	533,181
Consigned merchandise	134,214	170,006
Merchandise in transit	1,005,594	797,120
Project inventory	423,705	321,482
Subtotal	3,485,535	3,655,090
Allowance for inventory valuation losses	(31,630)	(41,060)
Total	$3,453,905	$3,614,030

Inventory related cost and expense

	2021	2020
Cost of goods sold	$7,449,915	$7,875,384
Loss on inventory disposal	29,952	50,583
Loss on (gain on reversal of) decline in market value	(8,743)	(20,321)
Total cost of goods sold	7,471,124	7,905,646
Costs of service revenue	246,302	220,315
Total	$7,717,426	$8,125,961

6.6.1 Subsidiary IDT has reclassified the Prepaid purchase costs from prepayment to project inventory. The reclassified amounts on December 31, 2020 was 321,482 thousands.

6.6.2 Project inventories mainly consist of labor costs and related expenses that have been invested but not yet recognized as revenue.

6.6.3 The gain on reversal of decline in market value is due to the sales of obsolete inventory.

6.7 Prepayments

	December 31,2021	December 31,2020 (Restated)
Prepayment for products	$63,000	$62,552
Overpaid sales tax	12,784	27,585
Other prepaid expenses	48,514	80,735
Total	$124,298	$170,872

6.8 Property, plant and equipment

	Land	Buildings	Machinery and equipment	Others	Total
2021.1.1					
Cost	$412,696	$1,131,646	$761,218	$423,272	$2,728,832
Accumulated depreciation and impairment	(8,984)	(228,820)	(304,776)	(310,235)	(852,815)
Total	$403,712	$902,826	$456,442	$113,037	$1,876,017
2021					
As at 1.1	$403,712	$902,826	$456,442	$113,037	$1,876,017
Additions	-	30,687	87,527	46,086	164,300
Disposals	-	-	(6,718)	(11,628)	(18,346)
Depreciation charge	-	(57,726)	(103,773)	(63,263)	(224,762)
Net exchange differences	-	(12,669)	(1,650)	(322)	(14,641)
As at 12.31	$403,712	$863,118	$431,828	$83,910	$1,782,568
2021.12.31					
Cost	$412,696	$1,149,453	$589,582	$203,840	$2,355,571
Accumulated depreciation and impairment	(8,984)	(286,335)	(157,754)	(119,930)	(573,003)
Total	$403,712	$863,118	$431,828	$83,910	$1,782,568

	Land	Buildings	Machinery and equipment	Construction in progress	Others	Total
2020.1.1						
Cost	$207,450	$555,014	$575,252	$199,219	$298,427	$1,835,362
Accumulated depreciation and impairment	(8,984)	(209,348)	(356,984)	-	(151,830)	(727,146)
Total	$198,466	$345,666	$218,268	$199,219	$146,597	$1,108,216
2020						
As at 1.1	$198,466	$345,666	$218,268	$199,219	$146,597	$1,108,216
Additions	205,246	390,181	399,763	-	64,128	1,059,318
Disposals	-	-	(56,348)	-	(11,863)	(68,211)
Reclassification	-	188,262	144	(188,262)	-	144
Depreciation charge	-	(19,409)	(90,082)	-	(85,521)	(195,012)
Net exchange differences	-	(1,874)	(15,303)	(10,957)	(304)	(28,438)
As at 12.31	$403,712	$902,826	$456,442	$-	$113,037	$1,876,017
2020.12.31						
Cost	$412,696	$1,131,646	$761,218	$-	$423,272	$2,728,832
Accumulated depreciation and impairment	(8,984)	(228,820)	(304,776)	-	(310,235)	(852,815)
Total	$403,712	$902,826	$456,442	$-	$113,037	$1,876,017

6.9 Lease Arrangements

1. The Company leases various assets including land, buildings, transportation equipment and other equipments. Rental contracts are typically made for periods 1 to 39 years. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

2. The book value of right-of-use asset

	December 31,2021	December 31,2020
Land	$157,273	$142,111
Buildings	20,820	30,381
Transportation equipment	2,469	4,368
Other equipment	479	1,155
Total	$181,041	$178,015

3. Depreciation expense for right-of-use asset

	2021	2020
Land	$5,402	$5,555
Buildings	20,854	43,521
Transportation equipment	2,563	2,897
Other equipment	499	554
Total	$29,318	$52,527

4. The company and its subsidiaries added $42,573 and $24,418 respectively to their right- of - use assets during the reporting periods for 2021 and 2020.

5. The lease liabilities of the Company and its subsidiaries are as follows：

	December 31,2021		
	Future minimum lease payments	Interest	Minimum rent pay present value
Current	$12,316	$984	$11,332
Non-current	41,237	4,664	36,573
Total	$53,553	$5,648	$47,905

	December 31,2020		
	Future minimum lease payments	Interest	Minimum rent pay present value
Current	$28,308	$627	$27,681
Non-current	10,340	202	10,138
Total	$38,648	$829	$37,819

6. Information on profit or loss in relation to lease contracts is as follows：

	December 31,2021	December 31,2020
Interest expense on lease liabilities	$913	$1,815
Expense on short-term lease contracts	$26,427	$22,338

7. The Company and its subsidiaries leased cash outflows total $25,147 and $50,567 during the reporting periods for 2021 and 2020.

6.10 Other non-current assets

	December 31,2021	December 31,2020
Prepayments for equipment	$61,115	$46,474
Refundable deposits	107,175	129,371
Other non-current assets-other	16,419	8,125
Total	$184,709	$183,970

6.11 Short-term borrowings

	December 31,2021	December 31,2020
Unsecured loans	$2,554,712	$2,417,512
Interest rate range	0.55%~1.00%	0.64%~1.35%

6.12 Provisions

	December 31,2021	December 31,2020
Warranties - current	$95,902	$165,676
Warranties - non-current	73,853	45,699
Total	$169,755	$211,375

	2021	2020
Beginning Provisions	$211,375	$230,807
New provision for the current period	152,622	184,504
Provision used in the current period	(193,940)	(203,212)
Impact of exchange rate changes	(302)	(724)
Ending Provisions	$169,755	$211,375

6.13 Other payables

	December 31,2021	December 31,2020
Accrued Salaries	$284,767	$371,124
Business tax payable	25,603	38,378
Payables on equipment	14,856	101,772
Other payables	182,887	228,540
Total	$508,113	$739,814

6.14 Other current liabilities

	December 31,2021	December 31,2020
Current portion of bonds payable	$461,471	526,507
Others	5,839	16,191
Total	$467,310	$542,698

6.15 Bonds payable

6.15.1 Outstanding secured convertible bonds issued by HT and IDT are as follows:

	December 31,2021	December 31,2020
Unsecured Convertible bonds	600,000	600,000
Less: discount on bonds payable	(7,229)	(17,393)
Less: accumulated converted amount	(131,300)	(56,100)
Less: current portion of bonds payable	(461,471)	(526,507)
Total	$-	$-

6.15.2 The IDT convertible bonds have been converted into 1,811 thousand shares and the capital accumulation due to the conversion is $114,288 thousand.

6.15.3 With the aim of operational requirements, purchase of office buildings and warehouses, the IDT first convertible bonds in 2019 was approved by Financial Supervisory Commission on 6 November 2019. Terms and conditions of the issuance are as follows:

Total issuance	NT$600,000 thousand
Issue date	November 22, 2019
The coupon rate	0%
Issue period	November 22, 2019 ~ November 22, 2022
Repayment	Except for early call and cancellation by the IDT Company or early put and conversion by bondholders in accordance with the terms and conditions set by the IDT Company, the bondholders will receive in cash at maturity of the convertible bonds.
Redemption at the option of the Company	1. At any time starting three months from the issue date until the 40th day prior to the maturity date, when the closing price of its common shares on the Taiwan Stock Exchange is over 30% of the conversation price for 30 consecutive trading days, the IDT Company could redeem the outstanding bonds based on par value in cash. 2. At any time starting three months from the issue date until the 40th day prior to the maturity date, when the balance of outstanding bonds is lower than NT$60,000 thousand of the total issuance, if the outstanding balance of the bonds is less than NT$60,000 thousand the IDT Company may repurchase the outstanding bonds at par in cash.
Redemption at the option of the bondholders	Within the 40 days prior to 2 years after the issue day, the bondholders shall have the right to require the IDT to redeem the bonds at redemption price of par value plus interest compensation in cash. The interest compensation for the 2 years from the date of issuance is 0.5%.
Conversion period	Bondholders may convert bonds into the IDT Company's common shares at any time starting three months from the issue date to the maturity date.
Conversion price	The conversion price was NT$78.5 per share at issuing. The conversion price was adjusted to NT$72.5 from NT$78.5 since July 27, 2020. The conversion price was adjusted to NT$67 from NT$72.5 since Aug 30, 2021.

6.16 Pensions

6.16.1 Defined Contribution plans

HT、IDT and INNO have defined contribution pension plans set up according to Labor Pension Act. 6% of employees' monthly salaries are contributed to each individual account governed by Bureau of Labor Insurance. Pension cost of $46,107 thousand and $34,501 thousand are recognized for the year 2021 and 2020, respectively.

6.16.2 Defined benefit plans

(1) HT have defined benefit pension plans in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. As that Act, employee's pension is based on an employee's length of service and average monthly salary. HT contribute an amount equal to 2% of salaries paid each month to their respective pension fund deposited with Bank of Taiwan. The balance of pension fund in Bank of Taiwan were $3,437 thousand and $3,376 thousand as of December 31, 2021 and 2020 respectively.

(2) The amounts recognized in the balance sheet are as follows:

	December 31,2021	December 31,2020
Present value of defined benefit obligations	$(1,987)	$(1,915)
Fair value of plan assets	3,437	3,376
Net defined benefit liability	$1,450	$1,461

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January1	$(1,915)	$3,376	$1,461
Interest (expense) income	(8)	14	6
	(1,923)	3,390	1,467
Remeasurements:			
Return on plan assets	-	47	47
Change in financial assumptions	(177)	-	(177)
Change in demographic assumptions	(1)	-	(1)
Experience adjustments	114	-	114
Balance at December 31	$(1,987)	$3,437	$1,450

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
Balance at January1	$(2,376)	$3,246	$870
Current service cost	(115)	-	(115)
Interest (expense) income	(21)	29	8
	(2,512)	3,275	763
Remeasurements:			
Return on plan assets	-	101	101
Change in financial assumptions	(187)	-	(187)
Change in demographic assumptions	10	-	10
Experience adjustments	774	-	774
Balance at December 31	$(1,915)	$3,376	$1,461

(4) The Bank of Taiwan is commissioned to manage the fund assets of HT pension plans in accordance with the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund”.

(5) The principal actuarial assumptions used are as follows:

	December 31,2021	December 31,2020
Discount rate	0.90%	0.40%
Future salary increases rate	2.00%	1.00%

Assumptions regarding future mortality are based on actuarial advice of the Life Insurance Institutions within territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	$(102)	$108	$101	$(96)
December 31, 2020				
Effect on present value of defined benefit obligation	$(96)	$101	$101	$(95)

(6) Expected contributions to the defined benefit pension plan of HT is $0 thousand for the year ending December 31, 2022.

(7) As of December 31, 2021, the weighted average duration of the retirement plan is 20.8 years.

6.17 Share capital

	December 31,2021	December 31,2020
Authorized Common Stock	$4,000,000	$4,000,000
Common Stock issued	$3,289,862	$3,289,862
Total	$3,289,862	$3,289,862

(1) As of December 31 2021, HT's authorized numbers of shares were 400,000 thousand shares with 30,000 thousand shares reserved for employee stock option plan and convertible bond convergent. Par value of common stock is $10 (in dollars) per share and each share has one voting power.

(2) On December 19, 2018, according to the resolution of the interim shareholder meeting, a capital increase plan of private issuance was approved. The board of directors approved to carry out the plan through the issuance of 100,000 thousand common shares at a issuance price of 16.11, with total value amounting 1,611,000 thousand. According to the Securities and Exchange Act, the transfer of such privately placed common shares within three years from the delivery date is forbidden.

(3) Treasury stock

(1) The changes in treasury stocks in 2021 is as follows：

Reason to buy back	2021 January 01	2021 Increase	2021 Decrease	2021 December 31
Transfer to employees	7,669	-	-	7,669
Total	7,669	-	-	7,669

(2) In compliance with Securities and Exchange Law of the R.O.C., treasury stock held by the parent company should not be pledged, nor should it be entitled to voting rights or receiving dividends.

6.18 Capital surplus

(1) Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations should only be used to offset accumulated deficit or to issue new stocks or to pay out as cash dividend to shareholders, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus used to issue new stocks should not exceed 10% of the paid-in capital each year.

(2) Capital surplus for the years of 2021 and 2020 are as follows:

	December 31,2021	December 31,2020
Additional paid-in capital	$742,718	$742,718
From convertible bonds	421,170	529,562
From share of changes in equities of subsidiaries	69,532	51,869
From employee stock options	2,461	2,461
Others	127	127
Total	$1,236,008	$1,326,737

6.19 Retained earnings

(1) Legal reserve

The legal reserve is for making good the deficit (or loss) of the Company. However, when the Company incurs no loss, it may, pursuant to a resolution of shareholders' meeting, distribute 25% of the amount that legal reserve exceeds the total capital by issuing new shares or paid out cash as dividends.

(2) Special reserve

A. In accordance with the regulations, the Company shall set aside special reserve equal to the net debit balance of other equity items at the end of the reporting period before distributing earnings. When the net debit balance of other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.

B. The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with FSC regulations shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

(3) Retained earnings and dividend policies

A. According to Paragraph 29-1 of HT's Articles of Incorporation, the order of and restrictions on annual earnings allocation are as follows:

a. Paying income tax；

b. Offsetting previous deficit；

c. Set aside 10% of the remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company.

d. Setting aside or reversing a special reserve according to relevant regulations when necessary.

e. Such remaining amount along with the accumulated undistributed surplus earnings from the previous years are then submitted to the Board of Directors for the establishment of an earnings distribution proposal, followed by submitting to the shareholders' meeting for resolution on the distribution of earnings. When the earnings distribution proposal described in the preceding paragraph is made in the form of cash dividends .The Board of Directors is authorized to reach resolution and to report to the shareholders' meeting.

f. The Company adopts an excessive dividend policy and its issuance terms, timing and amount are handled according to Article 29-1 of the Articles of Incorporation. The Company establishes plans according to the future capital demands. When there is a surplus earning at the final account of a fiscal year and when the distributable earnings of the current year reaches 2% of the capital, the dividend distribution shall not be less than 10% of the distributable earnings of the current year, and the cash dividend shall not be less than 10% of the total amount of the cash and share dividends issued in the current year

B. The information about the earning appropriations by the Company as proposed by the Board of Directors and resolved by the stockholders of HT for the year 2021 and 2020 are available at the Market Observation Post System website.

C. For the information relating to employees bonuses and directors and supervisors remuneration, please refer to Note 6(24).

6.20 Operating revenue

(1) Revenue from contracts with customers

	2021	2020
Sales revenue	$9,333,018	$9,942,880
Service revenue	348,528	335,581
Total	$9,681,546	$10,278,461

(2) Detail information about revenue from contracts with customers are as follows:

A. Disaggregation of revenue from contracts with customers:

	2021	2020
At a point in time	$9,646,886	$10,245,414
Over time	34,660	33,047
	$9,681,546	$10,278,461

B. Contract assets and liabilities

	December 31, 2021	December 31, 2020
Contract liabilities	$622,327	$668,057

6.21 Other income

	2021	2020
Rental income	$2,331	$3,359
Dividend income	3,679	4,259
Government grants	18,033	38,034
Others	20,507	10,620
Total	$44,550	$56,272

6.22 Other gains and losses

	2021	2020
Net currency exchange gain (loss)	$(12,751)	$(3,195)
Financial asset or liability held for trading valuation gain (loss)	12,609	4,933
Gain (loss) on disposal of investments	(3,764)	(10,021)
Others	(8,660)	(2,704)
Total	$(12,566)	$(10,987)

6.23 Expenses by nature

	2021	2020
Change in merchandise	$866,613	$873,587
Change in finished goods, work in process, raw materials and supplies	6,027,933	6,379,560
Service costs and other expenses	246,302	220,315
Employee benefit	1,325,824	1,420,982
Depreciation and amortization	283,387	279,776
Other expenses	635,395	657,409
Total operating costs and expense	$9,385,454	$9,831,629

6.24 Employee benefit

	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Salaries	$160,876	$967,570	$1,128,446	$246,608	$988,380	$1,234,988
Labor and health insurance	15,832	70,993	86,825	10,856	61,051	71,907
Pension	2,929	43,184	46,113	1,006	33,602	34,608
Board compensation	-	21,059	21,059	-	39,702	39,702
Other expenses	16,993	26,388	43,381	11,885	27,892	39,777
Total	$196,630	$1,129,194	$1,325,824	$270,355	$1,150,627	$1,420,982

1. According to HT'S Articles of Incorporation, HT shall allocate 5%-20% of annual profit as bonuses to employees and no more than 1% of annual profit as remuneration to directors and supervisors, respectively, pursuant to the resolution of the boards of directors. Employees of subsidiaries are entitled to receive employees' bonuses.

2. For the year ended December 31, 2021 and 2020 employees bonuses and directors and supervisors remuneration were accrued $7,865 thousand and $41,991 thousand, respectively. Employees' bonuses and directors and supervisors remuneration for 2020 had been approved by the shareholders meeting with no difference to the accrued amount in the consolidated financial statements ended December 31, 2020.

3. Information about employees bonuses and directors and supervisors remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

6.25 Income tax

(1) Income tax (expense) benefit

A. Components of income tax (expense) benefit:

	2021	2020
Current tax:		
Current tax on profits for the period	$(85,436)	$(131,736)
Income tax adjustment of prior years	1,386	(2,436)
Loss carry forward	-	9,237
Foreign withholding tax (non-deductible)	(169)	-
Total current tax (expense)	(84,219)	(124,935)
Deferred income tax:		
Origination and reversal of temporary differences	(2,867)	59,209
Total deferred income tax (expense)	(2,867)	59,209
Income tax (expense)benefit	$(87,086)	$(65,726)

(2) Reconciliation between income tax (expense) benefit and accounting profit

	2021	2020
Tax calculated based on profit before tax and statutory tax rate	$(95,247)	$(174,468)
Effects from items disallowed by tax regulations	9,811	31,793
Effect from investment tax credit	-	10,939
Origination and reversal of temporary differences	(2,867)	59,209
Income tax adjustments on prior years	1,386	(2,436)
Loss carry forward	-	9,237
Foreign withholding tax (non-deductible)	(169)	-
Income tax (expense) benefit	$(87,086)	$(65,726)

(3) Amounts of deferred tax assets or liabilities as a result of temporary difference, loss carry forward and investment tax credit are as follows:

	2021				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
Temporary differences:			-		
- Deferred income tax assets:					
Unrealized exchange loss	$13,079	$(8,815)	$-	$-	$4,264
Inventory valuation losses	3,847	689	-	-	4,536
Unrealized gross profit from affiliates	22,171	5,070	-	-	27,241
Warranty pronsion	39,710	(7,879)	-	-	31,831
Other loss	-	3,200	-	-	3,200
Advance sales receipts	47,089	5,787	-	-	52,876
Loss carry forward	15,017	(9,376)	-	-	5,641
Others	518	(30)	-	-	488
Subtotal	$141,431	$(11,354)	$-	$-	$130,077
- Deferred income tax liabilities:					
Unrealized exchange gain	$(10,182)	$6,221	$-	$-	$(3,961)
Defined benefit plans	(1,600)	-	-	-	(1,600)
Subtotal	$(11,782)	$6,221	$-	$-	$(5,561)
Total	$129,649	$(5,133)	$-	$-	$124,516

	2020				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
Temporary differences:			-		
- Deferred income tax assets:					
Unrealized exchange loss	$8,394	$4,685	$-	$-	$13,079
Inventory valuation losses	3,605	242	-	-	3,847
Unrealized gross profit from affiliates	12,792	9,379	-	-	22,171
Warranty pronsion	43,528	(3,818)	-	-	39,710
Other loss	10,000	(10,000)	-	-	-
Advance sales receipts	-	47,089	-	-	47,089
Loss carry forward	-	15,017	-	-	15,017
Others	598	(80)	-	-	518
Subtotal	$78,917	$62,514	$-	$-	$141,431
- Deferred income tax liabilities:					
Unrealized exchange gain	$(5,960)	$(4,222)	$-	$-	$(10,182)
Defined benefit plans	(1,110)	(490)	-	-	(1,600)
Subtotal	$(7,070)	$(4,712)	$-	$-	$(11,782)
Total	$71,847	$57,802	$-	$-	$129,649

(4) Income tax returns of HT、IDT and INNO through 2019 have been assessed and approved by the Tax Authority.

6.26 Earnings per share

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollar)
Profit for the year	$71,582		
Basic earnings per share			
Profit or (loss) attributable to common shareholders of the Parent Company	$71,582	321,317	$0.22
Assumed conversion of all dilutive potential common shares			
Employees bonuses	-	607	
Diluted earnings per share			
Current profit (loss) attributable to common shareholders plus assumed conversion of all dilutive potential common shares	$71,582	321,924	$0.22

	For the year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollar)
Profit for the year	$280,010		
Basic earnings per share			
Profit or (loss) attributable to common shareholders of the Parent Company	280,010	321,317	$0.87
Assumed conversion of all dilutive potential common shares			
Employees bonuses	-	1,672	
Diluted earnings per share			
Current profit (loss) attributable to common shareholders plus assumed conversion of all dilutive potential common shares	$280,010	322,989	$0.87

(1) Potential shares from bonuses to employees should be included in the weighted average number of outstanding shares in calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of bonuses to employees by the fair value of the common shares on the end of the reporting period. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shares of employee bonuses are resolved in the shareholders' meeting in the following year, and thus the shares of employee bonuses resolved will be included in the basic EPS.

(2) Movements in common shares outstanding of HT are as follows (unit: in thousands):

	2021	2020
At January 1	321,317	328,986
Buy back treasury shares	-	(7,669)
At December 31	321,317	321,317

(3) Please refer to Note 6.17 "Share capital" for more information of capital increasing and common shares conversion.

7 RELATED-PARTY TRANSACTIONS

7.1 Significant related party transactions:

(1) Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
Qisda Corporation	Ultimate parent company (Note1)
Alpha Networks Inc.	Parent company
Sysage Technology Co., LTD	Associate
Unictron Technologies Corporation	Associate
Qisda Optronics (SuZhou) Co.,LTD.	Associate
Qisda (SuZhou) Co.,LTD.	Associate
Qisda Precision Industry (SuZhou) Co.,LTD	Associate
Qisda Vietnam Co.,Ltd	Associate

Note 1：Qisda Corporation became the ultimate parent company of the company and its subsidiaries in July 2020.

(2) Significant Related Party Transactions

a. Purchases

	2021	2020
Parent company	$40,422	$319
Associate	69,804	63,458
Total	$110,226	$63,777

Purchase terms with related parties were decided on market condition.

b. Operation expense

	2021	2020
Parent company	$7,533	$523
Associate	200	144
Total	$7,733	$667

c. Prepayments for equipment(Other non-current assets)

	December 31,2021	December 31,2020
Parent company	$325	$-
Associate	21,294	-
Total	$21,619	$-

d. Accounts payable

	December 31,2021	December 31,2020
Parent company	$36,881	$52
Associate	20,600	39,899
Total	$57,481	$39,951

e Other payables

	December 31,2021	December 31,2020
Parent company	$477	$-
Associate	5,564	-
Total	$6,041	$-

f. Property transactions

The details of the assets sold by the Company and its subsidiaries to related parties in 2021 are as follows:

	Property item	Sale	Gain/Loss
Parent company	Property, plant and equipment assets、Intangible assets	$973	$284
Associate	Property, plant and equipment assets、assets under management	1,705	1,225
Total		$2,678	$1,509

7.2 Key management compensation

	2021	2020
Salaries and other short-term employee benefit	$96,524	$74,195

8 PLEDGED ASSETS

The assets pledged as collateral are as follows:

	Book Value	
Assets item	December 31, 2021	December 31, 2020
Non-current assets- restricted time deposits	$2,382	$2,382
Non-current assets- refundable deposits	11,228	11,547
Total	$ 13,610	$13,929

(1) The pledged assets are disclosed at net carrying values.

(2) The Company provided time deposits as collateral mainly for lands lease agreements. The refundable deposits was pledged as collateral for security deposit provided to the local government of overseas sales.

9 SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

9.1. Contingencies

	December 31,2021	December 31,2020
1. Guarantee notes submitted for purchasing projects	$4,585	$8,938
2. Guarantees of constructions	$97,488	$189,874
3. Unused letters of credit for purchase overseas goods	USD-	USD276

HT and eASPNET Taiwan Inc. (“eASPNET”) entered into the “Agreement for Establishment of Kaohsiung City Wireless Common Platform” (the “Agreement”). The Kaohsiung City Government rescinded the relevant contract for the reason that its performance thereunder failed the inspection. eASPNET then requested HT to rescind the Agreement. HT, instead of accepting such request, filed a lawsuit against eASPNET and claimed for the contract payment of NT$86,619 thousand. On February 17, 2011, the company obtained the prevailed judgment made by the Taiwan Shilin District Court , that eASPNET has to pay HT NT$ 72,916 thousand and interest based on the 5% annual interest rate from April 12, 2008 to the repayment date. eASPNET appealed against the judgment and provided a guarantee of NT$ 72,916 thousand in April 2011 to avoid provisiona execution. On May 31, 2013, Taiwan High Court declared that HT won the court case. However, eASPNET did not accept the outcome and appealed to the Supreme Court. On Nov 18, 2013, the Supreme Court ruled that the original judgment should be abandoned, and remanded to the Taiwan High Court for trial update. On March 29, 2016, in the first retrial, Taiwan High Court declared that HT won the court case. eASPNET should pay NT$ 71,115 thousand to HT. However, both parties filed appeals. The Supreme Court, on January 5, 2017, abandoned the original judgment except provisional execution and remanded the case to the Taiwan High Court. On October 20, 2020, in the second retrial, Taiwan High Court ruled to abandon the judgement of the first retrial. Based on legal experts’ opinion, the case is still subject to appeal and has not yet been determined. The Company filed an appeal on November 17, 2020, and the High Court transferred the case to the Supreme Court on January 25, 2021.The two parties settled in the mediation court of the Supreme Court on September 27, 2021, and agreed that IMS, a shareholder of eASPNET, should remit US$1,433,000 to the company's bank account and confirmed the receipt of funding on September 27, 2021 in order to reach a settlement of the case on that day.

9.2. Commitments: None

10 SIGNIFICANT DISASTER LOSS: None

11 SIGNIFICANT SUBSEQUENT EVENTS:

On January 6, 2022, the Board of Directors of the subsidiary, IDT, agreed to acquire commercial real estate from a non-related party, GEE HOO FITEC CORP. The land is located at No. 212, Section 2, Gong 2, Linkou District, New Taipei City and the building is located at No. 2-1 (No. 19 build number), Gongjiu Road, Linkou District, New Taipei City. Total acquisition cost is NTD 238 million.

12 OTHERS

12.1. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide the maximum returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or enhance the capital structure, the Company regularly reviews and measure associated expenses, risks and returns to ensure a good level of profitability and financial ratios. By financing or entering loans to balance the overall capital structure when necessary to cope with the needs of operating capital, debt repayment and dividend expense in future periods, etc.

12.2. Financial instruments

(1) Fair value information of financial instruments

	December 31,2021	
	Book value	Fair value
Financial assets:		
Cash and cash equivalents	$2,803,348	$2,803,348
Financial assets at fair value through profit or loss-current	65,200	65,200
Financial assets at amortized cost-current	371,960	371,960
Financial assets at fair value through other comprehensive income	19,335	19,335
Notes receivable	134,278	134,278
Accounts receivable (including related parties)	1,662,866	1,662,866
Other receivables	8,121	8,121
Other financial assets	109,557	109,557
Total	$5,174,665	$5,174,665

	December 31,2020	
	Book value	Fair value
Financial assets:		
Cash and cash equivalents	$3,935,224	$3,935,224
Financial assets at fair value through profit or loss-current	70,488	70,488
Financial assets at fair value through other comprehensive income	19,335	19,335
Notes receivable	154,954	154,954
Accounts receivable (including related parties)	2,042,048	2,042,048
Other receivables	71,378	71,378
Other financial assets	131,754	131,754
Total	$6,425,181	$6,425,181

	December 31,2021	
	Book value	Fair value
Financial liabilities：		
Short-term borrowings	$2,554,712	$2,554,712
Financial liability at fair value through profit or loss-current	1,023	1,023
contract liability	622,327	622,327
Accounts payable(including related parties)	1,095,299	1,095,299
Other payables(including related parties)	514,154	514,154
Lease liability (including current portion)	47,905	47,905
Bonds payable (including current portion)	461,471	461,471
Other financial liabilities	240	240
Total	$5,297,131	$5,297,131

	December 31,2020	
	Book value	Fair value
Financial liabilities：		
Short-term borrowings	$2,417,512	$2,417,512
Financial liability at fair value through profit or loss-current	3,449	3,449
contract liability	668,057	668,057
Notes payable	86	86
Accounts payable(including related parties)	2,218,598	2,218,598
Other payables(including related parties)	739,814	739,814
Lease liability (including current portion)	37,819	37,819
Bonds payable (including current portion)	526,507	526,507
Other financial liabilities	283	283
Total	$6,612,125	$6,612,125

(2) Financial risk management policies

a. The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. Refer to Notes 6.2.

b. Risk management is carried out by a central finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(3) Significant financial risks and degrees of financial risks

a. Market risk

●The major market risks undertaken by the Company are foreign currency risk and interest rate risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes derivative financial instruments; such as currency forward contracts to hedge its currency exposure. The Company's own funds are sufficient to cover its operation. The need of external borrowing is limited and all repayments are made before the maturity of borrowings. Because the net assets under floating rate are all due within one year, and the current market interest rates are still low, it is expected there will be no significant risk of changes in interest rates. Hence, no derivative financial instruments to manage interest rate risk are used.

●The management and measurement methods of the Company regarding the exposure to the market risk of financial instruments are not changed.

I. Foreign currency risk

●Cash inflow and outflow of the Company are based on foreign currency; the hedging effect is subsequently accompanied. The Company’s foreign exchange risk management is mainly for the purpose of hedging not for profiting.

●Strategy of exchange rate risk management is to regularly review various currencies, net assets and liabilities, and constantly manage the risks. When choosing the hedging instruments/tools, the hedging costs and period are important considerations. Buying / selling foreign exchange forward contracts or borrowing foreign currency liabilities are currently the main tools to avoid the exchange rate risk.

●Carrying amounts of monetary assets and liabilities denominated in foreign currencies of the Company at the end of reporting date are as follows:

	December 31,2021				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value NTD	Extent of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD：NTD	$27,089	27.68	$749,824	5%	±$37,491
CAD：NTD	$619	21.623	$13,385	5%	±$669
RMB：NTD	$277	4.3454	$1,204	5%	±$60
VND：NTD	$2,452,761	0.0012	$2,943	5%	±$147

	December 31,2021				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value NTD	Extent of variation	Effect on profit or loss
Financial liabilities					
Monetary items					
USD：NTD	$98,262	27.68	$2,719,892	5%	±$135,995
CAD：NTD	$118	21.623	$2,552	5%	±$128
VND：NTD	$13,630,836	0.0012	$16,357	5%	±$818

	December 31,2020				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value NTD	Extent of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD：NTD	$162,187	28.35	$4,598,001	5%	±$229,900
EUR：NTD	$7,251	34.96	$253,495	5%	±$12,675
JPY：NTD	$515	0.27	$139	5%	±$7
CAD：NTD	$691	22.24	$15,368	5%	±$768
RMB：NTD	$1,321	4.32	$5,707	5%	±$285
VND：NTD	$3,358,107	0.0012	$4,030	5%	±$202
Financial liabilities					
Monetary items					
USD：NTD	$162,215	28.35	$4,598,795	5%	±$229,940
JPY：NTD	$46,913	0.27	$12,667	5%	±$633
CAD：NTD	$249	22.24	$5,538	5%	±$277
RMB：NTD	$1,380	4.32	$5,962	5%	±$298
VND：NTD	$67,143,717	0.0012	$80,572	5%	±$4,029

●Key management personnel believe the sensitivity analysis cannot represent inherent risk of foreign exchange rate. Because the disclosure of foreign currency risk at the end of reporting date cannot reflect the level of risk exposure during middle of the year.

II. Price risk

- The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet either as financial assets at fair value through comprehensive or financial assets at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

- The Company and its subsidiaries mostly invested in listed and unlisted securities in Taiwan, and the values of securities fluctuate due to unforeseen circumstances. With all other factors remained the same, had the values fluctuated up and down by 5%, the after-tax profits resulted from measuring financial assets at fair value through profit or loss would have increased/decreased by $3,189 in 2021 and $3,445 in 2020. Regarding financial assets measured at fair value through other comprehensive income, the gain or loss would have increased or decreased by $967.

III. Interest rate risk

- The Company’s interest rate risk arises from holding assets and liabilities with floating rates. These cause the exposure of cash flow interest rate risk.

- Details of financial assets and financial liabilities with floating rates of the Company are in the section of “Liquidity risk” set below.

- The following sensitivity analysis is determined upon the risk exposure level of non-derivative instruments at the end of the reporting period. For liabilities with floating rates, the analysis methods assume the amounts of outstanding debts at the end of the reporting date are outstanding throughout the whole year.

- With all other factors remained the same, had the borrowing interest rate increased by 0.25% in 2021 and 2020, the profit after tax would have decreased in an amount of $5,109 and $4,835 as of December 31, 2021 and 2020, respectively.

b. Credit risk

I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers which taking into account their financial position, past experience and other factors. The Company periodically monitors the use of credit and the payment status, and continually develops diverse business regions and expands overseas markets in order to reduce customer concentration risk. Accounts receivable of the Company is constituted by many customers, scattered in different regions of the world. The Company regularly assesses the financial position of accounts receivable for foreign customers, and makes sure proper insurances are in place for new customers and customer accounts with specific concerns. Accordingly, the Company has no significant credit risk exposed to any counterparty.

II. No credit limits were exceeded during the reporting periods for 2021 and 2020, and the management does not expect any significant losses from non-performance by these counterparties.

III. The Company classifies accounts receivables according to the customer types, and refers to the loss rate established by the specific period historical and the current information to estimate the allowance loss of the contract assets and accounts receivables.

c. Liquidity risk

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

II. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the finance department. The finance department invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

III. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31,2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 2,554,712	$-	$-	$-
Contract liabilities	622,327	-	-	-
Accounts payable (including relative parties)	1,095,299	-	-	-
Other payables (including relative parties)	514,154	-	-	-
Lease liability (including current portion)	11,332	7,235	11,262	18,076
Bonds payable (including current portion)	461,471	-	-	-

Non-derivative financial liabilities

December 31,2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 2,417,512	$-	$-	$-
Contract liabilities	668,057	-	-	-
Notes payable (including relative parties)	86	-	-	-
Accounts payable (including relative parties)	2,218,598	-	-	-
Other payables (including relative parties)	739,814	-	-	-
Lease liability (including current portion)	27,681	6,866	3,272	-
Bonds payable (including current portion)	526,507	-	-	-

IV. Derivative financial liabilities

As of December 31, 2021 and December 31, 2020 all derivative financial liabilities of the Company are due within one year.

12.3. Fair value estimation

(1) The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table presents the Company's financial assets and liabilities that are measured at fair value at December 31, 2021 and December 31, 2020. Equity securities, beneficiary's certificates and as such are classified into Level 1. Financial assets/liabilities measured at fair value are the valuation adjustment of embedding derivative and as such are classified into Level 2. Financial assets at fair value through other comprehensive income are classified into Level 3.

December 31,2021	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$63,776	$-	$-	$63,776
Foreign currency forward contracts	-	1,424	-	1,424
Subtotal	63,776	1,424	-	65,200
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	19,335	19,335
Total	$63,776	$1,424	$19,335	$84,535
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Foreign currency forward contracts	$-	$1,023	$-	$1,023
Total	$-	$1,023	$-	$1,023

December 31,2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$68,894	$-	$-	$68,894
Foreign currency forward contracts	-	1,050	-	1,050
Call options and put options of convertible bonds	-	544	-	544
Subtotal	68,894	1,594	-	70,488
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	19,335	19,335
Total	$68,894	$1,594	$19,335	$89,823
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Foreign currency forward contracts	$-	$3,449	$-	$3,449
Total	$-	$3,449	$-	$3,449

(2) The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and beneficiary's certificates classified as financial assets at fair value through profit or loss.

(3) The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(4) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(5) Specific valuation techniques used to value financial instruments include:

(a) Quoted by market prices or dealer quotes for similar instruments.

(b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value.

(c) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(6) The following table presents the change in level 3 instruments for the years ended December 31, 2021 and 2020.

	Equity securities	
	2021	2020
As at January 1	$19,335	$21,245
Recognized in other comprehensive income	-	(1,911)
Rounding	-	1
As at December 31	$19,335	$19,335

13 SUPPLEMENTARY DISCLOSURES

13.1. Significant transactions information

(1) Loans to others:

No. (Note 1)	Creditor	Borrower	Financial statement account (Note 2)	Related party	Maximum outstanding balance during the year ended December 31, 2021(Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	HT	HITRON TECHNOLOGIES VIET NAM Co. Ltd.	Other receivables - related parties	Yes	$922,680	$830,400	$608,960	1%	2	-	Working capital	-	no	-	$939,324	$1,878,649	-
0	HT	HITRON TECHNOLOGIES (SIP) INC.	Other receivables - related parties	Yes	427,950	0	0	1%	2	-	Working capital	-	no	-	939,324	1,878,649	
1	JIETECH TRADING (SUZHOU) INC.	HITRON TECHNOLOGIES (SIP) INC.	Other receivables - related parties	Yes	21,680	0	0	2%	2	-	Working capital	-	no	-	3,716	3,716	Note7(2)

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognized, such as receivables–related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2021.

Note 4: The column of 'Nature of loan' shall fill in "1" for 'Business transaction' or "2" for 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in the purpose when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

(1) Total amount of loans to others cannot exceed 40% of overall net profit shown on the most recent audited/reviewed financial statement. Limit on loans granted to a borrower is confined according to the reasons of the borrowing:

a. For a borrower having business dealings with the Company, the maximum individual loan amount shall not exceed the estimated business dealing amount between the two parties within the most recent year or future one year, and shall not exceed 20% of the net worth of the Company indicated in the most recent financial statements of the Company. The "total amount of trading" refers to the material purchase or sales amount between the two companies, whichever is higher

b. Nature of the loan is related to financing necessity, total amount of the loan cannot exceed 20% of overall net profit shown on the most recent audited/reviewed financial report.

c. For loaning of funds between foreign subsidiaries with voting shares 100% directly or indirectly held by the Company, or loans provided by foreign subsidiaries with voting shares 100% directly or indirectly held by the Company to the Company, it is not restricted by the financial total amount limit and the financing period; however, each of such subsidiaries shall still self-establish the limit and loan period for loaning funds to others.

(2) JIETECH loan to between offshore subsidiaries in which parent company(HT) holds, directly or indirectly, 100% of the voting shares, notwithstanding the foregoing, the aggregate amount for lending to companies other than HT shall not exceed one hundred percent(100%) of the net worth of HT.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

(2) Provision of endorsements and guarantees to others:

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement /guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement /guarantee amount at December 31,2021 (Note 5)	Actual Amount Drawn down (Note 6)	Amount of endorsement / guarantees secured with collateral	Ratio of accumulate endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 3)	Provision of endorsement / guarantees by parent company to subsidiary (Note 7)	Provision of endorsement/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsement / guarantees to the party in Mainland China (Note 7)
		Company name	Relationship with the endorser/ guarantor (Note 2)										
0	HT	HITRON TECHNOLOGIES (SIP) INC.	(2)	$4,696,622	$514,446	$-	$-	$-	-	$7,044,933	Y	N	Y
0	HT	HITRON TECHNOLOGIES AMERICAS INC.	(2)	4,696,622	836,100	553,600	-	-	11.79%	7,044,933	Y	N	N
0	HT	HITRON TECHNOLOGIES EUROPE HOLDING B.V.	(2)	4,696,622	645,036	601,096	77,352	-	12.80%	7,044,933	Y	N	N
0	HT	HITRON TECHNOLOGIES VIET NAM Co. Ltd.	(2)	4,696,622	2,168,280	1,771,520	-	-	37.72%	7,044,933	Y	N	N
0	HT	INNOAUTO TECHNOLOGIES INC.	(2)	4,696,622	75,000	-	-	-	-	7,044,933	Y	N	N

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1)The parent company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:
(1)Business transaction
(2)A company with more than 50% of voting shares directly and indirectly held by the Company.
(3)A company that directly and indirectly holds more than 50% of the voting shares of the Company
(4)Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, However, this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares
(5)Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for joint builders for purposes of undertaking a construction project
(6)Where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages
(7)Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.
(1)Total amount of provision of endorsements and guarantees to others cannot exceed 150% of total net profit of the most recent financial statement.
(2)Limit on provision of endorsements and guarantees to others granted to a single party cannot exceed 20% of the total net profit of the most recent financial statement, however, when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity, the limit on provision of endorsements and guarantees to others is not confined by the previous described but still cannot not exceed 100% of total net profit of the most recent financial statement.
(3) For the endorsement/guarantee made to others having business dealings with the Company, in addition to the provisions specified in the preceding two paragraphs, the maximum endorsement/guarantee amount provided to one single party shall not exceed the estimated business dealing total amount between the two parties within the most recent year or future one year, and shall not exceed 20% of the net worth of the Company indicated in the most recent financial statements of the Company (the term "business dealing total amount" refers to the higher of the purchase or sales amount between the two parties)

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

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

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note2)	Financial statement account	As of December 31, 2021				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
HT	TRANSCEND	-	Financial assets at fair value through profit or loss - current	441	32,237	-	32,237	NA
HT	SENAO	-	Financial assets at fair value through profit or loss - current	152	5,077	-	5,077	NA
INTERACTIVE DIGITAL TECHNOLOGIES INC.	TRANSCEND	-	Financial assets at fair value through profit or loss - current	362	26,462	-	26,462	NA
HT	CHAO LONG MOTOR PARTS CORP.	-	Financial assets at fair value through other comprehensive income	668	19,335	1.79%	19,335	NA
HT	IMAGETECH CO., LTD.	-	Financial assets at fair value through other comprehensive income	120	-	1.20%	-	NA
HT	TSUNAMI VISUAL TECHNOLOGIES INC.	-	Financial assets at fair value through other comprehensive income	1,220	-	9.34%	-	NA
HT	PIVOT TECHNOLOGY CORP.	-	Financial assets at fair value through other comprehensive income	198	-	10.94%	-	NA
HT	CARDTEK DIGITAL TECHNOLOGY CO., LTD.	-	Financial assets at fair value through other comprehensive income	1,000	-	6.45%	-	NA
HT	YESMOBILE HOLDINGS COMPANY LTD.	-	Financial assets at fair value through other comprehensive income	294	-	0.75%	-	NA
HT	CODENT NETWORKS (CAYMAN) LTD.	-	Financial assets at fair value through other comprehensive income	1,570	-	-	-	NA

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial instruments. ”Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

(4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital:

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investee	Balance as at January 1,2021		Addition		Disposal				Balance as at December 31,2021	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
HT	HITRON TECHNOLOGIES VIET NAM CO. LTD.	Investments accounted for under equity method	HITRON TECHNOLOGIES VIET NAM CO. LTD.	Subsidiary	-	$434,914	-	$1,036,992 (Note 1)	-	-	-	-	-	$1,471,906

Note 1: It reflected the movement in the adjustments in the profit (loss) and net value of investments recognized in this period.

(5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital:None

(6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital:None

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

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
HT	HITRON TECHNOLOGIES AMERICAS INC.	Subsidiary	Sales	$4,523,454	46.59%	Normal payment terms	Negotiated by two parties	Normal payment terms	1,360,832	75.25%	N/A
HT	HITRON TECHNOLOGIES EUROPE HOLDING B.V.	Subsidiary	Sales	651,702	6.71%	Normal payment terms	Negotiated by two parties	Normal payment terms	111,182	6.15%	N/A
HITRON TECHNOLOGIES (SIP) INC.	HT	Subsidiary	Sales	812,542	8.37%	Normal payment terms	Negotiated by two parties	Normal payment terms	55,541	3.07%	N/A
HITRON TECHNOLOGIES (SIP) INC.	HITRON TECHNOLOGIES VIET NAM CO. LTD.	Affiliated enterprise	Sales	153,206	1.58%	Normal payment terms	Negotiated by two parties	Normal payment terms	-	0.00%	N/A
HITRON TECHNOLOGIES VIET NAM CO. LTD.	HT	Subsidiary	Sales	5,956,885	61.36%	Normal payment terms	Negotiated by two parties	Normal payment terms	634,323	35.08%	N/A

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to the parent company in the calculation.

(8) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more:

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the end of the reporting period	Allowance for doubtful accounts
					Amount	Action taken		
HT	HITRON TECHNOLOGIES AMERICAS INC.	Subsidiary	$1,360,832	2.79	-	-	$523,845	Non
HT	HITRON TECHNOLOGIES EUROPE HOLDING B.V.	Subsidiary	111,182	3.60	-	-	64,477	Non
HT	HITRON TECHNOLOGIES VIET NAM Co. Ltd.	Subsidiary	1,270,467	-	-	-	485,180	-
HITRON TECHNOLOGIES VIET NAM Co. Ltd.	HT	Subsidiary	634,323	7.06	-	-	634,323	Non

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties….

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to the parent company in the calculation.

(9) Derivative financial instruments undertaken during the year ended December 31, 2021: Please refer to Notes 6.2, 12.2 and 12.3.

(10) Please refer to Notes 13.7 of price, payment terms and unrealized profit or loss of significant transactions occurred direct or indirect with investee companies in Mainland China or through investing by the third area.

13.2. Information on investees

Name, locations, and related information of investees over which the company exercises significant influence: (not including investees in Mainland China)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2.2)	Investment income (loss) recognized by parent company for the year ended December 31, 2021(Notes 2.3)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
HT	HITRON TECHNOLOGIES (SAMOA) INC.	Samoa	International trade	$642,697	$669,031	21,350	100.00%	$578,035	$(136,704)	$(149,659)	Subsidiary
HT	INTERACTIVE DIGITAL TECHNOLOGIES INC.	Taiwan	Telecommunications and broadband network systems and services	126,091	126,091	16,703	43.10%	542,285	260,654	114,270	Subsidiary
HT	HITRON TECHNOLOGIES VIET NAM Co. Ltd.	Vietnam	Produce and sell the wireless communication and telecom products	1,511,735	550,355	-	100.00%	1,471,906	118,353	131,885	Subsidiary
HT	HITRON TECHNOLOGIES AMERICAS INC.	America	International trade	90,082	90,082	300	100.00%	201,533	54,936	53,957	Subsidiary
HT	HITRON TECHNOLOGIES EUROPE HOLDING B.V.	Netherlands	International trade	59,604	59,604	15	100.00%	19,110	38,383	38,227	Subsidiary
HT	INNOAUTO TECHNOLOGIES INC.	Taiwan	Investment and automotive electronics products	20,000	50,000	2,000	100.00%	3,631	(13,451)	(13,451)	Subsidiary

Note 1: If a public company set up an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.

(3)The Investment income (loss) recognized by the parent company for the year ended December 31, 2021' column should fill in the company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

13.3. Information on investments in Mainland China

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the period ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the company (direct or indirect)	Investment income (loss) recognized by the parent company for the year ended December 31, 2021 (Note 2)	Book value of investment in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
HITRON TECHNOLOGIES (SIP) INC.	Produce and sell the wireless communication and telecom products	$641,763 (RMB141,547)	2	641,763	-	-	641,763	$(136,281)	100.00%	$(136,281)(2)	$587,235	$-
JIETECH TRADING (SUZHOU) INC.	International trade	$31,139 (RMB5,425)	2	57,473	-	26,334	31,139	(422)	100.00%	(422)(2)	3,713	-
HWA CHI TECHNOLOGIES (SHANGHAI) INC.	Technical consulting, researching, maintenance and after service of the electronic communication and telecom products	$5,814 (USD200)	3	12,048	-	-	12,048	1,771	43.10%	763(2)	6,532	21,314

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
HT	684,950	684,950	2,817,973

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1)Directly invest in a company in Mainland China.
(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3)Others: Reorganization of Group's investment structure was approved and authorized by the Board of Directors in 2012. Indirect investment to Hwa Chi Technologies should be made by Interactive Digital Technologies Inc.
Note 2: In the 'Investment income (loss) recognized by the parent company for the year ended December 31, 2021' column:
(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B. The financial statements that are audited and attested by R.O.C. parent company's auditors.
C. Others.
Note 3: The numbers in this table are expressed in New Taiwan Dollars.

13.4. Significant inter-company transactions during the year ended December 31, 2021:

Number (Note 1)	Company name	Counterparty	Relationship with the counterparty (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	HT	HITRON TECHNOLOGIES AMERICAS INC.	1	Sales revenue	$4,523,454	Normal payment terms	46.59%
0	HT	HITRON TECHNOLOGIES AMERICAS INC.	1	Accounts receivable	1,360,832	Normal payment terms	12.39%
0	HT	HITRON TECHNOLOGIES EUROPE HOLDING B.V.	1	Sales revenue	651,702	Normal payment terms	6.71%
0	HT	HITRON TECHNOLOGIES EUROPE HOLDING B.V.	1	Accounts receivable	111,182	Normal payment terms	1.01%
0	HT	HITRON TECHNOLOGIES VIET NAM Co. Ltd.	1	Other receivables	1,270,467	Normal payment terms	11.56%
1	HITRON TECHNOLOGIES (SIP) INC.	HT	2	Sales revenue	812,542	Normal payment terms	8.37%
1	HITRON TECHNOLOGIES (SIP) INC.	HITRON TECHNOLOGIES VIET NAM Co. Ltd.	3	Sales revenue	153,206	Normal payment terms	1.58%
2	HITRON TECHNOLOGIES VIET NAM Co. Ltd.	HT	2	Sales revenue	5,956,885	Normal payment terms	61.36%
2	HITRON TECHNOLOGIES VIET NAM Co. Ltd.	HT	2	Accounts receivable	634,323	Normal payment terms	5.77%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary

(2)Subsidiary to parent company

(3)Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

13.5. Information of major shareholders:

Shares held / Name of major shareholders	Number of shares	Ownership (%)
Alpha Networks Inc.	200,000,000	60.79%

Note :(1) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

(2) If the aforementioned data contains shares which were kept in trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

14 SEGMENT INFORMATION

14.1. General information

The Company is mainly engaged in integrating communications systems, producing and selling electronic and telecom communication products. By assessing the performances of every operating segment, the Board of Directors and the chief of the operating team can decide operating strategies and allocate resources.

14.2. Measurement of segment information

The accounting policies of the operating segments are the same as the Company's accounting policies stated in Note 4 of this consolidated financial statement. The chief operating decision-maker evaluates the performance of each operating segment based on net operating profit or loss.

14.3. Information about segment profit or loss, assets and liabilities

(1) The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	2021			
	System Integration	Manufacturing	Adjustments	Total
Revenue from external customers	$1,833,022	$7,848,524	$-	$9,681,546
Inter-segment revenue	32,312	12,221,022	(12,253,334)	-
Total segment revenue	$1,865,334	$20,069,546	$(12,253,334)	$9,681,546
Inter-segment profit (loss)	$232,776	$(11,392)	$-	$221,384
Segment assets	$-	$-	$-	$-

	2020			
	System Integration	Manufacturing	Adjustments	Total
Revenue from external customers	$1,757,757	$8,520,704	$-	$10,278,461
Inter-segment revenue	101,666	16,520,710	(16,622,376)	-
Total segment revenue	$1,859,423	$25,041,414	$(16,622,376)	$10,278,461
Inter-segment profit (loss)	$193,662	$208,997	$-	$402,659
Segment assets	$-	$-	$-	$-

14.4. Reconciliation for segment profit (loss), assets and liabilities

The assessment method of segment profit or loss reported to the chief operating decision-maker is the same as the assessment method used to measure incomes and expenses in Comprehensive Income Statement. The asset amount evaluated is not the key indicator for decision-maker, thus the measured amount for assets should be zero. Besides, report submitted for decision-making regarding to segment operation is same as Comprehensive Income Statement; hence, reconciliation can be waived.

14.5. Geographical information

In presenting information on the basis of geography, revenue is based on the geographical location of customers. Non-current assets include property, plant and equipment, right of use asset, intangible asset and other assets, not including financial instruments and deferred tax assets.

	Revenue from external customers		Non-current assets	
	2021	2020	December 31,2021	December 31,2022
Taiwan	$2,375,974	$2,230,343	$806,537	$777,509
America	6,225,748	7,239,467	20,679	15,400
Europe	876,459	610,337	1,298	224
Asia	203,365	198,314	1,244,004	1,361,251
Total	$9,681,546	$10,278,461	$2,072,518	$2,154,384

14.6. Major customer information

Details of revenue contribution by client which the revenue is accounted for more than 10% of total revenue on Comprehensive Income Statement for the year 2021 and 2020:

	2021		2020	
Client	Amount	% accounted for operation revenue	Amount	% accounted for operation revenue
Client C	$2,694,099	27.83	$3,452,918	33.59